

**LONG ISLAND CARES, INC.**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2012 AND 2011**  
**TOGETHER WITH AUDITOR'S REPORT**

**LONG ISLAND CARES, INC.**  
**FINANCIAL STATEMENTS AND AUDITOR'S REPORT**  
**AS OF DECEMBER 31, 2012 AND 2011**

**INDEX**

	<u>Page</u>
Independent Auditor's Report	1
Statements Of Financial Position As Of December 31, 2012 And 2011	3
Statements Of Activities And Changes In Net Assets For The Years Ended December 31, 2012 And 2011	4
Statements Of Cash Flows (Indirect Method) For The Years Ended December 31, 2012 And 2011	5
Notes To Financial Statements	6
Supplementary Schedule Of Revenues For The Year Ended December 31, 2012 (With Comparative Totals For 2011)	16
Supplementary Schedule Of Functional Expenses For The Year Ended December 31, 2012 (With Comparative Totals For 2011)	17



Nawrocki Smith LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Long Island Cares, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets, 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 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 audit to obtain reasonable assurance about whether the financial statements are free of 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.

# Nawrocki Smith LLP

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Island Care, Inc. as of December 31, 2012 and 2011 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.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2013, on our consideration of Long Island Care, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants for the year ended December 31, 2012. 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.

## ***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements taken as a whole.

April 12, 2013  
Melville, New York



**LONG ISLAND CARES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2012 AND 2011**

<b><u>ASSETS</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
CASH	\$ 2,668,055	\$ 2,304,860
RESTRICTED CASH	622,138	97,460
ACCOUNTS RECEIVABLE (net of allowance for doubtful accounts of \$1,589 for 2012 and 2011)	730,567	698,196
DONATED PRODUCT	3,239,200	1,308,072
INVESTMENTS	42,515	13,164
FIXED ASSETS (net of accumulated depreciation of \$916,552 and \$840,757 in 2012 and 2011, respectively)	2,443,866	2,433,338
OTHER ASSETS	<u>127,456</u>	<u>94,038</u>
	<u><u>\$ 9,873,797</u></u>	<u><u>\$ 6,949,128</u></u>
 <b><u>LIABILITIES AND NET ASSETS</u></b> 		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>\$ 681,695</u>	<u>\$ 519,378</u>
Total liabilities	<u>681,695</u>	<u>519,378</u>
 NET ASSETS:		
Unrestricted:		
Designated for fixed assets	2,443,866	2,433,338
Designated for donated product	3,239,200	1,308,072
Undesignated	<u>2,591,567</u>	<u>2,506,029</u>
Total unrestricted net assets	8,274,633	6,247,439
Temporarily restricted	627,978	84,851
Permanently restricted	<u>289,491</u>	<u>97,460</u>
Total net assets	<u>9,192,102</u>	<u>6,429,750</u>
	<u><u>\$ 9,873,797</u></u>	<u><u>\$ 6,949,128</u></u>

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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CHANGE IN UNRESTRICTED NET ASSETS:		
Revenues	\$ 15,453,158	\$ 12,269,061
Expenses -		
Program services	11,981,913	11,089,593
Supporting services	581,842	576,665
Fundraising	862,209	785,634
	<u>13,425,964</u>	<u>12,451,892</u>
Total expenses		
Increase (decrease) in unrestricted net assets	<u>2,027,194</u>	<u>(182,831)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:		
Revenues	566,734	65,184
Net assets released from restrictions	<u>(23,607)</u>	<u>(186,383)</u>
Increase (decrease) in temporarily restricted net assets	<u>543,127</u>	<u>(121,199)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS:		
Revenues	<u>192,031</u>	<u>47,460</u>
Increase in permanently restricted net assets	<u>192,031</u>	<u>47,460</u>
CHANGE IN NET ASSETS	2,762,352	(256,570)
NET ASSETS, BEGINNING OF YEAR	<u>6,429,750</u>	<u>6,686,320</u>
NET ASSETS, END OF YEAR	<u>\$ 9,192,102</u>	<u>\$ 6,429,750</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,762,352	\$ (256,570)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	129,291	124,544
Increase in restricted cash	(524,678)	(47,460)
Unrealized gain on investments	(6,634)	(538)
Increase in accounts receivable	(32,371)	(63,253)
(Increase) decrease in donated product	(1,931,128)	355,647
Increase in other assets	(33,418)	(57,702)
Increase (decrease) in accounts payable and accrued liabilities	<u>162,317</u>	<u>(13,545)</u>
Net cash provided by operating activities	<u>525,731</u>	<u>41,123</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(139,819)	(95,217)
Purchase of investments	<u>(22,717)</u>	<u>-</u>
Net cash used by investing activities	<u>(162,536)</u>	<u>(95,217)</u>
NET INCREASE (DECREASE) IN CASH	363,195	(54,094)
CASH, BEGINNING OF YEAR	<u>2,304,860</u>	<u>2,358,954</u>
CASH, END OF YEAR	<u>\$ 2,668,055</u>	<u>\$ 2,304,860</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Retirement of fully depreciated fixed assets	<u>\$ 53,496</u>	<u>\$ 11,128</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 Feeding America, 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. Through 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 Harry Chapin Food Bank was the first food bank to serve Nassau and Suffolk Counties and is located at the Organization's Hauppauge, New York office and warehouse facility. It is a 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, 2013. 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 the following Community Outreach Programs:

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, Inc. 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.

Other programs at Long Island Cares, Inc. are designed to meet specific community needs:

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.

The First Stop Food Pantry serves as a triage pantry that provides individuals and families in need with up to ten days worth of food, along with information about critical community resources such as food stamps, Child Health Plus, The Women, Infants and Children Program, heating and utility assistance, employment resources and mortgage assistance.

The Mobile Outreach Resource Enterprise (“MORE”) van travels throughout Nassau and Suffolk Counties providing information, referral assistance and emergency food to people in user friendly locations such as libraries, parks and shopping centers. The “Hope for the Homeless” MORE van focuses on the specific needs of the homeless by providing housing information, housing referrals, ready-to-eat emergency food and personal hygiene items.

The Nassau Service Center located in Freeport, New York provides a broad array of community services for Long Islanders experiencing hunger in an accessible storefront location. In addition to a large food pantry, the Center offers job development services as well as entitlement and referral services. It is also utilized for mandated training by member agencies located in Nassau County as well as a training center for a new “Students Fighting Hunger” volunteer corporation.

**(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 programs, administration and fundraising. The Organization presents its financial statements in accordance with U.S. generally accepted accounting principles which require 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.

The Organization follows U.S. generally accepted accounting principles regarding Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and Enhanced Disclosures for All Endowment Funds which require a portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets to be classified as temporarily restricted net assets until appropriated for expenditure.

The Organization also presents statements of cash flows in accordance with U.S. generally accepted accounting principles.

### 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 supporting services. Expenses that can be identified with a specific program or supporting 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 U.S. generally accepted accounting principles regarding 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, 2012 and 2011 was \$23,084 and \$11,605, 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.

#### Investments -

Investments are recorded at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization follows U.S. generally accepted accounting principles regarding fair value measurements which establish a fair value hierarchy requiring an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives 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).

#### 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).

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

The Organization follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification on accounting for the impairment or disposal of long-lived assets which require 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. These provisions did not have an impact on the Organization's financial position, results of activities or liquidity during the years ended December 31, 2012 and 2011.

#### Conditional asset retirement obligations -

The FASB Accounting Standards Codification on asset retirement and environmental obligations requires the Organization to recognize a liability for the fair value of its legal obligation to perform an asset retirement activity, even though uncertainty exists about the timing and/or method of settlement, if and when the fair value of the liability can be reasonably estimated. As of December 31, 2012, management believes the Organization has met the provisions of and is in compliance with these requirements.

#### Income taxes -

The Organization is a nonprofit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of the New York State tax law.

#### Uncertainty in income taxes -

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2009 and subsequent remain subject to examination by the applicable taxing authorities.

#### 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 U.S. generally accepted accounting principles, 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 U.S. generally accepted accounting principles 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 the valuation allowance for accounts receivable, depreciation and certain accrued expenses. Actual results may differ from those estimates.

### Summarized comparative information -

The 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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ending December 31, 2011, from which the summarized information was derived.

### **(3) Fair value measurement:**

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted the standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

*Fair Value Measurement* defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reported entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by the Organization in addressing the fair value of financial instruments:

### **Cash and cash equivalents -**

The carrying amounts reported in the statements of financial position for cash and cash equivalents approximate those assets' fair values (which include certificates of deposit).

**Money market -**

Composed of funds invested in savings accounts at various financial institutions, such accounts are valued based on the amount of deposited funds and net investment earnings less withdrawals and fees. The money market funds consist primarily of cash and cash equivalents, U.S. government stock, foreign stock, and bonds. The fund seeks to maintain a stable net asset value ("NAV") of \$1.

**U.S. equities -**

U.S. equities are invested principally in stocks, which can be actively or passively (index fund) managed. U.S. equities are principally categorized according to company size, the investment style of the holdings in the portfolio and geography. Size is determined by a company's market capitalization, while the investment style, reflected in the fund's stock holdings, is also used to categorize equity mutual funds.

**Accrued expenses -**

The carrying amounts of accrued expenses approximate their fair value due to their short-term nature.

**(4) Investments**

The following table represents the Organization's fair value hierarchy for investments as of December 31, 2012:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 1,095	\$ 1,095	\$ -	\$ -
U.S. equities	<u>41,420</u>	<u>41,420</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 42,515</u>	<u>\$ 42,515</u>	<u>\$ -</u>	<u>\$ -</u>

The following table represents the Organization's fair value hierarchy for investments as of December 31, 2011:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 1,005	\$ 1,005	\$ -	\$ -
U.S. equities	<u>12,159</u>	<u>12,159</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 13,164</u>	<u>\$ 13,164</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2012 and 2011, the Organization did not possess any level 2 or 3 type of investments.

(5) **Fixed assets**

Fixed assets as of December 31, 2012 and 2011 are comprised of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 885,500	\$ 885,500
Building	1,427,183	1,427,183
Building improvements	473,425	401,062
Office equipment	161,947	161,947
Vehicles	225,109	169,091
Warehouse equipment	187,254	229,312
	<hr/>	<hr/>
	3,360,418	3,274,095
Less: accumulated depreciation	916,552	840,757
	<hr/>	<hr/>
	\$ 2,443,866	\$ 2,433,338

(6) **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 a variable rate equal to the bank's prime rate plus 1.25% per annum. The line is fully available as of December 31, 2012.

(7) **Temporarily restricted net assets**

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

	<u>2012</u>	<u>2011</u>
Disaster Relief/Superstorm Sandy funds	\$ 332,647	\$ -
William R. Kenan, Jr. Charitable Trust	100,467	-
Gift Cards and Certificates	78,818	9,508
TEFAP Handling Fees	30,810	19,667
Silvian Foundation Grant	18,000	18,000
Walmart Grant	15,896	-
Food Supply Purchase Donations	10,688	-
AARP Foundation	9,404	-
Townwide Fund	7,850	5,670
HSBC Bank	4,500	-
Northrop Grumman	4,500	-
TD Charitable Foundation	4,500	-
Manhasset Community Fund	4,089	3,943
Target	2,646	3,600
TJX Foundation Grant	1,813	2,925
The Women's Group of the Greens	1,350	-
Atwa and Rainone Fund	-	9,000
Donations for Purchasing Turkeys	-	3,940
Various Other Grants	-	8,598
	<hr/>	<hr/>
	\$ 627,978	\$ 84,851

(8) **Permanently restricted net assets (endowment funds)**

Permanently restricted net assets relate to an endowment of \$289,491 to be maintained in perpetuity, the income from which is expendable to support general operations.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2012 and 2011.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the original value of the gift.

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Changes in endowment net assets for the years ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Endowment net assets, beginning of year	\$ 97,460	\$ 50,000
Investment income	906	508
Released to operations	(906)	(508)
Endowment contributions	<u>192,031</u>	<u>47,460</u>
Endowment net assets, end of year	<u>\$ 289,491</u>	<u>\$ 97,460</u>

(9) **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. In 2012, the Organization matched employee contributions to the Plan up to a maximum of 3% of the employee's annual salary.



**(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, however, during the current year, the Organization opened several new accounts with various banks to mitigate concentrations of credit risk.

**(11) Fundraising activities**

2012

	<u>Gross Revenues</u>	<u>Direct Fundraising</u>	<u>Fundraising Income, net</u>
Direct Mailing Appeals	\$ 964,847	\$ 291,337	\$ 673,510
Capital/Endowment	190,616	1,535	189,081
Supermarkets Check Out Hunger	95,517	4,707	90,810
Golf Outing	102,890	49,560	53,330
Stop & Shop	46,868	-	46,868
Grassroots Newsletter	34,438	17,319	17,119
Concert Events	52,700	43,738	8,962
Whole Foods Key Fob	232	-	232
	<u>\$ 1,488,108</u>	<u>\$ 408,196</u>	<u>\$ 1,079,912</u>

2011

Direct Mailing Appeals	\$ 898,164	\$ 279,949	\$ 618,215
Golf Outing	104,175	47,244	56,931
Awards Dinner	49,527	18,582	30,945
Capital/Endowment	23,908	922	22,986
Macy's Come Together	13,154	-	13,154
Supermarkets Check Out Hunger	15,582	4,486	11,096
Concert Events	20,797	15,050	5,747
Grassroots Newsletter	23,555	20,150	3,405
	<u>\$ 1,148,862</u>	<u>\$ 386,383</u>	<u>\$ 762,479</u>

**(12) Subsequent events**

The Organization has evaluated subsequent events through March 8, 2013 which is the date these financial statements were available to be issued, noting no matters requiring further consideration or disclosure.

**LONG ISLAND CARES, INC.**  
**SUPPLEMENTARY SCHEDULE OF REVENUES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(WITH COMPARATIVE TOTALS FOR 2011)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Totals</u>	<u>2011 Totals</u>
<b>Public Support And Fundraising:</b>					
Contributions	\$ 1,122,854	\$ 408,704	\$ 192,031	\$ 1,723,589	\$ 859,822
Fundraising	1,488,108	-	-	1,488,108	1,148,862
Grants	235,026	158,030	-	393,056	360,676
Foundation support	176,150	-	-	176,150	138,275
Corporate support	102,380	-	-	102,380	145,695
	<u>3,124,518</u>	<u>566,734</u>	<u>192,031</u>	<u>3,883,283</u>	<u>2,653,330</u>
<b>Government Support:</b>					
HPNAP	1,310,568	-	-	1,310,568	1,682,418
Suffolk County	187,383	-	-	187,383	221,725
Other grants	167,744	-	-	167,744	40,857
	<u>1,665,695</u>	<u>-</u>	<u>-</u>	<u>1,665,695</u>	<u>1,945,000</u>
<b>Distribution Revenue And Handling Fees:</b>					
Food Bank Agencies	175,956	-	-	175,956	154,950
HPNAP	193,553	-	-	193,553	226,539
TEFAP	208,315	-	-	208,315	189,882
Suffolk County	12,493	-	-	12,493	12,598
	<u>590,317</u>	<u>-</u>	<u>-</u>	<u>590,317</u>	<u>583,969</u>
<b>Other Income:</b>					
In-kind contributions	10,022,243	-	-	10,022,243	6,975,482
Miscellaneous	8,115	-	-	8,115	21,168
Unrealized gain on investments	6,634	-	-	6,634	538
Interest income	12,029	-	-	12,029	15,835
	<u>10,049,021</u>	<u>-</u>	<u>-</u>	<u>10,049,021</u>	<u>7,013,023</u>
Subtotal	<u>15,429,551</u>	<u>566,734</u>	<u>192,031</u>	<u>16,188,316</u>	<u>12,195,322</u>
<b>Net Assets Released From Restrictions:</b>					
Food Bank	23,607	(23,607)	-	-	-
	<u>23,607</u>	<u>(23,607)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 15,453,158</u>	<u>\$ 543,127</u>	<u>\$ 192,031</u>	<u>\$ 16,188,316</u>	<u>\$ 12,195,322</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, 2012**  
**(WITH COMPARATIVE TOTALS FOR 2011)**

	Food Bank Fund	Community Outreach Fund	Administration Fund		2012 Totals	2011 Totals
			Management & General	Development		
In-kind expenses	\$ 8,059,606	\$ -	\$ -	\$ 92,117	\$ 8,151,723	\$ 7,291,346
Salaries	880,733	285,158	390,555	193,270	1,749,716	1,561,052
HPNAP food purchases	699,865	-	-	-	699,865	995,276
Fundraising	-	-	-	408,196	408,196	386,383
Payroll taxes and benefits	208,463	65,007	71,728	40,575	385,773	354,174
Grant food purchases	362,563	-	-	-	362,563	346,551
Grants to agencies	277,280	-	-	-	277,280	70,000
Transportation	171,275	-	-	-	171,275	178,335
Depreciation	111,970	4,140	8,262	4,919	129,291	124,544
Suffolk County food purchases	109,562	-	-	-	109,562	145,673
HPNAP capital equipment	108,641	-	-	-	108,641	154,829
Utilities	71,253	6,706	3,353	2,515	83,827	85,585
HPNAP operational support	80,924	-	-	-	80,924	91,393
Advertising	-	-	-	79,766	79,766	84,731
Equipment rental and maintenance	45,219	10,667	8,029	5,511	69,426	44,455
Building maintenance and sanitation	56,670	5,334	2,666	2,001	66,671	54,805
Supplies-office	41,502	1,873	2,136	1,822	47,333	23,361
Printing	15,527	6,827	11,914	3,854	38,122	35,544
Promotional items	3,390	12,111	1,775	14,995	32,271	21,469
Educational supplies	31,985	-	-	-	31,985	51,107
Food Bank food purchases	30,375	-	-	-	30,375	42,719
Telephone and internet	12,617	10,381	3,279	4,090	30,367	28,187
Insurance	23,103	3,186	2,146	1,812	30,247	30,409
Workshop and education	28,271	1,036	-	-	29,307	29,479
Bank charges and miscellaneous fees	631	935	25,462	170	27,198	27,498
Dues and membership fees	19,302	55	6,884	380	26,621	23,713
Travel	14,263	6,698	3,773	1,531	26,265	31,203
Facility rent	21,564	2,030	1,015	761	25,370	16,400
Postage	7,849	4,676	4,599	1,840	18,964	19,421
Consultants	6,523	3,197	6,622	1,598	17,940	19,800
Professional fees	-	-	16,500	-	16,500	16,500
Supplies-warehouse	15,873	-	-	-	15,873	11,947
Damage/shortage	15,047	-	-	-	15,047	7,382
Conference fees	475	1,931	11,093	259	13,758	12,778
Food acquisition handling fees	6,449	-	-	-	6,449	6,337
HPNAP sanitation/safety supplies	5,004	-	-	-	5,004	9,806
Freight	2,945	-	-	-	2,945	9,402
Temporary personnel	1,661	407	-	189	2,257	6,852
Permits and licenses	555	52	26	20	653	831
Property taxes	522	49	25	18	614	615
<b>Total expenses</b>	<b>\$ 11,549,457</b>	<b>\$ 432,456</b>	<b>\$ 581,842</b>	<b>\$ 862,209</b>	<b>\$ 13,425,964</b>	<b>\$ 12,451,892</b>

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