



LONG ISLAND CARES, INC.

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

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

**LONG ISLAND CARES, INC.
INDEX TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

	<u>Page(s)</u>
Independent Auditor's Report	1-2
Statements Of Financial Position	3
Statements Of Activities And Changes In Net Assets	4
Statement Of Functional Expenses For The Year Ended December 31, 2020	5
Statement Of Functional Expenses For The Year Ended December 31, 2019	6
Statements Of Cash Flows	7
Notes To Financial Statements	8 - 20



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2020 and 2019, 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.

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, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2021, 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 26, 2021

Nawrocki Smith LLP

LONG ISLAND CARES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,477,358	\$ 3,266,217
Accounts receivable, net of allowance for doubtful accounts of \$1,788 and \$1,599, respectively	3,290,087	820,472
Donated product	1,434,288	1,425,235
Inventory	328,514	16,609
Investments	1,824,535	1,602,201
Prepaid expense	129,433	76,265
Total current assets	14,484,215	7,206,999
FIXED ASSETS , net of accumulated depreciation of \$2,442,024 and \$2,117,554, respectively	3,350,385	2,863,027
PRE-ACQUISITION COSTS	-	430,400
RESTRICTED CASH	136,853	126,037
RESTRICTED INVESTMENTS	873,431	740,436
OTHER ASSETS	102,960	63,677
Total assets	\$ 18,947,844	\$ 11,430,576
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 859,529	\$ 857,772
Deferred revenue	1,083,916	325,000
Total current liabilities	1,943,445	1,182,772
NET ASSETS:		
Net assets without donor restrictions:		
Designated for fixed assets	3,350,385	2,863,027
Designated for donated product	1,434,288	1,425,235
Designated for endowment fund	503,173	509,224
Undesignated	10,925,353	4,783,513
Total net assets without donor restrictions	16,213,199	9,580,999
Net assets with donor restrictions:		
Purpose restricted	716,200	591,805
Restricted in perpetuity	75,000	75,000
Total net assets with donor restrictions	791,200	666,805
Total net assets	17,004,399	10,247,804
Total liabilities and net assets	\$ 18,947,844	\$ 11,430,576

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, 2020 AND 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues:						
Public support and fundraising:						
Contributions	\$ 5,988,275	\$ 236,098	\$ 6,224,373	\$ 1,342,474	\$ 39,657	\$ 1,382,131
Fundraising	2,684,957	-	2,684,957	1,848,712	-	1,848,712
Grants	1,726,957	408,587	2,135,544	333,294	468,317	801,611
Foundation support	1,481,582	92,903	1,574,485	155,832	214,206	370,038
Corporate support	1,206,212	2,700	1,208,912	85,974	73,000	158,974
Total public support and fundraising	13,087,983	740,288	13,828,271	3,766,286	795,180	4,561,466
Government support:						
HPNAP	1,420,689	-	1,420,689	2,387,698	-	2,387,698
Suffolk County	184,393	-	184,393	184,731	-	184,731
Other grants	4,301,219	-	4,301,219	453,895	-	453,895
Total government support	5,906,301	-	5,906,301	3,026,324	-	3,026,324
Distribution revenue and handling fees:						
Food Bank Agencies	193,701	-	193,701	202,219	-	202,219
HPNAP	151,433	-	151,433	324,052	-	324,052
TEFAP	1,198,869	83,445	1,282,314	507,539	55,967	563,506
Suffolk County	10,917	-	10,917	10,546	-	10,546
Total distribution revenue and handling fees	1,554,920	83,445	1,638,365	1,044,356	55,967	1,100,323
Other income:						
Investment gain, net	193,844	122,383	316,227	216,915	143,517	360,432
In-kind contributions	17,075,276	-	17,075,276	12,679,222	-	12,679,222
Other	48,983	-	48,983	14,148	-	14,148
Total other income	17,318,103	122,383	17,440,486	12,910,285	143,517	13,053,802
Total revenues	37,867,307	946,116	38,813,423	20,747,251	994,664	21,741,915
Expenses:						
Program services:						
Food bank fund	27,671,312	-	27,671,312	17,777,914	-	17,777,914
Community outreach fund	1,901,008	-	1,901,008	1,164,777	-	1,164,777
Total program services	29,572,320	-	29,572,320	18,942,691	-	18,942,691
Supporting services:						
Administration	972,156	-	972,156	879,733	-	879,733
Fundraising	1,512,352	-	1,512,352	1,361,981	-	1,361,981
Total supporting services	2,484,508	-	2,484,508	2,241,714	-	2,241,714
Total expenses	32,056,828	-	32,056,828	21,184,405	-	21,184,405
Net assets released from restriction:						
Satisfaction of purpose restrictions	821,721	(821,721)	-	725,552	(725,552)	-
Change in net assets	6,632,200	124,395	6,756,595	288,398	269,112	557,510
NET ASSETS, BEGINNING OF YEAR	9,580,999	666,805	10,247,804	9,292,601	397,693	9,690,294
NET ASSETS, END 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>

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, 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.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services		Supporting Services		Total
	Food Bank Fund	Community Outreach Fund	Administration	Fundraising	
In-kind expenses	\$ 12,402,502	\$ 2,105	\$ -	\$ 49,005	\$ 12,453,612
Salaries	1,232,653	597,743	505,313	313,890	2,649,599
Food purchases	2,374,924	-	-	-	2,374,924
Fundraising	-	-	-	715,565	715,565
Payroll taxes and benefits	358,319	135,577	116,915	55,990	666,801
Depreciation	227,079	32,874	9,474	13,575	283,002
Transportation	202,828	-	-	-	202,828
Consultants	55,838	28,896	29,464	73,244	187,442
HPNAP capital equipment	183,382	-	-	-	183,382
Advertising	44,089	44,089	-	88,275	176,453
Facility rent	-	155,504	-	-	155,504
Equipment rental and maintenance	78,033	14,835	14,190	10,870	117,928
HPNAP operational support	117,589	-	-	-	117,589
Grants to agencies	112,124	-	-	-	112,124
Building maintenance and sanitation	88,124	15,148	3,030	3,029	109,331
Utilities	83,887	15,927	3,186	3,186	106,186
Supplies	35,189	56,413	5,398	9,157	106,157
Professional fees	2,695	9,753	84,569	1,982	98,999
Travel and conferences	24,044	17,390	21,663	4,920	68,017
Dues and membership fees	17,228	1,135	28,782	2,518	49,663
Telephone and internet	18,901	15,234	6,610	8,890	49,635
Insurance	32,029	8,068	4,078	3,168	47,343
Program operations	41,786	4,695	-	-	46,481
Printing and postage	15,696	9,133	14,111	4,665	43,605
Bank charges and miscellaneous fees	-	-	32,898	-	32,898
HPNAP client choice	27,614	-	-	-	27,614
Permits and licenses	1,306	247	50	50	1,653
Property taxes	55	11	2	2	70
Total expenses	\$ 17,777,914	\$ 1,164,777	\$ 879,733	\$ 1,361,981	\$ 21,184,405

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 6,756,595	\$ 557,510
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	324,470	283,002
Unrealized gain on investments	(290,964)	(316,453)
Increase in accounts receivable	(2,469,615)	(663,498)
Increase in donated product	(9,053)	(225,610)
(Increase) decrease in inventory	(311,905)	13,291
Increase in prepaid expense	(53,168)	(38,005)
Increase in other assets	(39,283)	(15,816)
Increase in accounts payable and accrued liabilities	1,757	240,646
Increase (decrease) in deferred revenue	758,916	(20,812)
	<u>4,667,750</u>	<u>(185,745)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(811,828)	(233,952)
Decrease (increase) in pre-acquisition costs	430,400	(430,400)
Sale of investments	816,438	741,077
Purchase of investments	(880,803)	(748,694)
	<u>(445,793)</u>	<u>(671,969)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	4,221,957	(857,714)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH BEGINNING OF YEAR	<u>3,392,254</u>	<u>4,249,968</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH END OF YEAR	<u>\$ 7,614,211</u>	<u>\$ 3,392,254</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Retirement of fully depreciated fixed assets	<u>\$ -</u>	<u>\$ 3,229</u>
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 1,500</u>	<u>\$ 1,500</u>
COMPONENTS OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH ON THE STATEMENTS OF FINANCIAL POSITION:		
Cash and cash equivalents	\$ 7,477,358	\$ 3,266,217
Restricted cash	<u>136,853</u>	<u>126,037</u>
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>\$ 7,614,211</u>	<u>\$ 3,392,254</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, 2020 and 2019.

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, 2020 and 2019, relates to TEFAP handling fees of \$136,853 and \$126,037, 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.

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, 2020 and 2019.

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, 2020 and 2019, 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, 2020 and 2019 was \$2,496 and \$11,842, 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, 2020, the Organization has \$12,591,980 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 2017.

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, 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>

The following table represents the Organization's fair value hierarchy for investments as of December 31, 2019:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 141,719	\$ 141,719	\$ -	\$ -
U.S. equities	1,288,740	1,288,740	-	-
Fixed income	532,530	532,530	-	-
Mutual funds	379,648	379,648	-	-
	<u>\$2,342,637</u>	<u>\$2,342,637</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2020 and 2019, the Organization did not possess any level 2 or 3 type of investments.

(4) Fixed assets:

Fixed assets as of December 31, 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 885,500	\$ 885,500
Building	1,427,183	1,427,183
Building improvements	1,528,477	1,070,951
Office equipment	563,389	462,626
Vehicles	680,821	481,439
Warehouse equipment	707,039	652,882
	<u>5,792,409</u>	<u>4,980,581</u>
Less: accumulated depreciation	<u>2,442,024</u>	<u>2,117,554</u>
	<u>\$ 3,350,385</u>	<u>\$ 2,863,027</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, 2020 and 2019. The agreement expires on July 31, 2021.

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>2020</u>	<u>2019</u>
Endowment	\$ 348,665	\$ 226,282
TEFAP Handling Fees	83,445	55,967
Stop & Shop / Our Family Foundation	61,311	-
Newsday Charities / McCormick Foundation	36,900	353
Island Federal Credit Union - Hope for the Homeless	30,001	5,234
Food Supply Purchase Donations	28,425	25,467
Gift Cards and Certificates	26,720	3,200
EFSP Transportation	26,500	11,000
Marilyn Lichtman Foundation	13,696	-
Richard and Mary Morrison Foundation	13,500	-
Feeding America / Walt Disney - Fresh Produce Program	9,218	10,065
DDBR / Joy Childhood Foundation - Pack It Up for Kids Food	7,650	-
Huntington Townwide Fund	5,000	-
Manhasset Community Fund	4,786	-
Feeding America / Morgan Stanley	4,753	1,471
Wakefern ShopRite	4,672	-
Benjamin and Seema Charitable Foundation	4,500	-
Freeport CDA	2,918	-
Northrop Grumman	2,700	-
Other Restricted Donations	840	8,200
Mother Cabrini Foundation	-	75,000
Knapp Swezey Foundation	-	45,000
Feeding America / Morgan Stanley - Mobile School Pantry	-	28,520
Wounded Warrior Project	-	27,066
Bank of America Charitable Foundation - Children's Breakfast	-	14,065
Feeding America / Walmart	-	13,113
Jersey Mike's	-	11,606
VCA Charities	-	9,000
NYS Department of Environmental Conservation	-	8,901
Citizens Bank	-	8,676
Caplan-Bensley Foundation	-	1,405
Bank of America Charitable Foundation - Lindenhurst	-	1,314
Judith C. White Foundation	-	900
	<u>\$ 716,200</u>	<u>\$ 591,805</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, 2020 is comprised of the following:

	Restricted In Perpetuity	Purpose Restricted	Board Designated	Total
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>

The Organization’s total endowment fund as of December 31, 2019 is comprised of the following:

	Restricted In Perpetuity	Purpose Restricted	Board Designated	Total
Endowment net assets, beginning of year	\$ 75,000	\$ 82,765	\$ 515,911	\$ 673,676
Investment income (loss), net	-	143,517	(6,687)	136,830
Change in endowment net assets	-	143,517	(6,687)	136,830
Endowment net assets, end of year	<u>\$ 75,000</u>	<u>\$ 226,282</u>	<u>\$ 509,224</u>	<u>\$ 810,506</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, 2020 and 2019.

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 2020, 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, 2020 and 2019 was \$53,049 and \$40,661, 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 \$6,543,208 at December 31, 2020 and \$1,953,028 at December 31, 2019, 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.

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

(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:

<u>Year ending December 31,</u>	
2021	\$ 377,912
2022	296,652
2023	277,700
2024	287,303
2025	297,548
2026 and thereafter	<u>1,271,021</u>
	<u><u>\$ 2,808,136</u></u>

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 2020 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:

2020	Gross Revenues	Direct Fundraising	Fundraising Income, net
Direct Mailing Appeals	\$ 2,492,067	\$ 618,884	\$ 1,873,183
Other fundraising activities	<u>192,890</u>	<u>45,800</u>	<u>147,090</u>
	<u><u>\$ 2,684,957</u></u>	<u><u>\$ 664,684</u></u>	<u><u>\$ 2,020,273</u></u>
<hr/>			
2019			
Direct Mailing Appeals	\$ 1,289,237	\$ 549,512	\$ 739,725
Awards Dinner	281,616	78,466	203,150
Golf Outing	88,110	43,906	44,204
Reggae Concert	12,460	19,554	(7,094)
Other fundraising activities	<u>177,289</u>	<u>24,127</u>	<u>153,162</u>
	<u><u>\$ 1,848,712</u></u>	<u><u>\$ 715,565</u></u>	<u><u>\$ 1,133,147</u></u>

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

(12) Subsequent events:

The Organization has evaluated subsequent events through April 26, 2021 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.