

BECAUSE IT TAKES MORE THAN FOOD TO FEED THE HUNGRY



LONG ISLAND CARES, INC.

**FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

LONG ISLAND CARES, INC.
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AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, 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.

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, 2021 and 2020, 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.

Basis for Opinion

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. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Long Island Cares, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Long Island Cares, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

NawrockiSmith

report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Long Island Cares, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Long Island Cares, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and that results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Hauppauge, New York
April 25, 2022

Nawrocki Smith LLP

LONG ISLAND CARES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,696,244	\$ 7,477,358
Accounts receivable, net	2,182,809	3,290,087
Donated product	1,035,528	1,434,288
Inventory	124,878	328,514
Investments	2,775,107	1,824,535
Prepaid expense	136,416	129,433
Total current assets	15,950,982	14,484,215
FIXED ASSETS, net	3,505,612	3,350,385
PRE-ACQUISITION COSTS	121,567	-
RESTRICTED CASH	109,195	136,853
RESTRICTED INVESTMENTS	993,721	873,431
OTHER ASSETS	131,451	102,960
Total assets	\$ 20,812,528	\$ 18,947,844
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,019,257	\$ 859,529
Deferred revenue	478,050	1,083,916
Total current liabilities	1,497,307	1,943,445
NET ASSETS:		
Net assets without donor restrictions:		
Designated for fixed assets	3,505,612	3,350,385
Designated for donated product	1,035,528	1,434,288
Designated for endowment fund	494,181	503,173
Undesignated	13,076,367	10,925,353
Total net assets without donor restrictions	18,111,688	16,213,199
Net assets with donor restrictions:		
Purpose restricted	1,128,533	716,200
Restricted in perpetuity	75,000	75,000
Total net assets with donor restrictions	1,203,533	791,200
Total net assets	19,315,221	17,004,399
Total liabilities and net assets	\$ 20,812,528	\$ 18,947,844

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, 2021 AND 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues:						
Public support and fundraising:						
Contributions	\$ 4,003,672	\$ 139,770	\$ 4,143,442	\$ 5,988,275	\$ 236,098	\$ 6,224,373
Fundraising	3,013,880	-	3,013,880	2,684,957	-	2,684,957
Grants	1,633,106	168,930	1,802,036	1,726,957	408,587	2,135,544
Foundation support	611,314	736,562	1,347,876	1,481,582	92,903	1,574,485
Corporate support	278,256	200,590	478,846	1,206,212	2,700	1,208,912
Total public support and fundraising	<u>9,540,228</u>	<u>1,245,852</u>	<u>10,786,080</u>	<u>13,087,983</u>	<u>740,288</u>	<u>13,828,271</u>
Government support:						
HPNAP	1,763,412	-	1,763,412	1,420,689	-	1,420,689
Suffolk County	181,236	-	181,236	184,393	-	184,393
Other grants	2,434,787	-	2,434,787	4,301,219	-	4,301,219
Total government support	<u>4,379,435</u>	<u>-</u>	<u>4,379,435</u>	<u>5,906,301</u>	<u>-</u>	<u>5,906,301</u>
Distribution revenue and handling fees:						
Food Bank Agencies	163,678	-	163,678	193,701	-	193,701
HPNAP	172,743	-	172,743	151,433	-	151,433
TEFAP	1,011,650	53,239	1,064,889	1,198,869	83,445	1,282,314
Suffolk County	12,913	-	12,913	10,917	-	10,917
Total distribution revenue and handling fees	<u>1,360,984</u>	<u>53,239</u>	<u>1,414,223</u>	<u>1,554,920</u>	<u>83,445</u>	<u>1,638,365</u>
Other income:						
Investment income, net	163,690	131,830	295,520	193,844	122,383	316,227
In-kind contributions	17,088,874	-	17,088,874	17,075,276	-	17,075,276
Other	65,817	-	65,817	48,983	-	48,983
Total other income	<u>17,318,381</u>	<u>131,830</u>	<u>17,450,211</u>	<u>17,318,103</u>	<u>122,383</u>	<u>17,440,486</u>
Total revenues	<u>32,599,028</u>	<u>1,430,921</u>	<u>34,029,949</u>	<u>37,867,307</u>	<u>946,116</u>	<u>38,813,423</u>
Expenses:						
Program services:						
Food bank fund	26,322,581	-	26,322,581	27,671,312	-	27,671,312
Community outreach fund	2,307,050	-	2,307,050	1,901,008	-	1,901,008
Total program services	<u>28,629,631</u>	<u>-</u>	<u>28,629,631</u>	<u>29,572,320</u>	<u>-</u>	<u>29,572,320</u>
Supporting services:						
Administration	1,179,970	-	1,179,970	972,156	-	972,156
Fundraising	1,909,526	-	1,909,526	1,512,352	-	1,512,352
Total supporting services	<u>3,089,496</u>	<u>-</u>	<u>3,089,496</u>	<u>2,484,508</u>	<u>-</u>	<u>2,484,508</u>
Total expenses	<u>31,719,127</u>	<u>-</u>	<u>31,719,127</u>	<u>32,056,828</u>	<u>-</u>	<u>32,056,828</u>
Net assets released from restriction:						
Satisfaction of purpose restrictions	1,018,588	(1,018,588)	-	821,721	(821,721)	-
Change in net assets	1,898,489	412,333	2,310,822	6,632,200	124,395	6,756,595
NET ASSETS, BEGINNING OF YEAR	<u>16,213,199</u>	<u>791,200</u>	<u>17,004,399</u>	<u>9,580,999</u>	<u>666,805</u>	<u>10,247,804</u>
NET ASSETS, END OF YEAR	<u>\$ 18,111,688</u>	<u>\$ 1,203,533</u>	<u>\$ 19,315,221</u>	<u>\$ 16,213,199</u>	<u>\$ 791,200</u>	<u>\$ 17,004,399</u>

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, 2021

	Program Services		Supporting Services		Total
	Food Bank Fund	Community Outreach Fund	Administration	Fundraising	
In-kind expenses	\$ 17,477,491	\$ 3,273	\$ -	\$ 6,871	\$ 17,487,635
Food purchases	5,373,782	1,186	-	-	5,374,968
Salaries	1,356,868	1,068,151	630,621	521,637	3,577,277
Fundraising	-	-	-	936,178	936,178
Payroll taxes and benefits	409,743	246,040	121,253	95,605	872,641
Facility rent	26,737	531,280	-	-	558,017
Advertising	100,251	100,629	-	200,501	401,381
Depreciation	289,727	42,992	13,234	16,710	362,663
Transportation	298,716	-	-	-	298,716
Building maintenance and sanitation	154,923	106,488	5,446	5,446	272,303
Equipment rental and maintenance	145,978	13,696	16,518	29,601	205,793
Utilities	97,276	66,556	3,413	3,412	170,657
Professional fees	19,448	1,534	123,122	2,140	146,244
Supplies	78,092	43,400	22,390	2,010	145,892
HPNAP operational support	135,113	-	-	-	135,113
Consultants	45,256	21,794	14,170	52,725	133,945
Grants to agencies	130,268	-	-	-	130,268
Telephone and internet	34,105	30,351	9,457	15,946	89,859
HPNAP capital equipment	84,179	-	-	-	84,179
Bank charges and miscellaneous fees	269	-	76,615	-	76,884
Insurance	-	-	72,809	-	72,809
Dues and membership fees	5,437	3,864	45,494	5,939	60,734
Printing and postage	10,923	13,625	10,824	11,784	47,156
Travel and conferences	9,666	8,159	14,398	2,815	35,038
HPNAP client choice	24,072	-	-	-	24,072
Permits and licenses	5,854	4,004	205	205	10,268
Program operations	8,366	-	-	-	8,366
Property taxes	41	28	1	1	71
Total expenses	\$ 26,322,581	\$ 2,307,050	\$ 1,179,970	\$ 1,909,526	\$ 31,719,127

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, 2020

	Program Services		Supporting Services		Total
	Food Bank Fund	Community Outreach Fund	Administration	Fundraising	
In-kind expenses	\$ 17,047,852	\$ -	\$ -	\$ 18,371	\$ 17,066,223
Food purchases	6,682,096	461	-	-	6,682,557
Salaries	1,452,092	1,000,533	533,637	425,729	3,411,991
Payroll taxes and benefits	411,623	194,609	87,019	50,592	743,843
Fundraising	-	-	-	664,684	664,684
Grants to agencies	384,048	-	-	-	384,048
Transportation	364,362	-	-	-	364,362
Facility rent	-	356,671	-	-	356,671
Advertising	85,315	85,315	-	174,950	345,580
Depreciation	259,900	40,996	10,211	13,363	324,470
Supplies	152,535	71,831	7,483	45,998	277,847
Equipment rental and maintenance	174,539	18,978	11,111	23,800	228,428
Building maintenance and sanitation	163,454	34,768	6,038	4,045	208,305
Utilities	113,261	24,685	4,356	2,904	145,206
Consultants	54,070	19,037	12,282	51,059	136,448
Professional fees	3,335	851	119,306	1,142	124,634
HPNAP capital equipment	120,377	-	-	-	120,377
HPNAP operational support	89,071	-	-	-	89,071
Bank charges and miscellaneous fees	-	-	83,262	-	83,262
Insurance	33,981	7,611	22,202	3,016	66,810
Printing and postage	13,350	15,886	12,994	19,851	62,081
Telephone and internet	20,724	17,427	8,683	8,230	55,064
Dues and membership fees	4,866	1,090	45,008	3,839	54,803
Travel and conferences	11,127	9,213	7,648	612	28,600
Program operations	16,550	50	740	-	17,340
HPNAP client choice	8,261	-	-	-	8,261
Permits and licenses	4,466	984	174	166	5,790
Property taxes	57	12	2	1	72
Total expenses	\$ 27,671,312	\$ 1,901,008	\$ 972,156	\$ 1,512,352	\$ 32,056,828

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

LONG ISLAND CARES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,310,822	\$ 6,756,595
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	362,663	324,470
Unrealized gain on investments	(196,013)	(290,964)
Decrease (increase) in accounts receivable	1,107,278	(2,469,615)
Decrease (increase) in donated product	398,760	(9,053)
Decrease (increase) in inventory	203,636	(311,905)
Increase in prepaid expense	(6,983)	(53,168)
Increase in other assets	(28,491)	(39,283)
Increase in accounts payable and accrued liabilities	159,728	1,757
(Decrease) increase in deferred revenue	(605,866)	758,916
	<u>3,705,534</u>	<u>4,667,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(517,890)	(811,828)
(Increase) decrease in pre-acquisition costs	(121,567)	430,400
Sale of investments	267,776	816,438
Purchase of investments	(1,142,625)	(880,803)
	<u>(1,514,306)</u>	<u>(445,793)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	2,191,228	4,221,957
CASH, CASH EQUIVALENTS AND RESTRICTED CASH BEGINNING OF YEAR	<u>7,614,211</u>	<u>3,392,254</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH END OF YEAR	<u>\$ 9,805,439</u>	<u>\$ 7,614,211</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Retirement of fully depreciated fixed assets	<u>\$ 259,546</u>	<u>\$ -</u>
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ -</u>	<u>\$ 1,500</u>
COMPONENTS OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH ON THE STATEMENTS OF FINANCIAL POSITION:		
Cash and cash equivalents	\$ 9,696,244	\$ 7,477,358
Restricted cash	<u>109,195</u>	<u>136,853</u>
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>\$ 9,805,439</u>	<u>\$ 7,614,211</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 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.

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2022. 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, the Organization's Harry Chapin Food Bank and Humanitarian Center in Huntington Station, and the East End Humanitarian Center in Hampton Bays. 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.

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 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 net assets and changes in net assets between those with and without donor restrictions. 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.

As required by U.S. generally accepted accounting principles, the Organization also presented Statements of Cash Flows for the years ended December 31, 2021 and 2020.

Cash and cash equivalents -

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.

Restricted cash -

Restricted cash as of December 31, 2021 and 2020, relates to TEFAP handling fees of \$109,195 and \$136,853, respectively.

Accounts receivable -

Accounts receivable primarily consist of grantor agencies and are presented in the Statements of Financial Position, net of an allowance for uncollectible amounts. The allowance is estimated by management based on the Organization's prior years' experience and evaluation of the collectability of individual accounts. As of December 31, 2021 and 2020, allowance for doubtful accounts amounted to \$1,787 for both years.

Donated product -

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

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 stated at fair value for the period presented. 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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on fair value measurements also establishes a fair value hierarchy, which requires 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 FASB 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, 2021 and 2020.

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, 2021 and 2020, the Organization has met the provisions of and is in compliance with these requirements and no obligation currently exists.

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Revenue recognition -

The following are the significant revenue recognition accounting policies of the Organization:

Grants and contributions - Grants and contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Contracts - Revenue under contracts are recognized when earned. Revenue is earned when performance obligations, as defined in each contract, are fulfilled. Funds received but not yet earned are shown as deferred revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Fundraising revenue - The portion of fundraising revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

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, 2021 and 2020 was \$15,588 and \$2,496, respectively. Such amounts are reflected in the accompanying financial statements as in-kind contributions and in-kind expenses.

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.

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Functional expenses -

Expenses are recognized when incurred. 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. Depreciation is allocated on basis of square footage and use, and all other expenses are allocated on a systematic and rational basis.

Liquidity considerations -

Quantitative

As of December 31, 2021, the Organization has \$14,654,160 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 the ensuing fiscal year.

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.

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 2018.

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.

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(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 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.

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following table represents the Organization's fair value hierarchy for investments as of December 31, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 48,140	\$ 48,140	\$ -	\$ -
U.S. equities	1,855,334	1,855,334	-	-
Fixed income	1,355,606	1,355,606	-	-
Mutual funds	509,748	509,748	-	-
	<u>\$ 3,768,828</u>	<u>\$ 3,768,828</u>	<u>\$ -</u>	<u>\$ -</u>

The following table represents the Organization's fair value hierarchy for investments as of December 31, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 179,717	\$ 179,717	\$ -	\$ -
U.S. equities	1,597,797	1,597,797	-	-
Fixed income	500,588	500,588	-	-
Mutual funds	419,864	419,864	-	-
	<u>\$ 2,697,966</u>	<u>\$ 2,697,966</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2021 and 2020, the Organization did not possess any level 2 or 3 type of investments.

(4) Fixed assets:

Fixed assets as of December 31, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 885,500	\$ 885,500
Building	1,427,183	1,427,183
Building improvements	1,711,132	1,528,477
Office equipment	544,889	563,389
Vehicles	746,430	680,821
Warehouse equipment	735,619	707,039
	<u>6,050,753</u>	<u>5,792,409</u>
Less: accumulated depreciation	<u>2,545,141</u>	<u>2,442,024</u>
	<u>\$ 3,505,612</u>	<u>\$ 3,350,385</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, 2021 and 2020. The agreement expires on July 31, 2022.

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(6) Net assets with donor restrictions:

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

	<u>2021</u>	<u>2020</u>
Endowment	\$ 480,495	\$ 348,665
Suffolk County Legislators Grant	101,662	-
The Banyan Tree Roots Foundation	85,160	-
Stop & Shop / Our Family Foundation	73,964	61,311
Capital One Bank	60,500	-
TEFAP Handling Fees	53,239	83,445
CACFP	40,402	-
Island Federal Credit Union - Hope for the Homeless	40,000	30,001
Island Outreach Foundation	40,000	-
Marilyn Lichtman Foundation	35,222	13,696
BJ's Charitable Foundation	24,603	-
Gift Cards and Certificates	17,959	26,720
ShopRite LPGA	16,042	-
Maxine and Irving Castle	15,000	-
George Link Jr. Foundation	9,865	-
Other Restricted Donations	7,150	840
EFSP Transportation	5,000	26,500
Wakefern ShopRite	4,672	4,672
Huntington Townwide Fund	4,195	5,000
Race Awesome / Suffolk County Marathon	4,000	-
Food Supply Purchase Donations	3,500	28,425
Solages - Leg Grant	1,858	-
PSEG Long Island	1,000	-
Feeding America / Walt Disney - Fresh Produce Program	861	9,218
Winston Foundation	825	-
Feeding America	600	-
Take Me Out To The Ball Game Foundation	500	-
Sunshine Foundation	259	-
Newsday Charities / McCormick Foundation	-	36,900
Richard and Mary Morrison Foundation	-	13,500
DDBR / Joy Childhood Foundation - Pack It Up for Kids Food	-	7,650
Manhasset Community Fund	-	4,786
Feeding America / Morgan Stanley	-	4,753
Benjamin and Seema Charitable Foundation	-	4,500
Freeport CDA	-	2,918
Northrop Grumman	-	2,700
	<u>\$ 1,128,533</u>	<u>\$ 716,200</u>

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.

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(7) Endowment:

The Organization has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as allowing it to appropriate for expenditure or accumulate so much of an endowment fund as is determined prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets of a donor-restricted endowment fund shall be donor-restricted assets until appropriated by the Organization. The Organization classifies the original value of gifts donated to the endowment as net assets with donor restriction in perpetuity. The remaining portion of a donor restricted endowment fund is classified as net assets with donor restrictions until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA. Management has interpreted state law to permit prudent spending from underwater endowments.

As outlined in Note 6, 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, 2021 is comprised of the following:

	<u>Restricted In Perpetuity</u>	<u>Purpose Restricted</u>	<u>Board Designated</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 75,000	\$ 348,665	\$ 503,173	\$ 926,838
Investment income (loss), net	-	131,830	(8,992)	122,838
Change in endowment net assets	-	131,830	(8,992)	122,838
Endowment net assets, end of year	<u>\$ 75,000</u>	<u>\$ 480,495</u>	<u>\$ 494,181</u>	<u>\$ 1,049,676</u>

The Organization’s total endowment fund as of December 31, 2020 is comprised of the following:

	<u>Restricted In Perpetuity</u>	<u>Purpose Restricted</u>	<u>Board Designated</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 75,000	\$ 226,282	\$ 509,224	\$ 810,506
Investment income (loss), net	-	122,383	(7,096)	115,287
Contributions	-	-	1,045	1,045
Change in endowment net assets	-	122,383	(6,051)	116,332
Endowment net assets, end of year	<u>\$ 75,000</u>	<u>\$ 348,665</u>	<u>\$ 503,173</u>	<u>\$ 926,838</u>

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2021 and 2020.

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.

(8) Employee benefit plan:

The Organization has a 403(b) Tax Deferred Annuity Plan (the "Plan"). Eligible participants in the Plan may contribute up to 25% of compensation, but not in excess of the maximum allowed under the Internal Revenue Code. In 2021, 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, 2021 and 2020 was \$65,569 and \$53,049, respectively, and was recorded on the Statements of Financial Position within other assets and accounts payable and accrued expenses.

(9) 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 \$8,037,638 at December 31, 2021 and \$6,543,208 at December 31, 2020, 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.

(10) 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:

For The Year Ended December 31,

2022	\$ 487,980
2023	474,762
2024	490,277
2025	506,611
2026	523,504
2027 and thereafter	<u>1,436,048</u>
	<u>\$ 3,919,182</u>

LONG ISLAND CARES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

COVID-19 -

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 has impacted various parts of its 2021 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurring are still developing.

(11) Fundraising activities:

<u>2021</u>	<u>Gross Revenues</u>	<u>Direct Fundraising</u>	<u>Fundraising Income, net</u>
Direct Mailing Appeals	\$ 2,728,126	\$ 780,071	\$ 1,948,055
Virtual dinner - feed the need	136,178	45,702	90,476
Other fundraising activities	149,576	110,405	39,171
	<u>\$ 3,013,880</u>	<u>\$ 936,178</u>	<u>\$ 2,077,702</u>
<u>2020</u>			
Direct Mailing Appeals	\$ 2,492,067	\$ 618,884	\$ 1,873,183
Other fundraising activities	192,890	45,800	147,090
	<u>\$ 2,684,957</u>	<u>\$ 664,684</u>	<u>\$ 2,020,273</u>

(12) Subsequent events:

The Organization has evaluated subsequent events through April 25, 2022 which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined there are no matters which require disclosure in the financial statements.