

**LONG ISLAND CARES, INC.**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2005 AND 2004**  
**TOGETHER WITH AUDITORS' REPORT**

**LONG ISLAND CARES, INC.**  
**FINANCIAL STATEMENTS AND AUDITORS' REPORT**  
**AS OF DECEMBER 31, 2005 AND 2004**  
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Callaghan Nawrocki LLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON  
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES**

To the Board of Directors of  
Long Island Cares, Inc.:

We have audited the accompanying statements of financial position of Long Island Cares, Inc. as of December 31, 2005 and 2004, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Long Island Cares, Inc.'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Cares, Inc. as of December 31, 2005 and 2004, and the results of its activities and changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2006, on our consideration of Long Island Cares, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were made for the purpose of forming an opinion on the financial statements of Long Island Cares, Inc. taken as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Melville, New York  
March 31, 2006

*Callaghan Nawrocki*

**LONG ISLAND CARES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2005 AND 2004**

<b><u>ASSETS</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
CASH	\$ 283,696	\$ 218,390
ACCOUNTS RECEIVABLE (net of allowance for doubtful accounts of \$3,726 and \$4,191 in 2005 and 2004, respectively)	486,978	528,712
DONATED PRODUCT	574,556	598,399
FIXED ASSETS (net of accumulated depreciation of \$589,269 and \$480,787 in 2005 and 2004, respectively)	2,476,112	2,541,240
OTHER ASSETS	35,569	25,021
	<b>\$ 3,856,911</b>	<b>\$ 3,911,762</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
LOAN PAYABLE TO BANK	\$ 420,500	\$ 652,500
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	415,312	355,815
Total liabilities	835,812	1,008,315
NET ASSETS:		
Unrestricted:		
Designated for fixed assets	2,055,612	1,888,740
Designated for donated product	574,556	598,399
Undesignated	287,357	243,753
Total unrestricted net assets	2,917,525	2,730,892
Temporarily restricted	53,574	122,555
Permanently restricted	50,000	50,000
Total net assets	3,021,099	2,903,447
	<b>\$ 3,856,911</b>	<b>\$ 3,911,762</b>

The accompanying notes to the financial statements  
are an integral part of these statements.

**LONG ISLAND CARES, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
CHANGE IN UNRESTRICTED NET ASSETS:		
Revenues	\$ 7,555,175	\$ 7,898,426
Expenses -		
Program services	6,430,517	7,179,091
Supporting services	400,327	422,276
Fundraising services	537,699	559,673
	<u>7,368,543</u>	<u>8,161,040</u>
Total expenses		
Increase (decrease) in unrestricted net assets	<u>186,632</u>	<u>(262,614)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:		
Revenues	142,571	204,004
Net assets released from restrictions	<u>(211,551)</u>	<u>(383,227)</u>
Decrease in temporarily restricted net assets	<u>(68,980)</u>	<u>(179,223)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	117,652	(441,837)
NET ASSETS, BEGINNING OF YEAR	<u>2,903,447</u>	<u>3,345,284</u>
NET ASSETS, END OF YEAR	<u>\$ 3,021,099</u>	<u>\$ 2,903,447</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

**LONG ISLAND CARES, INC.**  
**STATEMENTS OF CASH FLOWS (INDIRECT METHOD)**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 117,652	\$ (441,837)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	119,282	113,720
(Increase) decrease in accounts receivable	42,199	(84,561)
Decrease in allowance for doubtful accounts	(465)	(809)
Decrease in donated product	23,843	598,521
(Increase) decrease in other assets	(10,548)	46,960
Increase (decrease) in accounts payable and accrued liabilities	59,497	(12,615)
Decrease in deferred income	-	(7,500)
	<u>351,460</u>	<u>211,879</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase in fixed assets	<u>(54,154)</u>	<u>(132,147)</u>
	<u>(54,154)</u>	<u>(132,147)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of loan payable to related party	-	(250,000)
Repayment of loan payable to bank	<u>(232,000)</u>	<u>(165,000)</u>
	<u>(232,000)</u>	<u>(415,000)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	65,306	(335,268)
<b>CASH, BEGINNING OF YEAR</b>	<u>218,390</u>	<u>553,658</u>
<b>CASH, END OF YEAR</b>	<u>\$ 283,696</u>	<u>\$ 218,390</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid during the year for interest	<u>\$ 31,025</u>	<u>\$ 29,202</u>
Retirement of fully depreciated fixed assets	<u>\$ 10,800</u>	<u>\$ -</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

**LONG ISLAND CARES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(1) Background and current operational considerations**

Long Island Cares, Inc. (the "Organization") is a nonprofit, anti-hunger organization founded in 1980 by the late singer and activist, Harry Chapin. The Organization's aims are to promote the food welfare of the Long Island community; to raise the nutritional standards of community life; to bring into closer relation the resources and food needs of the community; and to sponsor and encourage equal rights in relation to food access, balanced nutrition and food self-reliance activities. The Organization has responded by providing immediate emergency food relief to hungry Long Islanders through The Harry Chapin Food Bank and by addressing the systemic causes of hunger through Community Outreach Programs. The Organization is a broad based, regionally responsive organization working in partnership with human service groups in Nassau and Suffolk Counties.

The Organization is an affiliate member of America's Second Harvest, a national network of food banks and food rescue organizations. Through this membership, it is able to access donated food through national and regional corporate sponsors. In concert with The Harry Chapin Food Bank, the Organization collects, warehouses and delivers government donated and surplus foods to food pantries, soup kitchens, shelters, group homes, day treatment facilities, senior citizen sites and day care centers.

The Organization operates the only designated food bank serving Nassau and Suffolk Counties, located at the Organization's Hauppauge, New York office and warehouse facility. It is the only contracted agency for the distribution of Federal commodities through The Emergency Food Assistance Program (TEFAP), administered by the New York State Office of General Service (OGS) under a continuous agreement effective May 1989.

In addition, the Organization, under a five-year contract renewed annually, is responsible for the support services of the Hunger Prevention and Nutrition Assistance Program (HPNAP) administered by the New York State Department of Health. The current annual contract is renewed through June 30, 2006. The supported service provides nutritional assistance to various high-risk groups of individuals, including the homeless at approved food and nutrition service sites.

The Organization addresses education as a continuing process through Community Outreach Programs - New Paths to Achievement, Job Training and Hunger Education.

The New Paths to Achievement Program focuses on assisting low-income and single head-of-household women in gaining self-esteem, job skills and employment experience in order to become self-sufficient and independent of the public welfare system.

The Job Training Program targets at-risk high school students and young adults and provides on-the-job training at Long Island Cares to assist the participants in gaining clerical, computer and warehousing skills.

Hunger 101, the hunger education program, is a role play and discussion activity designed to raise awareness about the problems of hunger and poverty on Long Island. It helps participants gain an understanding of the causes and consequences of hunger and develop strategies to address the problem. It is presented to students, churches, service and professional groups and many others.

Two other programs at Long Island Cares are designed to meet specific community needs: School Tools and Kids Café.

School Tools works in partnership with corporations and individuals to collect and distribute new school supplies to our member agencies serving school aged children so these economically disadvantaged children have the necessary tools to start the new school year.

The Kids Café is an after school program which provides safe and convenient environments for at-risk children to receive nutritious food, tutoring and mentoring, nutrition and food safety education, homework assistance and recreational activities.

(2) **Summary of significant accounting policies:**

The accompanying financial statements include the assets, liabilities, revenues and expenses of all the funds of the Organization which are reflected under the accrual basis of accounting. The following is a summary of significant accounting policies followed by the Organization:

**Financial statement presentation** –

The accompanying financial statements include the accounts of the Organization's program, administration and fundraising. The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards ("SFAS") No. 117, Financial Statements of Not-For-Profit Organizations. SFAS No. 117 requires that the Organization's financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets. The Organization's net assets consist of the following:

**Unrestricted** – net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.



Temporarily restricted – net assets of the Organization which have been limited by donor-imposed stipulations or by law that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

Permanently restricted – net assets of the Organization which have been restricted by donors to be maintained in perpetuity by the Organization.

Revenue and expense recognition –

Contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. Revenues under contracts for service are generally recognized as earned. Contract advances arise from payments received under contracts for service in advance of revenue recognition. Expenses are recognized when incurred. The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various rational bases.

In-kind contributions –

The Organization follows the provisions of Statement of Financial Accounting Standards No. 116, Accounting For Contributions Received And Contributions Made with respect to donated product including donated food, supplies and Federal commodities. Donated product received, distributed and on hand are accounted for at fair value. The fair value of donated product received and distributed during the year is reflected in the accompanying financial statements as in-kind contributions and in-kind expenses. Significant fluctuations in operating results may occur due to variances in quantity and valuation of donated product.

The Organization has received professional services on a pro-bono basis. The value of these services for the years ended December 31, 2005 and 2004 was \$769 and \$25,350, respectively. Such amounts are reflected in the accompanying financial statements as in-kind contributions and in-kind expenses.

Cash and cash equivalents –

All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents, principally money market funds.

Donated product –

Donated product represents the fair value of donated food, supplies and Federal commodities on hand as of year-end.

Fixed assets –

Fixed assets are stated at cost or current fair value for donated items. Maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets (generally periods of three to forty years).

Income taxes –

The Organization qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for federal or state income taxes is required.

Impairment of long-lived assets and long-lived assets to be disposed of –

The Organization follows the provisions of Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This Statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. The provisions of this Statement did not have a material impact on the Organization's financial position, results of activities or liquidity during the year ended December 31, 2005.

Donated services –

A number of volunteers have donated significant amounts of their time in the Organization's program services, administration and fundraising campaigns. However, since these services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America, they are not reflected in the accompanying financial statements.

The use of estimates in the preparation of financial statements –

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Estimates include accounts receivable, fixed assets and certain accrued expenses. Actual results may differ from those estimates.

(3) **Fixed assets**

Fixed assets as of December 31, 2005 and 2004 are comprised of the following:

	<u>2005</u>	<u>2004</u>
Land	\$ 885,500	\$ 885,500
Building	1,427,183	1,427,183
Building improvements	77,030	52,030
Office equipment	209,488	203,130
Vehicles	128,237	128,237
Warehouse equipment	<u>337,943</u>	<u>325,947</u>
	3,065,381	3,022,027
Less: accumulated depreciation	<u>589,269</u>	<u>480,787</u>
	<u>\$2,476,112</u>	<u>\$2,541,240</u>

(4) **Line of credit**

The Organization has a \$300,000 line of credit with a bank. The loan is secured by equipment and bears interest at the bank's prime rate (7.25% as of December 31, 2005) plus 2.5% per annum. The line is fully available as of December 31, 2005.

(5) **Loans payable:**

Loan payable to bank –

The Organization has a loan payable to a bank with an original amount of \$1,300,000, of which \$420,500 is outstanding at December 31, 2005. The loan is collateralized by the Organization's land and building. The loan is payable in twelve monthly installments of interest only, followed by sixty installments of principal and interest (equal to the one-month LIBOR plus 250 basis points per annum, 4.39% as of December 31, 2005) of \$7,640 and a final lump sum principal payment due on June 19, 2008.

Maturities of loans payable –

At December 31, 2005, future principal payments on outstanding loans payable are as follows:

<u>Year Ending December 31,</u>	
2006	\$ 48,379
2007	50,175
2008	<u>321,946</u>
	<u>\$ 420,500</u>

(6) **Temporarily restricted net assets**

Temporarily restricted net assets are available for or relate to the following purposes:

	<u>2005</u>	<u>2004</u>
TEFAP Handling Fees	\$ 23,149	\$ 15,320
Capital Campaign	13,601	54,105
Capital Campaign interest	9,029	8,419
Kraft Foods Community Garden	5,000	-
Donations for Purchasing Turkeys	1,660	-
Check Out Hunger Program	1,135	2,254
OAG Produce Grant	-	38,707
New Paths to Achievement	-	3,750
	<u>\$ 53,574</u>	<u>\$ 122,555</u>

(7) **Permanently restricted net assets**

Permanently restricted net assets relate to an endowment of \$50,000 to be maintained in perpetuity, the income from which is expendable to support general operations.

(8) **Employee benefit plan**

The Organization has a 403(b) Tax Deferred Annuity Plan (the "Plan"). Eligible participants in the Plan may contribute up to 25% of compensation, but not in excess of the maximum allowed under the Internal Revenue Code. The Plan does not provide for matching contributions by the Organization.

(9) **Fair value of financial instruments**

Statement of Financial Accounting Standards No. 107, Disclosure about Fair Value of Financial Instruments, defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying value of all instruments classified as current assets or liabilities is deemed to approximate fair value because of their short-term nature.

(10) **Concentrations of credit risk**

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash. Cash exceeding federally insured limits totaled \$368,478 at December 31, 2005, based on actual bank account balances.

(11) Fundraising activities

<u>Fund Raisers</u>	<u>Gross Revenues</u>	<u>Direct Expenses</u>	<u>Fundraising Income, net</u>
<u>2005</u>			
Direct mailing	\$ 198,322	\$ 82,428	\$ 115,894
Golf outing	146,211	76,164	70,047
Awards Dinner	145,370	44,310	101,060
Check Out Hunger	66,106	11,118	54,988
Community Charity Events	40,250	20,076	20,174
Newsletter	36,297	3,735	32,562
Share-A-Meal	3,868	-	3,868
	<u>\$ 636,424</u>	<u>\$ 237,831</u>	<u>\$ 398,593</u>
<u>2004</u>			
Golf outing	\$ 240,380	\$ 183,528	\$ 56,852
Direct mailing	173,983	61,302	112,681
Awards Dinner	170,816	51,998	118,818
Check Out Hunger	88,224	5,820	82,404
Newsletter	26,911	2,949	23,962
Share-A-Meal	1,045	-	1,045
	<u>\$ 701,359</u>	<u>\$ 305,597</u>	<u>\$ 395,762</u>

**LONG ISLAND CARES, INC.**  
**SUPPLEMENTARY SCHEDULE OF FUNCTIONAL REVENUES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(WITH COMPARATIVE TOTALS FOR 2004)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2005 Totals</u>	<u>2004 Totals</u>
<b>Public Support And</b>					
<b>Fundraising:</b>					
Fund raisers	\$ 636,424	\$ -	\$ -	\$ 636,424	\$ 701,359
Contributions	260,451	127,471	-	387,922	473,711
Grants	236,546	14,489	-	251,035	205,592
Corporate support	91,738	-	-	91,738	88,563
Foundation support	88,350	-	-	88,350	40,750
	<u>1,313,509</u>	<u>141,960</u>	<u>-</u>	<u>1,455,469</u>	<u>1,509,975</u>
<b>Government Support:</b>					
HPNAP	1,054,787	-	-	1,054,787	1,090,380
Suffolk County	105,525	-	-	105,525	96,906
Other	4,500	-	-	4,500	-
	<u>1,164,812</u>	<u>-</u>	<u>-</u>	<u>1,164,812</u>	<u>1,187,286</u>
<b>Distribution Revenue And</b>					
<b>Handling Fees:</b>					
Food Bank Agencies	306,023	-	-	306,023	334,307
HPNAP	178,372	-	-	178,372	142,299
TEFAP	141,352	-	-	141,352	150,217
Suffolk County	1,885	-	-	1,885	1,742
	<u>627,632</u>	<u>-</u>	<u>-</u>	<u>627,632</u>	<u>628,565</u>
<b>Other Income:</b>					
In-kind contributions	4,226,401	-	-	4,226,401	4,388,006
Miscellaneous	9,821	-	-	9,821	2,865
Interest income	1,449	611	-	2,060	2,506
	<u>4,237,671</u>	<u>611</u>	<u>-</u>	<u>4,238,282</u>	<u>4,393,377</u>
Subtotal	<u>7,343,624</u>	<u>142,571</u>	<u>-</u>	<u>7,486,195</u>	<u>7,719,203</u>
<b>Net Assets Released</b>					
<b>From Restrictions:</b>					
Food Bank	211,551	(211,551)	-	-	-
	<u>211,551</u>	<u>(211,551)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 7,555,175</u>	<u>\$ (68,980)</u>	<u>\$ -</u>	<u>\$ 7,486,195</u>	<u>\$ 7,719,203</u>

The accompanying notes to financial statements  
should be read in conjunction with this schedule.

**LONG ISLAND CARES, INC.**  
**SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**(WITH COMPARATIVE TOTALS FOR 2004)**

	Food Bank Fund	Community Outreach Fund	Administration Fund Management & General	Development	2005 Totals	2004 Totals
In-kind expenses	\$4,216,212	\$ -	\$ 2,073	\$ 60,103	\$4,278,388	\$5,000,311
Salaries	539,012	67,293	265,982	143,472	1,015,759	962,672
HPNAP food purchases	580,144	-	-	-	580,144	610,242
Fundraising	-	-	-	237,831	237,831	305,597
Payroll taxes and benefits	128,715	12,790	29,750	24,628	195,883	188,818
Food Bank food purchases	152,011	-	-	-	152,011	196,395
Depreciation	97,360	4,743	10,750	6,429	119,282	113,720
HPNAP operational support	93,937	-	-	-	93,937	99,313
Transportation	89,286	-	-	-	89,286	77,008
HPNAP capital equipment	80,792	-	-	-	80,792	79,284
Utilities	67,868	1,676	4,113	2,514	76,171	65,183
Grants	50,000	-	-	-	50,000	50,500
Suffolk County food purchases	47,405	-	-	-	47,405	42,815
Advertising	74	-	-	44,588	44,662	47,742
Other food purchases	33,244	-	-	-	33,244	33,238
Interest	-	-	31,025	-	31,025	29,202
Building maintenance and sanitation	26,135	645	1,584	968	29,332	41,484
Equipment rental and maintenance	17,081	670	5,119	2,246	25,116	23,310
Dues and membership fees	13,698	-	8,496	295	22,489	21,741
Insurance	17,465	1,201	1,633	1,201	21,500	23,523
Postage	7,201	1,797	3,608	2,428	15,034	13,187
Telephone and internet	7,758	1,129	2,398	2,821	14,106	13,897
Printing	3,681	2,665	4,362	2,844	13,552	10,138
Professional fees	-	-	13,500	-	13,500	12,000
Supplies-office	5,319	810	3,867	3,353	13,349	13,175
Travel	6,201	1,945	1,102	922	10,170	14,760
Education supplies	10,038	27	-	-	10,065	4,322
HPNAP sanitation/safety supplies	9,689	-	-	-	9,689	4,742
Workshop and education	5,007	3,624	-	-	8,631	2,274
Freight	8,250	-	-	-	8,250	23,025
Bank and payroll fees	-	-	8,121	-	8,121	6,854
Supplies-warehouse	6,864	-	-	-	6,864	7,115
Recruiting	4,766	-	-	-	4,766	2,094
Consultants	2,094	400	1,000	600	4,094	9,992
Conference fees	365	-	1,775	430	2,570	4,460
Damage/shortage	517	-	-	-	517	967
Property taxes	443	11	27	16	497	646
Permits and licenses	278	7	17	10	312	165
Miscellaneous	174	-	-	-	174	1,005
Personnel training	-	-	25	-	25	1,562
Temporary personnel	-	-	-	-	-	2,040
Food acquisition handling fees	-	-	-	-	-	522
<b>Total expenses</b>	<b>\$6,329,084</b>	<b>\$ 101,433</b>	<b>\$ 400,327</b>	<b>\$ 537,699</b>	<b>\$7,368,543</b>	<b>\$8,161,040</b>

The accompanying notes to financial statements  
should be read in conjunction with this schedule.



Callaghan Nawrocki LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON  
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES**

To the Board of Directors of  
Long Island Cares, Inc.:

We have audited the accompanying statements of financial position of Long Island Cares, Inc. as of December 31, 2005 and 2004, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Long Island Cares, Inc.'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 Cares, Inc. as of December 31, 2005 and 2004, and the results of its activities and changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the financial statements of Long Island Cares, Inc. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The information in these schedules has been subjected to the procedures applied in the audits of the financial statements and, in our opinion, is fairly presented in all material respects, in relation to the financial statements taken as a whole.

Melville, New York  
March 31, 2006

*Callaghan Nawrocki*