LONG ISLAND CARES, INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017
TOGETHER WITH AUDITOR'S REPORT

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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", a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses 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.

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, 2018 and 2017 and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 3 to the financial statements, in 2018 the Organization adopted new accounting guidance, Accounting Standards Update ("ASU") 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The effect of ASU 2016-14 requires the Organization to apply the changes discussed in Note 3 to the financial statements retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2019, 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 22, 2019

Nawrocki Smith LLP

LONG ISLAND CARES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash	$ 4,152,871	$ 4,235,783
Accounts receivable, net of allowance for doubtful accounts of $1,615 and $1,855, respectively	156,974	151,037
Donated product	1,199,625	692,864
Inventory	29,900	43,696
Investments	1,378,092	1,418,332
Prepaid expense	38,260	42,309
Total current assets	6,955,722	6,584,021
FIXED ASSETS, net of accumulated depreciation of $1,837,781 and $1,657,119, respectively	2,912,077	3,037,721
RESTRICTED CASH	97,097	57,772
RESTRICTED INVESTMENTS	640,475	709,960
OTHER ASSETS	47,861	41,205
Total assets	$ 10,653,232	$ 10,430,679
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 617,126	$ 616,979
Deferred revenue	345,812	330,242
Total current liabilities	962,938	947,221
NET ASSETS:		
Net assets without donor restrictions:		
Designated for fixed assets	2,912,077	3,037,721
Designated for donated product	1,199,625	692,864
Designated for endowment fund	515,911	518,152
Undesignated	4,664,988	4,699,577
Total net assets without donor restrictions	9,292,601	8,948,314
Net assets with donor restrictions:		
Purpose restricted	322,693	460,144
Restricted in perpetuity	75,000	75,000
Total net assets with donor restrictions	397,693	535,144
Total net assets	9,690,294	9,483,458
Total liabilities and net assets	$ 10,653,232	$ 10,430,679

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, 2018 AND 2017

	2018			2017		
	Without donor restrictions	With donor restrictions	Totals	Without donor restrictions	With donor restrictions	Totals
Revenues:						
Public support and fundraising:						
Contributions	$ 1,408,894	$ 41,965	$ 1,450,859	$ 1,044,562	$ 33,882	$ 1,078,444
Fundraising	1,847,983	-	1,847,983	2,033,770	-	2,033,770
Grants	348,253	220,742	568,995	293,132	342,250	635,382
Foundation support	162,600	231,650	394,250	52,900	282,290	335,190
Corporate support	181,745	55,262	237,007	152,437	19,500	171,937
Total public support and fundraising	3,949,475	549,619	4,499,094	3,576,801	677,922	4,254,723
Government support:						
HPNAP	1,906,421	-	1,906,421	2,044,788	-	2,044,788
Suffolk County	184,691	-	184,691	185,729	-	185,729
Other grants	291,760	-	291,760	323,752	-	323,752
Total government support	2,382,872	-	2,382,872	2,554,269	-	2,554,269
Distribution revenue and handling fees:						
Food Bank Agencies	184,271	-	184,271	161,205	-	161,205
HPNAP	239,293	-	239,293	227,249	-	227,249
TEFAP	334,213	63,896	398,109	323,458	24,808	348,266
Suffolk County	10,917	-	10,917	11,134	-	11,134
Total distribution revenue and handling fees	768,694	63,896	832,590	723,046	24,808	747,854
Other income:						
Investment gain (loss), net	(102,912)	(67,006)	(169,918)	157,731	107,103	264,834
In-kind contributions	9,749,370	-	9,749,370	7,587,712	-	7,587,712
Other	10,836	-	10,836	7,364	-	7,364
Total other income	9,657,294	(67,006)	9,590,288	7,752,807	107,103	7,859,910
Total revenues	16,758,335	546,509	17,304,844	14,606,923	809,833	15,416,756
Expenses:						
Program services	15,045,037	-	15,045,037	13,305,737	-	13,305,737
Management and general	755,718	-	755,718	725,082	-	725,082
Fundraising	1,297,253	-	1,297,253	1,300,624	-	1,300,624
Total expenses	17,098,008	-	17,098,008	15,331,443	-	15,331,443
Net assets released from restriction:						
Satisfaction of purpose restrictions	683,960	(683,960)	-	765,042	(765,042)	-
Total net assets	344,287	(137,451)	206,836	40,522	44,791	85,313
NET ASSETS, BEGINNING OF YEAR	8,948,314	535,144	9,483,458	8,907,792	490,353	9,398,145
NET ASSETS, END OF YEAR	$ 9,292,601	$ 397,693	$ 9,690,294	$ 8,948,314	$ 535,144	$ 9,483,458

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

LONG ISLAND CARES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Food Bank Fund	Community Outreach Fund	Management and General	Fundraising	Totals
In-kind expenses	$ 9,164,032	$ -	$ -	$ 78,577	$ 9,242,609
Salaries	1,116,178	564,174	471,303	288,650	2,440,305
Food purchases	2,090,036	-	-	-	2,090,036
Fundraising	-	-	-	653,249	653,249
Payroll taxes and benefits	317,479	127,424	67,410	60,795	573,108
Depreciation	228,097	35,680	10,151	17,342	291,270
HPNAP operational support	211,244	-	-	-	211,244
Transportation	198,086	-	-	-	198,086
Advertising	47,654	47,654	-	90,475	185,783
Facility rent	-	145,368	-	-	145,368
Consultants	34,726	25,417	9,543	60,901	130,587
Utilities	82,130	15,595	3,119	3,119	103,963
Equipment rental and maintenance	55,407	18,978	9,897	9,596	93,878
Building maintenance and sanitation	70,260	13,341	2,668	2,668	88,937
Supplies	40,859	23,146	13,548	8,154	85,707
Grants to agencies	85,200	-	-	-	85,200
Professional fees	2,834	1,895	77,057	602	82,388
Program operations	57,153	1,790	-	-	58,943
Telephone and internet	19,218	16,246	6,581	9,723	51,768
Travel and conferences	15,772	10,730	17,035	2,435	45,972
Bank charges and miscellaneous fees	160	-	44,326	-	44,486
Insurance	31,146	7,336	2,870	2,870	44,222
Printing and postage	14,823	12,587	8,392	4,368	40,170
HPNAP client choice	39,782	-	-	-	39,782
Dues and membership fees	16,790	1,425	11,564	3,475	33,254
HPNAP capital equipment	29,224	-	-	-	29,224
Permits and licenses	6,151	1,167	234	234	7,786
Property taxes	541	102	20	20	683
Total expenses	$ 13,974,982	$ 1,070,055	$ 755,718	$ 1,297,253	$ 17,098,008

The accompanying notes to financial statements
are an integral part of this statement.

LONG ISLAND CARES, INC.
STATEMENT 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
Food purchases	1,908,544	-	-	-	1,908,544
Fundraising	-	-	-	779,497	779,497
Payroll taxes and benefits	302,434	99,462	65,773	52,325	519,994
Depreciation	222,032	34,689	11,163	20,032	287,916
Transportation	186,853	-	-	-	186,853
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
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
Program operations	53,347	2,363	-	-	55,710
Telephone and internet	17,054	18,230	6,535	10,785	52,604
Travel and conferences	14,987	13,413	17,055	5,978	51,433
Supplies	37,471	6,414	2,228	3,732	49,845
Insurance	30,018	7,360	3,201	2,716	43,295
Bank charges and miscellaneous fees	-	-	40,955	-	40,955
Printing and postage	15,528	15,039	8,835	-	39,402
Dues and membership fees	17,024	180	11,574	1,260	30,038
HPNAP client choice	19,743	-	-	-	19,743
Promotional items	-	4,465	2,562	-	7,027
Permits and licenses	716	127	36	27	906
Property taxes	530	94	27	16	667
Total net assets	$ 12,384,225	$ 921,512	$ 725,082	$ 1,300,624	$ 15,331,443

The accompanying notes to financial statements
are an integral part of this statement.

LONG ISLAND CARES, INC.
STATEMENTS OF CASH FLOWS (INDIRECT METHOD)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 206,836	$ 85,313
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	291,270	287,916
Unrealized (gain) loss on investments	215,242	(214,752)
(Increase) decrease in restricted cash	(39,325)	6,265
(Increase) decrease in accounts receivable	(5,937)	261,991
(Increase) decrease in donated product	(506,761)	387,643
Increase in inventory	13,796	3,396
(Increase) decrease in prepaid expense	4,049	(7,987)
Increase in other assets	(6,656)	(7,762)
Increase in accounts payable and accrued liabilities	147	85,876
Increase in deferred revenue	15,570	154,230
Net cash provided by operating activities	188,231	1,042,129
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(165,626)	(279,831)
Sale of investments	756,940	67,643
Purchase of investments	(862,457)	(281,287)
Net cash used by investing activities	(271,143)	(493,475)
NET INCREASE (DECREASE) IN CASH	(82,912)	548,654
CASH, BEGINNING OF YEAR	4,235,783	3,687,129
CASH, END OF YEAR	$ 4,152,871	$ 4,235,783
SUPPLEMENTAL CASH FLOW INFORMATION:		
Retirement of fully depreciated fixed assets	$ 110,608	$ 35,123
CASH PAID DURING THE YEAR FOR:		
Interest	$ 1,500	$ 1,500

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

(1) Background and current operational considerations

Long Island Cares, Inc. (the "Organization") is a not-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, 2019. 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 Heath 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, management and general 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 those with and without donor restricted net assets and changes in net assets. The Organization's net assets consist of the following:

Without donor restrictions - 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.

With donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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 restricted in perpetuity to be classified as purpose restricted 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, 2018 and 2017.

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, 2018 and 2017 was $3,420 and $770, respectively. Such amounts are reflected in the accompanying financial statements as in-kind contributions and in-kind expenses.

Functional expenses -

The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The significant expenses that are allocated include: salaries, payroll taxes and benefits which are allocated on the basis of estimates of time and effort.

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).

Liquidity considerations -

Quantitative

As of December 31, 2018 and 2017, the Organization has $5,687,937 and $5,805,152, respectively, of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Statement of Financial Position date, as noted in the current assets section. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for expenditures within one year of the Statement of Financial Position date.

Qualitative

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of $300,000, which it could draw upon.

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, 2018 and 2017.

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, 2018 and 2017, 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.

Uncertainty in income taxes -

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. The Organization is no longer subject to examination by the applicable taxing jurisdictions for tax years prior to 2015.

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.

(3) New accounting standards

For the fiscal year ended December 31, 2018, the Organization implemented FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities.* The Organization has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the financial statements:

- The unrestricted net asset class has been renamed Net Assets Without Donor Restrictions;
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called Net Assets with Donor Restrictions;
- The financial statements include a disclosure about liquidity and availability of resources; and
- Investment expenses are included in net investment return and are presented on the face of the Statements of Activities and Changes in Net Assets.

(4) 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.

Fixed income -

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

Mutual funds -

Mutual funds consist primarily of flexible bond funds, U.S. equities and fixed income securities.

The following table represents the Organization's fair value hierarchy for investments as of December 31, 2018:

	Fair Value	Level 1	Level 2	Level 3
Money market	$ 92,753	$ 92,753	$ -	$ -
U.S. equities	1,047,876	1,047,876	-	-
Fixed income	525,130	525,130	-	-
Mutual funds	352,808	352,808	-	-
	$ 2,018,567	$ 2,018,567	$ -	$ -

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

	Fair Value	Level 1	Level 2	Level 3
Money market	$ 66,229	$ 66,229	$ -	$ -
U.S. equities	1,259,266	1,259,266	-	-
Fixed income	559,841	559,841	-	-
Mutual funds	242,956	242,956	-	-
	$ 2,128,292	$ 2,128,292	$ -	$ -

As of December 31, 2018 and 2017, the Organization did not possess any level 2 or 3 type of investments.

(5) Fixed assets

Fixed assets as of December 31, 2018 and 2017 are comprised of the following:

	2018	2017
Land	$ 885,500	$ 885,500
Building	1,427,183	1,427,183
Building improvements	883,427	920,176
Office equipment	439,727	389,148
Vehicles	481,439	481,439
Warehouse equipment	632,582	591,394
	4,749,858	4,694,840
Less: accumulated depreciation	1,837,781	1,657,119
	$ 2,912,077	$ 3,037,721

(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 .75% per annum. The line is fully available as of December 31, 2018 and 2017.

(7) Net assets with donor restrictions

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

	2018	2017
Endowment	$ 82,765	$ 149,771
TEFAP Handling Fees	63,896	24,808
NYS Department of Environmental Conservation	57,252	-
Jersey Mike's	25,868	-
Stop & Shop / Our Family Foundation	24,551	19
DDBR/Joy Childhood Foundation - Pack It Up for Kids Food	13,500	13,500
Feeding America / Walt Disney - Fresh Produce Program	12,434	9,815
Other Restricted Donations	11,569	10,875
Food Supply Purchase Donations	9,877	7,300
Feeding America / Red Nose Day Grant	9,000	-
NYS Department of Health	5,000	-
Gift Cards and Certificates	2,045	1,445
Recreation and Economic Development Corp.	1,483	-
Manhasset Community Fund	1,419	-
ShopRite LPGA - Pack It Up For Kids	973	76
Judith C. White Foundation	900	-
Darden Restaurants	161	-
Capital One Bank	-	88,390
Reagan and Jax Cohen Memorial Fund - Kid's Café	-	80,000
Freeport Service Center Expansion	-	30,000
Nature's Bounty Foundation - Vets Work	-	20,000
Wells Fargo - Mobile School Pantry Riverhead	-	12,324
Frank J. Antun Foundation - Pack It Up for Kids Food	-	4,500
Knapp Swezey - 2nd Children's Mobile Food Truck	-	3,204
Veterans Services	-	2,250
Veterans Programs	-	1,000
Children's Summer Feeding Program	-	690
Island Federal Credit Union - Hope for the Homless	-	177
	$ 322,693	$ 460,144

Net assets restricted in perpetuity relate to an endowment of $75,000 to be maintained, the income from which is expendable to support general operations.

(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 restricted in perpetuity net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 purpose 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 purpose restricted net assets, respectively.

The Organization's total endowment fund as of December 31, 2018 is comprised of the following:

	Restricted In Perpetuity	Purpose Restricted	Board Designated	Total
Endowment net assets, beginning of year	$ 75,000	$ 149,771	$ 518,152	$ 742,923
Investment loss, net of fees	-	(67,006)	(6,596)	(73,602)
Contributions	-	-	4,355	4,355
Change in endowment net assets	-	(67,006)	(2,241)	(69,247)
Endowment net assets, end of year	$ 75,000	$ 82,765	$ 515,911	$ 673,676

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

	Restricted In Perpetuity	Purpose 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	$ 75,000	$ 149,771	$ 518,152	$ 742,923

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, 2018 and 2017.

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 2018, 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, 2018 and 2017 was $26,000 and $16,000, 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 in excess of federally insured limits totaled $2,578,307 at December 31, 2018 and $2,604,786 at December 31, 2017, 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 2030.

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

Year ending December 31,	
2019	$ 162,625
2020	60,764
2021	60,336
2022	38,086
2023	34,776
2024 and thereafter	247,813
	$ 604,400

(12) Fundraising activities

2018	Gross Revenues	Direct Fundraising	Fundraising Income, net
Direct Mailing Appeals	$ 1,347,627	$ 490,028	$ 857,599
Awards Dinner	175,098	64,710	110,388
Golf Outing 1	105,719	44,306	61,413
Golf Outing 2	76,244	25,960	50,284
Other fundraising activities	143,295	28,245	115,050
	$ 1,847,983	$ 653,249	$ 1,194,734

2017	Gross Revenues	Direct Fundraising	Fundraising Income, net
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
	$ 2,033,770	$ 779,497	$ 1,254,273

(13) Subsequent events

The Organization has evaluated subsequent events through April 22, 2019 which is the date these financial statements were available to be issued, noting no matters requiring further consideration or disclosure.

LONG ISLAND CARES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without donor restrictions	With donor restrictions	Totals	Without donor restrictions	With donor restrictions	Totals
Revenues:						
Public support and fundraising:						
Contributions	$ 1,408,894	$ 41,965	$ 1,450,859	$ 1,044,562	$ 33,882	$ 1,078,444
Fundraising	1,847,983	-	1,847,983	2,033,770	-	2,033,770
Grants	348,253	220,742	568,995	293,132	342,250	635,382
Foundation support	162,600	231,650	394,250	52,900	282,290	335,190
Corporate support	181,745	55,262	237,007	152,437	19,500	171,937
Total public support and fundraising	3,949,475	549,619	4,499,094	3,576,801	677,922	4,254,723
Government support:						
HPNAP	1,906,421	-	1,906,421	2,044,788	-	2,044,788
Suffolk County	184,691	-	184,691	185,729	-	185,729
Other grants	291,760	-	291,760	323,752	-	323,752
Total government support	2,382,872	-	2,382,872	2,554,269	-	2,554,269
Distribtuion revenue and handling fees:						
Food Bank Agencies	184,271	-	184,271	161,205	-	161,205
HPNAP	239,293	-	239,293	227,249	-	227,249
TEFAP	334,213	63,896	398,109	323,458	24,808	348,266
Suffolk County	10,917	-	10,917	11,134	-	11,134
Total distribtuion revenue and handling fees	768,694	63,896	832,590	723,046	24,808	747,854
Other income:						
Investment gain (loss), net	(102,912)	(67,006)	(169,918)	157,731	107,103	264,834
In-kind contributions	9,749,370	-	9,749,370	7,587,712	-	7,587,712
Other	10,836	-	10,836	7,364	-	7,364
Total other income	9,657,294	(67,006)	9,590,288	7,752,807	107,103	7,859,910
Total revenues	16,758,335	546,509	17,304,844	14,606,923	809,833	15,416,756
Expenses:						
Program services	15,045,037	-	15,045,037	13,305,737	-	13,305,737
Management and general	755,718	-	755,718	725,082	-	725,082
Fundraising	1,297,253	-	1,297,253	1,300,624	-	1,300,624
Total expenses	17,098,008	-	17,098,008	15,331,443	-	15,331,443
Net assets released from restriction:						
Satisfaction of purpose restrictions	683,960	(683,960)	-	765,042	(765,042)	-
Total net assets	344,287	(137,451)	206,836	40,522	44,791	85,313
NET ASSETS, BEGINNING OF YEAR	8,948,314	535,144	9,483,458	8,907,792	490,353	9,398,145
NET ASSETS, END OF YEAR	$ 9,292,601	$ 397,693	$ 9,690,294	$ 8,948,314	$ 535,144	$ 9,483,458

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