

LONG ISLAND CARES, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016
TOGETHER WITH AUDITOR'S REPORT

LONG ISLAND CARES, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

INDEX

	<u>Page(s)</u>
Independent Auditor's Report	1-2
Statements Of Financial Position	3
Statements Of Activities And Changes In Net Assets	4
Statements Of Cash Flows (Indirect Method)	5
Notes To Financial Statements	6-16
SUPPLEMENTARY INFORMATION:	
Supplementary Schedule Of Revenues For The Year Ended December 31, 2017	17
Supplementary Schedule Of Revenues For The Year Ended December 31, 2016	18
Supplementary Schedule Of Functional Expenses For The Year Ended December 31, 2017	19
Supplementary Schedule Of Functional Expenses For The Year Ended December 31, 2016	20



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", a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017 and 2016 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of revenues and functional expenses on pages 17-18 and 19-20, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2018, on our consideration of the Organization's internal control over financial reporting and 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* in considering the Organization's internal control over financial reporting and compliance.

Melville, New York
April 23, 2018



LONG ISLAND CARES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash	\$ 4,235,783	\$ 3,687,129
Accounts receivable, net of allowance for doubtful accounts of \$1,855 and \$2,275, respectively	151,037	413,028
Donated product	692,864	1,080,507
Inventory	43,696	47,092
Investments	1,418,332	1,094,536
Prepaid expense	42,309	34,322
Total current assets	6,584,021	6,356,614
FIXED ASSETS , net of accumulated depreciation of \$1,657,119 and \$1,404,326, respectively	3,037,721	3,045,806
RESTRICTED CASH	57,772	55,456
RESTRICTED INVESTMENTS	709,960	613,941
OTHER ASSETS	41,205	33,443
Total assets	\$ 10,430,679	\$ 10,105,260
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 616,979	\$ 531,103
Deferred revenue	330,242	176,012
Total current liabilities	947,221	707,115
NET ASSETS:		
Unrestricted:		
Designated for fixed assets	3,037,721	3,045,806
Designated for donated product	692,864	1,080,507
Designated for endowment fund	518,152	520,656
Undesignated	4,699,577	4,260,823
Total unrestricted net assets	8,948,314	8,907,792
Temporarily restricted	460,144	415,353
Permanently restricted	75,000	75,000
Total net assets	9,483,458	9,398,145
Total liabilities and net assets	\$ 10,430,679	\$ 10,105,260

The accompanying notes to 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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CHANGE IN UNRESTRICTED NET ASSETS:		
Revenues	<u>\$ 15,390,344</u>	<u>\$ 16,054,926</u>
Expenses -		
Program services	13,305,737	14,081,409
Supporting services	743,461	724,029
Fundraising	<u>1,300,624</u>	<u>1,122,199</u>
Total expenses	<u>15,349,822</u>	<u>15,927,637</u>
Increase in unrestricted net assets	<u>40,522</u>	<u>127,289</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:		
Revenues	809,833	500,148
Net assets released from restrictions	<u>(765,042)</u>	<u>(312,768)</u>
Increase in temporarily restricted net assets	<u>44,791</u>	<u>187,380</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS:		
Revenues	<u>-</u>	<u>25,000</u>
Increase in permanently restricted net assets	<u>-</u>	<u>25,000</u>
CHANGE IN NET ASSETS	85,313	339,669
NET ASSETS, BEGINNING OF YEAR	<u>9,398,145</u>	<u>9,058,476</u>
NET ASSETS, END OF YEAR	<u>\$ 9,483,458</u>	<u>\$ 9,398,145</u>

The accompanying notes to 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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 85,313	\$ 339,669
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	287,916	253,116
Unrealized gain on investments	(214,752)	(83,626)
Decrease in restricted cash	6,265	7,783
Decrease in accounts receivable	261,991	123,138
Decrease in donated product	387,643	371,389
Decrease in inventory	3,396	23,554
Increase in prepaid expense	(7,987)	(12,672)
(Increase) decrease in other assets	(7,762)	75,334
Increase (decrease) in accounts payable and accrued liabilities	85,876	(98,863)
Increase in deferred revenue	154,230	176,012
	<u>1,042,129</u>	<u>1,174,834</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(279,831)	(361,570)
Sale of investments	67,643	-
Purchase of investments	(281,287)	(73,657)
	<u>(493,475)</u>	<u>(435,227)</u>
Net cash used by investing activities		
NET INCREASE IN CASH	548,654	739,607
CASH, BEGINNING OF YEAR	<u>3,687,129</u>	<u>2,947,522</u>
CASH, END OF YEAR	<u>\$ 4,235,783</u>	<u>\$ 3,687,129</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Retirement of fully depreciated fixed assets	<u>\$ 35,123</u>	<u>\$ 71,652</u>
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 1,500</u>	<u>\$ 1,500</u>

The accompanying notes to 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 non-for-profit 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 nearly eight million pounds of food and supplies annually via over 540 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 four ways:

Government contracts: The Organization is the only contracted organization in the 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 ("TEFAP").

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.

Buying leverage: The Organization gains buying leverage through their administration of government contracts. The Organization uses this leverage to purchase other food at favorable prices.

The Harry Chapin Food Bank is a contracted agency for the distribution of Federal commodities through TEFAP, administered by the New York State Office of General Service 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 October 31, 2018. 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 also has contractual agreements with Nassau and Suffolk Counties for the acquisition and distribution of emergency food and supplies.

In addition to the network of agencies supported through The Harry Chapin Food Bank, Long Island Cares, Inc. helps get food and assistance into the hands of those in need via:

Emergency Food Pantries located at the Organization's Nassau Service Center in Freeport, the Organization's South Shore Service Center in Lindenhurst, and the Organization's Harry Chapin Food Bank and Humanitarian Center in Huntington Station. These First Stop Food Pantries provide individuals and families in need with up to five days' worth of food, along with information about critical community resources such as food stamps, Child Health Plus, WIC, heating and utility assistance, employment resources and mortgage assistance.

Mobile Services (MORE) Vans which provide information, referral assistance and emergency food to people at times when their neighborhood pantries are not open in user-friendly locations such as libraries and shopping centers.

The Pet Pantry, operated in partnership with the Animal Relief Fund Inc. ("ARF"), which makes pet food supplied by ARF and many pet food corporations available to pet-owning families in need.

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' Café After-School Food and Mentoring Program, which provides free nutritious meals and snacks to these children in a safe environment.

Pack It Up For Kids, a weekend food program providing nonperishable, easy-to-prepare nutritious food for children on weekends and during school vacation periods when food resources are limited.

Summer Food Service Program, designed to fill the nutritional gap for children in needy areas during the summer.

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.

(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.

As required by U.S. generally accepted accounting principles, the Organization also presented Statements of Cash Flows for the years ended December 31, 2017 and 2016.

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, 2017 and 2016 was \$770 and \$14,827, respectively. Such amounts are reflected in the accompanying financial statements as in-kind contributions and in-kind expenses.

Cash -

All highly liquid investments purchased with an original maturity of three months or less are considered to be cash, principally money markets and certificates of deposits.

Donated product -

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

Inventory -

Inventory consists primarily of food and supplies on hand as of year-end and are stated at the lower of cost or net realizable value.

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).

Fixed assets -

Fixed assets are capitalized at cost or, if donated, at fair market value as of the date of receipt. The cost of fixed assets purchased in excess of \$1,000 is capitalized. 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 ("ASC") 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, 2017 and 2016.

Conditional asset retirement obligations -

The FASB ASC on accounting for conditional 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, 2017 and 2016, the Organization has met the provisions of and is in compliance with these requirements and no obligation currently exists.

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.

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.

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.

Change in accounting principle -

In July 2015, the FASB issued Accounting Standards Update ("ASU") 2015-11, *Simplifying the Measurement of Inventory* which requires that inventory within the scope of this update, including inventory stated at average cost, be measured at the lower of cost or net realizable value. This update is effective for financial statements issued for fiscal years beginning after December 15, 2016. The adoption of ASU 2015-11 did not impact the Organization's financial position.

(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 -

The carrying amounts reported in the Statements of Financial Position for cash approximate those assets' fair values (which include certificates of deposit).

Money market -

Composed of funds invested in 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.

Real estate -

Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties, such as rental defaults.

Fixed income -

Investments fluctuate in value in response to changes in interest rates and credit risk.

Tangible assets -

Investments are highly volatile and are speculative. Prices may be affected by overall market movements, changes in interest rates and other factors such as weather, disease, embargoes and international political and economic developments.

Hedge funds -

Investments involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales which can magnify potential for gains or losses.

The following table represents the Organization's fair value hierarchy for investments as of December 31, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 66,229	\$ 66,229	\$ -	\$ -
U.S. equities	1,259,266	1,259,266	-	-
Fixed income	559,841	559,841	-	-
Tangible assets	32,184	32,184	-	-
Hedge funds	210,772	210,772	-	-
	<u>\$ 2,128,292</u>	<u>\$ 2,128,292</u>	<u>\$ -</u>	<u>\$ -</u>

The following table represents the Organization's fair value hierarchy for investments as of December 31, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 35,428	\$ 35,428	\$ -	\$ -
U.S. equities	969,675	969,675	-	-
Real estate	75,521	75,521	-	-
Fixed income	445,264	445,264	-	-
Tangible assets	40,519	40,519	-	-
Hedge funds	142,070	142,070	-	-
	<u>\$ 1,708,477</u>	<u>\$ 1,708,477</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2017 and 2016, the Organization did not possess any level 2 or 3 type of investments.

(4) Fixed assets

Fixed assets as of December 31, 2017 and 2016 are comprised of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 885,500	\$ 885,500
Building	1,427,183	1,427,183
Building improvements	920,176	671,340
Office equipment	389,148	394,776
Vehicles	481,439	481,439
Warehouse equipment	591,394	589,894
	<u>4,694,840</u>	<u>4,450,132</u>
Less: accumulated depreciation	<u>1,657,119</u>	<u>1,404,326</u>
	<u>\$ 3,037,721</u>	<u>\$ 3,045,806</u>

(5) 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 .75% per annum. The line is fully available as of December 31, 2017 and 2016.

(6) Temporarily restricted net assets

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

	<u>2017</u>	<u>2016</u>
Endowment	\$ 149,771	\$ 42,668
Capital One Bank	88,390	116,511
Reagan and Jax Cohen Memorial Fund - Kid's Café	80,000	-
Freeport Service Center Expansion	30,000	-
TEFAP Handling Fees	24,808	31,073
Nature's Bounty Foundation - Vets Work	20,000	-
DDBR/Joy Childhood Foundation - Pack It Up for Kids Food	13,500	10,000
Wells Fargo - Mobile School Pantry Riverhead	12,324	-
Other Restricted Donations	10,875	-
Feeding America / Walt Disney - Fresh Produce Program	9,815	12,795
Food Supply Purchase Donations	7,300	7,252
Frank J. Antun Foundation - Pack It Up for Kids Food	4,500	-
Knapp Swezey - 2nd Children's Mobile Food Truck	3,204	3,729
Veterans Services	2,250	-
Gift Cards and Certificates	1,445	2,980
Veterans Programs	1,000	1,453
Children's Summer Feeding Program	690	-
Island Federal Credit Union - Hope for the Homeless	177	2,747
ShopRite LPGA - Pack It Up For Kids	76	-
Stop & Shop / Our Family Foundation - Kid's Café	19	57,816
Bank of America - Brentwood School Pantry	-	18,000
Newsday - Pack It Up for Kids Food	-	45,000
Long Island Community Foundation	-	20,000
Costco Wholesale Corporation	-	18,624
Grainger Foundation	-	9,000
Feeding America / Red Nose Day Grant	-	6,742
Scott Rosen	-	3,000
TD Charitable - Kids Café Program	-	1,712
Judith C. White Foundation	-	1,350
Grace's Table	-	1,000
MVB Collision	-	1,000
Bridgehampton National Bank	-	901
	<u>\$ 460,144</u>	<u>\$ 415,353</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. During 2016, the endowment fund received a contribution of \$25,000 to be maintained in conjunction with the initial contribution.

(8) Endowment

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.

As outlined in Note 7, Long Island Cares' endowment consists of an individual donor restricted fund. In addition, the Organization has Board Designated and temporarily restricted net assets related to the endowment fund. The portion of the donor-restricted endowment fund, principally consisting of contributions and unspent investment income are classified as Board Designated and temporarily restricted net assets, respectively.

The Organization's total endowment fund as of December 31, 2017 is comprised of the following:

	Permanently Restricted	Temporarily Restricted	Board Designated	Total
Endowment net assets, beginning of year	\$ 75,000	\$ 42,668	\$ 520,656	\$ 638,324
Investment income (loss), net of fees	-	107,103	(6,180)	100,923
Contributions	-	-	3,676	3,676
Change in endowment net assets	-	107,103	(2,504)	104,599
Endowment net assets, end of year	<u>\$ 75,000</u>	<u>\$ 149,771</u>	<u>\$ 518,152</u>	<u>\$ 742,923</u>

The Organization's total endowment fund as of December 31, 2016 is comprised of the following:

	Permanently Restricted	Temporarily Restricted	Board Designated	Total
Endowment net assets, beginning of year	\$ 50,000	\$ 916	\$ 489,340	\$ 540,256
Investment income (loss), net of fees	-	41,752	(5,254)	36,498
Contributions	25,000	-	36,570	61,570
Change in endowment net assets	25,000	41,752	31,316	98,068
Endowment net assets, end of year	<u>\$ 75,000</u>	<u>\$ 42,668</u>	<u>\$ 520,656</u>	<u>\$ 638,324</u>

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, 2017 and 2016.

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.

(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 2017, the Organization matched employee contributions to the Plan up to a maximum of 3% of the employee's annual salary.

The Organization's Deferred Compensation Plan (the "Deferred Compensation Plan"), a nonqualified deferred compensation plan, became effective in December 2015. As required by applicable law, participation in the Deferred Compensation Plan is limited to a member of the Organization's management. The amount maintained in the deferred compensation plan as of December 31, 2017 and 2016 was \$16,000 and \$8,500, respectively, and was recorded on the Statements of Financial Position within other assets.

(10) Concentrations of credit risk

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Cash and cash equivalents in excess of federally insured limits totaled \$2,604,786 at December 31, 2017 and \$2,289,503 at December 31, 2016, based on actual bank balances. The primary difference between the book and bank account balances is outstanding checks. The Organization believes it is not exposed to any significant credit risk on cash.

(11) Commitments and contingencies:

Future minimum lease commitments -

The Organization is obligated under various operating leases for certain equipment and space expiring through 2022.

The future minimum lease payments under these leases are as follows:

Year ending December 31,

2018	\$ 166,335
2019	89,802
2020	25,657
2021	24,269
2022	4,045
	<u>\$ 310,108</u>

(12) Fundraising activities

<u>2017</u>	<u>Gross Revenues</u>	<u>Direct Fundraising</u>	<u>Fundraising Income, net</u>
Direct Mailing Appeals	\$ 1,458,889	\$ 445,660	\$ 1,013,229
Concert	259,657	194,567	65,090
Golf Outing 1	126,990	54,879	72,111
Golf Outing 2	79,550	27,229	52,321
Sneakers and Sandals	28,680	20,084	8,596
Other fundraising activities	80,004	37,078	42,926
	<u>\$ 2,033,770</u>	<u>\$ 779,497</u>	<u>\$ 1,254,273</u>

<u>2016</u>	<u>Gross Revenues</u>	<u>Direct Fundraising</u>	<u>Fundraising Income, net</u>
Direct Mailing Appeals	\$ 1,302,036	\$ 407,936	\$ 894,100
Awards Dinner	244,365	105,627	138,738
Golf Outing	206,000	89,043	116,957
Motorcycle Ride	62,324	26,940	35,384
Sneakers and Sandals	32,380	13,996	18,384
Other fundraising activities	119,751	29,076	90,675
	<u>\$ 1,966,856</u>	<u>\$ 672,618</u>	<u>\$ 1,294,238</u>

(13) Subsequent events

The Organization has evaluated subsequent events through April 23, 2018 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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Public Support And Fundraising:				
Contributions	\$ 1,044,562	\$ 33,882	\$ -	\$ 1,078,444
Fundraising	2,033,770	-	-	2,033,770
Grants	293,132	342,250	-	635,382
Foundation support	52,900	282,290	-	335,190
Corporate support	152,437	19,500	-	171,937
	<u>3,576,801</u>	<u>677,922</u>	<u>-</u>	<u>4,254,723</u>
Government Support:				
HPNAP	2,044,788	-	-	2,044,788
Suffolk County	185,729	-	-	185,729
Other grants	323,752	-	-	323,752
	<u>2,554,269</u>	<u>-</u>	<u>-</u>	<u>2,554,269</u>
Distribution Revenue And Handling Fees:				
Food Bank Agencies	161,205	-	-	161,205
HPNAP	227,249	-	-	227,249
TEFAP	323,458	24,808	-	348,266
Suffolk County	11,134	-	-	11,134
	<u>723,046</u>	<u>24,808</u>	<u>-</u>	<u>747,854</u>
Other Income:				
In-kind contributions	7,587,712	-	-	7,587,712
Miscellaneous	1,064	-	-	1,064
Unrealized gain on investments	107,649	107,103	-	214,752
Realized gain on investment	68,461	-	-	68,461
Interest income	6,300	-	-	6,300
	<u>7,771,186</u>	<u>107,103</u>	<u>-</u>	<u>7,878,289</u>
Subtotal	<u>14,625,302</u>	<u>809,833</u>	<u>-</u>	<u>15,435,135</u>
Net Assets Released From Restrictions:				
Food Bank	765,042	(765,042)	-	-
	<u>765,042</u>	<u>(765,042)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 15,390,344</u>	<u>\$ 44,791</u>	<u>\$ -</u>	<u>\$ 15,435,135</u>

See auditor's report on supplementary information.

LONG ISLAND CARES, INC.
SUPPLEMENTARY SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Public Support And Fundraising:				
Contributions	\$ 1,058,864	\$ 4,582	\$ 25,000	\$ 1,088,446
Fundraising	1,966,856	-	-	1,966,856
Grants	618,268	23,391	-	641,659
Foundation support	96,770	187,350	-	284,120
Corporate support	150,601	212,000	-	362,601
	<u>3,891,359</u>	<u>427,323</u>	<u>25,000</u>	<u>4,343,682</u>
Government Support:				
HPNAP	2,415,238	-	-	2,415,238
Suffolk County	185,172	-	-	185,172
Other grants	273,319	-	-	273,319
	<u>2,873,729</u>	<u>-</u>	<u>-</u>	<u>2,873,729</u>
Distribution Revenue And Handling Fees:				
Food Bank Agencies	200,039	-	-	200,039
HPNAP	285,767	-	-	285,767
TEFAP	320,618	31,073	-	351,691
Suffolk County	10,917	-	-	10,917
	<u>817,341</u>	<u>31,073</u>	<u>-</u>	<u>848,414</u>
Other Income:				
In-kind contributions	8,106,276	-	-	8,106,276
Miscellaneous	4,504	-	-	4,504
Unrealized loss on investments	41,874	41,752	-	83,626
Interest income	7,075	-	-	7,075
	<u>8,159,729</u>	<u>41,752</u>	<u>-</u>	<u>8,201,481</u>
Subtotal	<u>15,742,158</u>	<u>500,148</u>	<u>25,000</u>	<u>16,267,306</u>
Net Assets Released From Restrictions:				
Food Bank	312,768	(312,768)	-	-
	<u>312,768</u>	<u>(312,768)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 16,054,926</u>	<u>\$ 187,380</u>	<u>\$ 25,000</u>	<u>\$ 16,267,306</u>

See auditor's report on supplementary information.

LONG ISLAND CARES, INC.
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Food Bank Fund	Community Outreach Fund	Management and General	Fundraising	Totals
In-kind expenses	\$ 7,925,636	\$ -	\$ -	\$ 49,719	\$ 7,975,355
Salaries	1,049,148	514,267	455,660	265,980	2,285,055
HPNAP food purchases	993,092	-	-	-	993,092
Fundraising	-	-	-	779,497	779,497
Payroll taxes and benefits	302,434	99,462	65,773	52,325	519,994
Grant food purchases	456,383	-	-	-	456,383
Depreciation	222,032	34,689	11,163	20,032	287,916
CACFP food purchases	258,769	-	-	-	258,769
Transportation	182,806	-	-	-	182,806
Advertising	36,475	36,162	-	72,394	145,031
HPNAP operational support	131,322	-	-	-	131,322
Facility rent	-	113,045	-	-	113,045
HPNAP capital equipment	107,801	-	-	-	107,801
Suffolk County food purchases	103,925	-	-	-	103,925
Utilities	73,907	13,096	3,742	2,807	93,552
Grants to agencies	88,368	-	-	-	88,368
Equipment rental and maintenance	53,480	10,609	8,381	9,844	82,314
Consultants	28,360	20,941	9,492	20,906	79,699
Building maintenance and sanitation	62,179	11,273	3,220	2,416	79,088
Professional fees	1,268	283	74,643	190	76,384
Bank charges and miscellaneous fees	-	-	59,334	-	59,334
Program operations	53,347	2,363	-	-	55,710
Telephone and internet	17,054	18,230	6,160	10,785	52,229
Insurance	30,018	7,360	3,201	2,716	43,295
SFSP food purchases	42,041	-	-	-	42,041
Food Bank food purchases	34,041	-	-	-	34,041
Travel	13,832	10,228	5,075	1,479	30,614
Dues and membership fees	17,024	180	11,574	1,260	30,038
Printing	11,403	10,936	6,901	-	29,240
Conference fees	1,155	3,185	11,980	4,499	20,819
Nassau County food purchases	20,293	-	-	-	20,293
HPNAP client choice	19,743	-	-	-	19,743
Supplies-office	8,623	4,914	2,228	3,732	19,497
Supplies-warehouse	19,412	-	-	-	19,412
Postage and mailing	4,125	4,103	1,934	-	10,162
Promotional items	-	4,465	2,562	-	7,027
HPNAP sanitation/safety supplies	6,668	-	-	-	6,668
Freight	4,047	-	-	-	4,047
Damage/shortage	2,768	-	-	-	2,768
Grants to clients	-	1,500	-	-	1,500
Permits and licenses	716	127	36	27	906
Property taxes	530	94	27	16	667
Data security and disposal	-	-	375	-	375
Total expenses	\$ 12,384,225	\$ 921,512	\$ 743,461	\$ 1,300,624	\$ 15,349,822

See auditor's report on supplementary information.

LONG ISLAND CARES, INC.
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Food Bank Fund	Community Outreach Fund	Management and General	Fundraising	Totals
In-kind expenses	\$ 8,459,846	\$ 2,577	\$ -	\$ 15,242	\$ 8,477,665
Salaries	1,044,825	499,992	440,787	243,942	2,229,546
HPNAP food purchases	1,484,072	-	-	-	1,484,072
Fundraising	-	-	-	672,618	672,618
Payroll taxes and benefits	301,600	100,970	67,122	45,136	514,828
Grant food purchases	308,263	-	-	-	308,263
Depreciation	196,997	29,783	9,908	16,428	253,116
CACFP food purchases	225,782	-	-	-	225,782
HPNAP capital equipment	194,018	-	-	-	194,018
Transportation	193,355	-	-	-	193,355
Advertising	37,167	36,619	-	73,335	147,121
HPNAP operational support	117,893	-	-	-	117,893
Facility rent	-	108,882	-	-	108,882
Suffolk County food purchases	103,214	-	-	-	103,214
Utilities	71,320	12,639	3,611	2,709	90,279
Professional fees	928	1,255	77,384	94	79,661
Grants to agencies	73,660	-	-	-	73,660
Building maintenance and sanitation	53,418	9,468	2,705	2,028	67,619
Equipment rental and maintenance	33,147	12,102	7,052	8,152	60,453
Insurance	31,022	7,555	3,694	7,291	49,562
Telephone and internet	13,516	17,713	6,811	9,067	47,107
Program operations	30,871	11,407	-	-	42,278
Food Bank food purchases	40,135	-	-	-	40,135
Bank charges and miscellaneous fees	-	10	36,237	-	36,247
Consultants	11,957	9,946	10,977	3,334	36,214
Supplies-office	12,760	4,538	3,333	9,022	29,653
SFSP food purchases	28,605	-	-	-	28,605
Travel	14,383	5,854	3,105	1,876	25,218
Dues and membership fees	7,237	640	14,385	1,030	23,292
Printing	6,996	7,576	7,145	-	21,717
HPNAP client choice	20,393	-	-	-	20,393
Nassau County food purchases	20,165	-	-	-	20,165
Postage and mailing	6,970	3,978	2,290	5,062	18,300
Conference fees	496	3,631	12,485	1,000	17,612
Supplies-warehouse	14,349	-	-	-	14,349
Promotional items	-	2,093	7,206	4,613	13,912
Grants to clients	-	9,294.00	-	-	9,294
Temporary personnel	-	-	7,200	-	7,200
Permits and licenses	5,257	931	266	200	6,654
Freight	6,630	-	-	-	6,630
HPNAP sanitation/safety supplies	5,203	-	-	-	5,203
Damage/shortage	3,914	-	-	-	3,914
Food acquisition handling fees	978	-	-	-	978
Property taxes	522	92	26	20	660
Data security and disposal	-	-	300	-	300
Total expenses	\$ 13,181,864	\$ 899,545	\$ 724,029	\$ 1,122,199	\$ 15,927,637

See auditor's report on supplementary information.