

Audited Financial Statements

Reinvent Albany, Inc.

December 31, 2012

REINVENT ALBANY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2012

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MAIER
MARKEY &
JUSTICE LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Reinvent Albany, Inc.

We have audited the accompanying financial statements of Reinvent Albany, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012, and the related statements of activities and cash flows for the years 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 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 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 Reinvent Albany, Inc. as of December 31, 2012, 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.

Maur Markey + Justin LLP

White Plains, New York
May 8, 2013

REINVENT ALBANY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

Cash and cash equivalents	\$ 212,583
Prepaid expenses	547
Fixed assets, net of accumulated depreciation	<u>34,327</u>
Total assets	<u><u>\$ 247,457</u></u>

LIABILITIES

Accounts payable and accrued expenses	<u>\$ 8,961</u>
Total liabilities	<u>8,961</u>

NET ASSETS

Unrestricted	236,043
Temporarily restricted	<u>2,453</u>
Total net assets	<u>238,496</u>
Total liabilities and net assets	<u><u>\$ 247,457</u></u>

See accompanying notes and auditor's report.

REINVENT ALBANY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

CHANGES IN UNRESTRICTED NET ASSETS:

SUPPORT AND REVENUE

Public support	\$ 253,047
In-kind revenue	14,400
Interest income	236
	<hr/>
Total support and revenue	267,683
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EXPENSES

Salaries, taxes & benefits	110,050
Consultants	59,432
Depreciation	28,386
In-kind expense	14,400
Professional fees	4,645
Computer and telephone expenses	3,380
Bank and payroll charges	1,399
Travel & entertainment	2,544
Office expenses	1,216
Conference expense	194
	<hr/>
Total expenses	225,646
	<hr/>

INCREASE IN UNRESTRICTED NET ASSETS 42,037

UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR 194,006

UNRESTRICTED NET ASSETS AT END OF YEAR 236,043

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:

Public support 2,453

INCREASE IN TOTAL NET ASSETS \$ 44,490

See accompanying notes and auditor's report.

REINVENT ALBANY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 44,490
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	28,386
Increase in:	
Prepaid expenses	(547)
Decrease in:	
Accounts payable and accrued expenses	<u>(10,687)</u>
Net cash provided by operating activities	<u>61,642</u>
 Net increase in cash and cash equivalents	 61,642
Cash and cash equivalents at beginning of year	<u>150,941</u>
Cash and cash equivalents at end of year	<u><u>\$ 212,583</u></u>

See accompanying notes and auditor's report.

REINVENT ALBANY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 – Nature of business and summary of significant accounting policies

Organization and tax exempt status

Reinvent Albany, Inc. (the “Organization”) is an advocacy group promoting fair, accountable and effective government for New York State. The Organization advocates transparency in government and strives to cease the diversion of dedicated government funds.

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization was incorporated in January 2010.

Uncertain tax positions

In accordance with Financial Accounting Standards Board Codification Topic 740, *Accounting for Income Taxes*, entities are required to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax exempt status. The Organization’s accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The Organization has not recognized any benefits from uncertain tax positions in 2012 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the statement of financial position date.

Use of estimates

The preparation of financial statements in conformity 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fixed assets and depreciation

Fixed assets are stated at cost. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

Maintenance and repairs of fixed assets are charged to operations, and major improvements are capitalized.

Functional allocation of expenses

The costs of program and supporting services have been summarized on a functional basis in Note 3 of the financial statements. Expenses are charged to program services and general and administration based on specific classification of expenditures and allocations.

Contributions

In accordance with *ASC 958-605 Not-for-profit Entities, Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

REINVENT ALBANY, INC.
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DECEMBER 31, 2012

Note 1 – Nature of business and summary of significant accounting policies (continued)

Contributions (continued)

The Organization 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.

Cash and cash equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Classification of net assets

The net assets of the Organization and changes therein are classified as follows:

Unrestricted net assets – All funds not restricted by a donor or grantor.

Temporarily restricted net assets – Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as a net asset released from restrictions.

Gifts received with donor restrictions that are spent in the year received in accordance with those restrictions are reflected as unrestricted contributions.

Permanently restricted net assets – Permanently restricted net assets are those assets which have a donor imposed restriction stipulating that resources be maintained in perpetuity. In certain instances permanent restrictions extend to the appreciation of the market value of the contributed assets. Temporary restrictions may be placed on the use of income derived from these assets. The Organization currently has no permanently restricted net assets.

Note 2 – Fixed assets

Fixed assets consist of the following at December 31, 2012:

Website development	\$ 95,191
Computer hardware	2,588
Equipment	3,548
	<hr/> 101,327
Less: accumulated depreciation	(67,000)
	<hr/> <hr/> \$ 34,327

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Note 2 – Fixed assets (continued)

Depreciation expense for the year ended December 31, 2012 was \$28,386, and is included in the statement of activities.

Note 3 – Functional expenses

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

The Organization provides financial support to public advocacy groups. Expenses related to providing these services are:

Program services	\$ 161,293
Fundraising	11,122
Management and general	53,231
	<u>\$ 225,646</u>

Note 4 – Concentrations

The Organization maintains its cash and cash equivalents in accounts that are insured by the U.S Federal Deposit Insurance Corporation ("FDIC"). Throughout the year the bank balances may exceed the limit insured by the FDIC. The Organization has not experienced any losses to date resulting from this policy.

The Organization received 96% of its public support from four contributors.

Note 5 – Donated services

The Organization recognizes services donated to the Organization as income at fair value in the period in which they are received. The Organization also records an offsetting expense at the same time to record the use of the gift. During 2012, the Organization received \$14,400 of in-kind support, which appears on the statement of activities. Donated services include free occupancy and information technology support.

Certain board members of Reinvent Albany are also board members of the organization that provides the in-kind support to Reinvent Albany.

Note 6 – Subsequent events

Management has evaluated all subsequent events or transactions for potential recognition or disclosure through May 8, 2013, the date these financial statements were available to be issued.