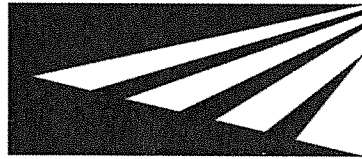


**LONG ISLAND CARES, INC.**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2013 AND 2012**  
**TOGETHER WITH AUDITOR'S REPORT**

**LONG ISLAND CARES, INC.**  
**FINANCIAL STATEMENTS AND AUDITOR'S REPORT**  
**AS OF DECEMBER 31, 2013 AND 2012**

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**NawrockiSmith**

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, 2013 and 2012, 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.

# NawrockiSmith

## ***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, 2013 and 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014, on our consideration of Long Island Cares, 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, 2013. 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.

## ***Report on Supplementary Schedules***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of revenues and functional expenses on pages 17 and 18, respectively, 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.

March 26, 2014  
Melville, New York

*Nawrocki Smith LLP*

**LONG ISLAND CARES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2013 AND 2012**

<b><u>ASSETS</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
CASH	\$ 4,117,476	\$ 2,668,055
RESTRICTED CASH	599,333	622,138
ACCOUNTS RECEIVABLE (net of allowance for doubtful accounts of \$1,589 for 2013 and 2012)	454,840	730,567
DONATED PRODUCT	2,293,095	3,239,200
INVESTMENTS	44,280	42,515
FIXED ASSETS (net of accumulated depreciation of \$1,030,626 and \$916,552 in 2013 and 2012, respectively)	2,673,621	2,443,866
OTHER ASSETS	<u>50,218</u>	<u>127,456</u>
	<u><u>\$ 10,232,863</u></u>	<u><u>\$ 9,873,797</u></u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>  		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>\$ 677,000</u>	<u>\$ 681,695</u>
Total liabilities	<u>677,000</u>	<u>681,695</u>
NET ASSETS:		
Unrestricted:		
Designated for fixed assets	2,673,621	2,443,866
Designated for donated product	2,293,095	3,239,200
Undesignated	<u>3,665,633</u>	<u>2,591,567</u>
Total unrestricted net assets	8,632,349	8,274,633
Temporarily restricted	450,164	627,978
Permanently restricted	<u>473,350</u>	<u>289,491</u>
Total net assets	<u>9,555,863</u>	<u>9,192,102</u>
	<u><u>\$ 10,232,863</u></u>	<u><u>\$ 9,873,797</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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CHANGE IN UNRESTRICTED NET ASSETS:		
Revenues	\$ 17,905,608	\$ 15,453,158
Expenses -		
Program services	15,896,369	11,981,913
Supporting services	618,590	581,842
Fundraising	1,032,933	862,209
Total expenses	<u>17,547,892</u>	<u>13,425,964</u>
Increase in unrestricted net assets	<u>357,716</u>	<u>2,027,194</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:		
Revenues	256,312	566,734
Net assets released from restrictions	<u>(434,126)</u>	<u>(23,607)</u>
Increase (decrease) in temporarily restricted net assets	<u>(177,814)</u>	<u>543,127</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS:		
Revenues	<u>183,859</u>	<u>192,031</u>
Increase in permanently restricted net assets	<u>183,859</u>	<u>192,031</u>
CHANGE IN NET ASSETS	363,761	2,762,352
NET ASSETS, BEGINNING OF YEAR	<u>9,192,102</u>	<u>6,429,750</u>
NET ASSETS, END OF YEAR	<u><u>\$ 9,555,863</u></u>	<u><u>\$ 9,192,102</u></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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 363,761	\$ 2,762,352
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	157,154	129,291
(Increase) decrease in restricted cash	22,805	(524,678)
Unrealized gain on investments	(3,057)	(6,634)
(Increase) decrease in accounts receivable	275,727	(32,371)
(Increase) decrease in donated product	946,105	(1,931,128)
(Increase) decrease in other assets	77,238	(33,418)
Increase (decrease) in accounts payable and accrued liabilities	<u>(4,695)</u>	<u>162,317</u>
Net cash provided by operating activities	<u>1,835,038</u>	<u>525,731</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(386,909)	(139,819)
(Purchase) sale of investments	<u>1,292</u>	<u>(22,717)</u>
Net cash used by investing activities	<u>(385,617)</u>	<u>(162,536)</u>
NET INCREASE IN CASH	1,449,421	363,195
CASH, BEGINNING OF YEAR	<u>2,668,055</u>	<u>2,304,860</u>
CASH, END OF YEAR	<u>\$ 4,117,476</u>	<u>\$ 2,668,055</u>
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 1,500</u>	<u>\$ 1,500</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Retirement of fully depreciated fixed assets	<u>\$ 43,080</u>	<u>\$ 53,496</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 organization that is community based, regionally responsive, and works in partnership with other charitable agencies to fight hunger in Nassau and Suffolk Counties. The Harry Chapin Food Bank is Long Island's First Food Bank and, together with Community Outreach Programs such as New Paths to Achievement and Job Training, makes the Organization one of the New York Region's most comprehensive hunger action organizations. The Organization was founded in 1980 by the late singer/activist Harry Chapin in response to the immediate needs of hungry Long Islanders. It is continued today by his wife and partner Sandy Chapin. The Organization's goals are to provide emergency food where and when it is needed and to sponsor programs that help families achieve self-sufficiency. 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 encourage food self-reliance for all Long Islanders.

When The Harry Chapin Food Bank first opened its doors on Long Island in February 1982, it served a mere handful of agencies in Nassau and Suffolk Counties, New York. Today, the Organization distributes more than six million pounds of food and supplies annually via over 580 food pantries, soup kitchens, shelters, group homes, day treatment facilities, senior nutrition sites and day care centers in Nassau and Suffolk Counties. These agencies, in turn, distribute the food and supplies to their clients and/or provide meals from the food received. The Organization obtains this food primarily through these three ways:

Government contracts: The Organization is the only contracted organization in our area for the distribution of food from the New York State Department of Health Hunger Prevention and Nutrition Assistance Program (HPNAP) and the U.S. Department of Agriculture - The Emergency Food Assistance Program.

Feeding America: The Organization is a certified member of Feeding America, a national network of food banks and food rescue organizations. Through this membership, the Organization has access to donated food from regional and national food donors and share information and ideas with food banks and food rescue organizations throughout the United States.

Donations: Locally sponsored food drives provide a major source of donated food throughout the year. The Organization accepts donations from local community food drives of all sizes. Additionally, several regional food manufacturers, distributors, supermarkets and specialty stores donate food and other products to the Organization via a Store Pickup Program or through general deliveries to the Food Bank. Food donors are protected from liability by the Bill Emerson Good Samaritan Food Donation Act.



The Harry Chapin Food Bank 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 HPNAP Program administered by the New York State Department of Health. The current annual contract is renewed through June 30, 2016. The supported service provides nutritional assistance to various high-risk groups of individuals, including the homeless, at approved food and nutrition service sites.

Beyond feeding the hungry, the Organization works to address the root causes of hunger itself through:

Community outreach programs such as New Paths to Achievement and job training. These programs work with individuals most at risk of needing emergency food assistance during their lifetime, helping them acquire job skills and confidence to help them achieve self-sufficiency.

School Tools program, which sends a positive message about the importance of education by making new school supplies available to children in need of assistance.

Kids' Cafe, an after-school program that provides children with nutritious meals and snacks in a safe, educational environment in cooperation with community agencies.

Hunger Education, an important tool in the fight against hunger. The Organization gives presentations to schools, clubs, religious organizations and local community groups to help them understand why many people in the United States are hungry, and what organizations like Long Island Cares, Inc. are doing to address the problem.

Veterans' Services, which offer a variety of support services to veterans and their families who might be experiencing difficulties returning to the workforce, financial hardships or food insecurity.

The Nassau Service Center (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. In 2013, in order to facilitate recovery from the effects of Superstorm Sandy, the Organization opened the South Shore Service Center in Lindenhurst, New York.

(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, 2013 and 2012 was \$72,274 and \$41,084, 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, 2013 and 2012.

#### 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, 2013, 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, 2010 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, 2012, 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, 2013:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 2,689	\$ 2,689	\$ -	\$ -
U.S. equities	<u>41,591</u>	<u>41,591</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 44,280</u>	<u>\$ 44,280</u>	<u>\$ -</u>	<u>\$ -</u>

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>

As of December 31, 2013 and 2012, the Organization did not possess any level 2 or 3 type of investments.

**(5) Fixed assets**

Fixed assets as of December 31, 2013 and 2012 are comprised of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 885,500	\$ 885,500
Building	1,427,183	1,427,183
Building improvements	591,833	473,425
Office equipment	273,499	161,947
Vehicles	292,354	225,109
Warehouse equipment	<u>233,878</u>	<u>187,254</u>
	3,704,247	3,360,418
Less: accumulated depreciation	<u>1,030,626</u>	<u>916,552</u>
	<u>\$ 2,673,621</u>	<u>\$ 2,443,866</u>

**(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, 2013.

(7) **Temporarily restricted net assets**

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

	<u>2013</u>	<u>2012</u>
Disaster Relief/Superstorm Sandy funds	\$ 125,983	\$ 332,647
NBTY Helping Hands - Lindenhurst	79,423	-
TEFAP Handling Fees	51,329	30,810
Newsday - School Tools	36,000	-
Stop & Shop Family Grant - Kids Café Program	34,340	-
George M. Klett - Veterans Service	22,624	-
Food Supply Purchase Donations	19,559	10,688
NBTY Helping Hands - Childrens Concert	17,008	-
Countess Moira - Superstorm Sandy Relief	15,028	-
Dunkin Donuts/Baskin Robbins - School Tools	13,500	-
Gift Cards and Certificates	13,410	78,818
Silvian Foundation Grant	9,370	18,000
Shoprite LPGA - Summer Feeding Program	9,000	-
Townwide Fund	3,590	7,850
William R. Kenan, Jr. Charitable Trust	-	100,467
Walmart Grant	-	15,896
AARP Foundation	-	9,404
HSBC Bank	-	4,500
Northrop Grumman	-	4,500
TD Charitable Foundation	-	4,500
Manhasset Community Fund	-	4,089
Target	-	2,646
TJX Foundation Grant	-	1,813
The Women's Group of the Greens	-	1,350
	<u>\$ 450,164</u>	<u>\$ 627,978</u>

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

Permanently restricted net assets relate to an endowment of \$473,350 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, 2013 and 2012.



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, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Endowment net assets, beginning of year	\$ 289,491	\$ 97,460
Investment income	2,691	906
Released to operations	(2,691)	(906)
Endowment contributions	<u>183,859</u>	<u>192,031</u>
Endowment net assets, end of year	<u>\$ 473,350</u>	<u>\$ 289,491</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 2013, 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**

	<u>Gross Revenues</u>	<u>Direct Fundraising</u>	<u>Fundraising Income, net</u>
<u>2013</u>			
Direct Mailing Appeals	\$ 1,092,555	\$ 352,012	\$ 740,543
Awards Dinner	581,038	99,358	481,680
Capital/Endowment	183,828	21,616	162,212
Supermarkets Check Out Hunger	89,562	4,413	85,149
Stop & Shop	75,183	-	75,183
Golf Outing	120,145	56,022	64,123
Motorcycle Ride	75,161	20,906	54,255
Concert Events	54,000	37,855	16,145
Grassroots Newsletter	34,709	18,730	15,979
	<u>\$ 2,306,181</u>	<u>\$ 610,912</u>	<u>\$ 1,695,269</u>
<u>2012</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>

(12) **Subsequent events**

The Organization has evaluated subsequent events through March 26, 2014 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, 2013**  
**(WITH COMPARATIVE TOTALS FOR 2012)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Totals	2012 Totals
<b>Public Support And Fundraising:</b>					
Contributions	\$ 1,546,503	\$ 8,871	\$ 183,859	\$ 1,739,233	\$ 1,723,589
Fundraising	2,306,181	-	-	2,306,181	1,488,108
Grants	443,693	247,441	-	691,134	393,056
Foundation support	197,500	-	-	197,500	176,150
Corporate support	144,010	-	-	144,010	102,380
	<u>4,637,887</u>	<u>256,312</u>	<u>183,859</u>	<u>5,078,058</u>	<u>3,883,283</u>
<b>Government Support:</b>					
HPNAP	2,098,455	-	-	2,098,455	1,310,568
Suffolk County	208,123	-	-	208,123	187,383
Other grants	146,224	-	-	146,224	167,744
	<u>2,452,802</u>	<u>-</u>	<u>-</u>	<u>2,452,802</u>	<u>1,665,695</u>
<b>Distribution Revenue And Handling Fees:</b>					
Food Bank Agencies	149,555	-	-	149,555	175,956
HPNAP	243,395	-	-	243,395	193,553
TEFAP	246,041	-	-	246,041	208,315
Suffolk County	13,505	-	-	13,505	12,493
	<u>652,496</u>	<u>-</u>	<u>-</u>	<u>652,496</u>	<u>590,317</u>
<b>Other Income:</b>					
In-kind contributions	9,711,462	-	-	9,711,462	10,022,243
Miscellaneous	2,014	-	-	2,014	8,115
Unrealized gain on investments	3,057	-	-	3,057	6,634
Interest income	11,764	-	-	11,764	12,029
	<u>9,728,297</u>	<u>-</u>	<u>-</u>	<u>9,728,297</u>	<u>10,049,021</u>
Subtotal	<u>17,471,482</u>	<u>256,312</u>	<u>183,859</u>	<u>17,911,653</u>	<u>16,188,316</u>
<b>Net Assets Released From Restrictions:</b>					
Food Bank	434,126	(434,126)	-	-	-
	<u>434,126</u>	<u>(434,126)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 17,905,608</u>	<u>\$ (177,814)</u>	<u>\$ 183,859</u>	<u>\$ 17,911,653</u>	<u>\$ 16,188,316</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, 2013**  
**(WITH COMPARATIVE TOTALS FOR 2012)**

	Food Bank Fund	Community Outreach Fund	Administration Fund		2013 Totals	2012 Totals
			Management & General	Development		
In-kind expenses	\$ 10,503,599	\$ 6,858	\$ -	\$ 84,643	\$ 10,595,100	\$ 8,151,723
Salaries	933,536	350,227	396,994	199,652	1,880,409	1,749,716
HPNAP food purchases	1,323,894	-	-	-	1,323,894	699,865
Fundraising	-	-	-	610,912	610,912	408,196
Grant food purchases	545,621	-	-	-	545,621	232,576
Payroll taxes and benefits	240,713	67,580	76,852	47,556	432,701	385,773
Grants to agencies	220,238	-	-	-	220,238	277,280
Grants to clients	-	203,113	-	-	203,113	-
Transportation	183,151	-	-	-	183,151	171,275
Depreciation	125,373	18,719	6,230	6,832	157,154	129,291
Suffolk County food purchases	134,776	-	-	-	134,776	109,562
Utilities	88,507	14,032	3,238	2,159	107,936	83,827
Advertising	29,225	26,085	900	47,256	103,466	79,766
HPNAP capital equipment	99,860	-	-	-	99,860	108,641
Equipment rental and maintenance	68,840	9,160	9,711	5,171	92,882	69,426
CACFP food purchases	85,139	-	-	-	85,139	121,162
HPNAP operational support	82,663	-	-	-	82,663	80,924
Building maintenance and sanitation	57,386	9,098	2,099	1,400	69,983	66,671
Facility rent	3,300	61,784	-	-	65,084	25,370
Printing	27,764	9,074	11,960	-	48,798	38,122
Supplies-office	23,223	14,369	4,119	2,270	43,981	47,333
Insurance	29,742	5,676	2,188	1,839	39,445	30,247
Workshop and education	28,450	9,532	-	-	37,982	29,307
Educational supplies	7,518	29,283	-	-	36,801	31,985
Telephone and internet	13,969	14,606	2,517	4,992	36,084	30,367
Bank charges and miscellaneous fees	1,883	1,375	31,869	496	35,623	27,198
Food Bank food purchases	33,960	-	-	-	33,960	30,375
Travel	22,390	5,252	3,792	1,810	33,244	26,265
Dues and membership fees	19,946	55	4,281	705	24,987	26,621
Supplies-warehouse	24,711	-	-	-	24,711	15,873
Temporary personnel	6,799	697	15,335	-	22,831	2,257
Consultants	8,294	4,493	6,065	1,728	20,580	17,940
Conference fees	1,290	1,050	17,691	395	20,426	13,758
HPNAP client choice	20,114	-	-	-	20,114	-
Postage and mailing	7,375	4,505	4,370	1,338	17,588	18,964
Professional fees	-	-	16,500	-	16,500	16,500
Promotional items	2,511	3,620	1,698	7,375	15,204	32,271
SFSP food purchases	9,067	-	-	-	9,067	8,825
HPNAP sanitation/safety supplies	5,011	-	-	-	5,011	5,004
Freight	4,970	-	-	-	4,970	2,945
Fundraising services	-	-	-	4,384	4,384	-
Property taxes	590	94	22	14	720	614
Damage/shortage	358	-	-	-	358	15,047
Permits and licenses	238	38	9	6	291	653
Data security and disposal	-	-	150	-	150	-
Food acquisition handling fees	-	-	-	-	-	6,449
<b>Total expenses</b>	<b>\$ 15,025,994</b>	<b>\$ 870,375</b>	<b>\$ 618,590</b>	<b>\$ 1,032,933</b>	<b>\$ 17,547,892</b>	<b>\$ 13,425,964</b>

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