LONG ISLAND COUNCIL OF CHURCHES, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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Independent Auditor's Report

To the Board of Directors
Long Island Council of Churches, Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of Long Island Council of Churches, Inc. (a not-for profit entity) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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

My responsibility is to express an opinion on theses financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Gary Cagnard, CPA

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Island Council of Churches, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing, reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Gary Cagnard, CPA

May 3, 2016

LONG ISLAND COUNCIL OF CHURCHES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT AND REVENUES				
Grant/contract support	$ 214,540	$ 0	$ 0	$ 214,540
Contributions - individuals	53,951	0	0	53,951
Contributions - foundations	14,007	116,000	0	130,007
Contributions - other	322,451	0	0	322,451
Contributions - in kind	129,446	0	0	129,446
Special events, net	19,106	0	0	19,106
TOTAL SUPPORT AND REVENUES	753,501	116,000	0	869,501
NET ASSETS RELEASED FROM RESTRICTIONS	70,134	(70,134)	0	0
	823,635	45,866	0	869,501
OPERATING EXPENSES				
Program services	665,603	0	0	665,603
Management and general	249,164	0	0	249,164
TOTAL OPERATING EXPENSES	914,767	0	0	914,767
OPERATING EXPENSES IN EXCESS OF SUPPORT AND REVENUES	(91,132)	45,866	0	(45,266)
NON OPERATING GAINS AND LOSSES				
Miscellaneous income	676	0	0	676
Dividend and interest income	589	0	3,438	4,027
Unrealized gain (loss) on investments	(117)	0	(3,621)	(3,738)
CHANGE IN NET ASSETS	(89,984)	45,866	(183)	(44,301)
NET ASSETS				
Beginning of Year - January 1, 2015	302,203	70,134	17,206	389,543
Released to unrestricted assets	0	0	0	0
End of Year - December 31, 2015	$ 212,219	$ 116,000	$ 17,023	$ 345,242

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

LONG ISLAND COUNCIL OF CHURCHES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 190,203
Grants and accounts receivable	94,764
Tax refund receivable	6,602
Investments	36,497
Prepaid expenses	9,605
TOTAL CURRENT ASSETS	337,671
NONCURRENT ASSETS	
Property and equipment, at cost less accumulated depreciation	22,359
Security deposits	3,200
TOTAL NONCURRENT ASSETS	25,559
TOTAL ASSETS	$ 363,230

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 1,631
Accrued expenses	16,357
TOTAL CURRENT LIABILITIES	17,988
NET ASSETS	
Unrestricted	212,219
Temporarily restricted	116,000
Permanently restricted	17,023
TOTAL NET ASSETS	345,242
TOTAL LIABILITIES AND NET ASSETS	$ 363,230

LONG ISLAND COUNCIL OF CHURCHES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (44,301)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	6,851
Unrealized loss on investments	3,738
(Increase) Decrease in:	
Grants and accounts receivables	6,636
Tax refund receivable	14,749
Prepaid expenses	(2,184)
Increase (Decrease) in:	
Accounts payable and accrued expenses	(4,650)
NET CASH (USED IN) OPERATING ACTIVITIES	(19,161)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Increase in security deposits	(3,200)
Purchase of investments	(3,438)
Purchase of property and equipment	(6,743)
NET CASH (USED IN) INVESTING ACTIVITIES	(13,381)
NET DECREASE IN CASH	(32,542)
CASH - BEGINNING OF YEAR	222,745
CASH - END OF YEAR	$ 190,203

LONG ISLAND COUNCIL OF CHURCHES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	PROGRAM EXPENSES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
Salaries	$ 248,602	$ 148,468	$ 397,070
Payroll taxes	14,386	7,500	21,886
Fringe benefits	29,929	34,219	64,148
Family support expense	115,486	0	115,486
Rent expense	38,989	6,311	45,300
Repairs and maintenance	6,587	987	7,574
Utilities	2,217	0	2,217
Telephone expense	4,434	1,801	6,235
Travel expense	4,038	2,792	6,830
Food expense	28,031	0	28,031
Food - in kind expense	129,446	0	129,446
Equipment rental	2,057	3,206	5,263
Publicity and development expense	2,675	5,108	7,783
Insurance	15,662	2,250	17,912
Professional fees	8,000	18,900	26,900
Office supplies and expense	8,065	6,941	15,006
Conferences and subscriptions	1,331	5,798	7,129
Postage expense	224	771	995
Bank and credit card fees	0	2,705	2,705
TOTAL EXPENSES BEFORE DEPRECIATION	660,159	247,757	907,916
Depreciation expense	5,444	1,407	6,851
TOTAL EXPENSES	$ 665,603	$ 249,164	$ 914,767

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

The Long Island Council of Churches, Inc. is a non-profit organization whose mission is to unite diverse Christians to serve Long Islanders in need and promote interfaith cooperation and understanding. The Organization works with community leaders to implement programs and activities that assist the poor, needy and powerless throughout Long Island from all walks of life. The Organization serves individuals and families in need through its Emergency Food and Family Support Programs. The Organization has several other programs which include the Chaplaincy, Advocacy, Predatory Lending Prevention Workshops and Multi-Faith Education Programs.

B. PRESENTATION

The Organization's financial statements are presented in accordance with FASB ACS 958, "Financial Statements of Not-for-Profit Organizations." Under FASB ACS 958, Long Island Council of Churches, Inc., is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. DONOR UNRESTRICTED - RESTRICTED FUNDS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unrestricted funds are available to finance the Organization's general operations and may be expended at the discretion of the Board of Directors. Internally Board designated funds are considered unrestricted. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. Permanently restricted net assets consist of amounts held in perpetuity. Restricted earnings on these investments are included in unrestricted revenue and support unless restricted by donors.

D. REVENUE AND EXPENSE RECOGNITION

Contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. Revenues under contracts for service are generally recognized as earned. Revenues from government grants are recognized when reimbursable expenditures under qualified programs are made. Revenue received under government grants is restricted as to the use specified in the grant agreement. Grant contracts are typically expended within a one-year cycle. Expenses are recognized when incurred. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various rational bases.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. DONATED SERVICES

Unpaid volunteers have contributed significant amounts of their time to the Organization's activities. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of FASB ACS 958; as such time is not susceptible to objective measurement or valuation.

F. GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable are carried at their estimated collectible amounts. At December 31, 2015, all accounts receivable are considered collectible; accordingly, there is no allowance for uncollectibles. As of December 31, 2015 outstanding grants and accounts receivable totaled $94,764.

G. PROPERTY AND EQUIPMENT

The Organization capitalizes property and equipment with a cost in excess of $500 at its acquisition cost. Depreciation is provided principally on a straight line method over the estimated useful lives of the assets. The expense is recognized over the estimated useful lives of the assets, which range from 3 to 20 years.

H. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. COMPENSATED ABSENCES

The Organization maintains a written policy with regard to compensated absences. Part-time employees will receive vacation time on a pro-rata basis. Full–time elected staff and chaplains are entitled to 4 weeks of vacation per year. Employees are allowed to carry over a maximum of 20 vacation days.

Vacation time eligibility for non-elected employees is as follows:

After one year of employment	Two weeks vacation
After three years but less than seven	Three weeks vacation
After seven years of employment	Four weeks vacation

The Organization has accrued $13,165 relating to these benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. INVESTMENTS

Investments in marketable securities with readily fair values and investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

K. CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents

L. 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 and supplies. Donated product received and distributed is 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. Donated food received was valued based on the fair market value of the foods, as published by Feeding America. The approximate value of one pound of donated food was $1.71 for the year ended December 31, 2015.

2. TAX-EXEMPT STATUS

Long Island Council of Churches, Inc., is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The Organization is treated as a publicly supported organization and not as a private foundation. No provision is made in these statements for income taxes, as the Organization did not have any unrelated business income for the year.

3. FAIR VALUE MEASUREMENTS

In accordance with FASB ACS 820, the financial instruments reported in the financial statements at fair value have been categorized into a three-level hierarchy using the following valuation techniques:

Level 1 inputs are instruments whose fair value is based on quoted prices in active markets for identical assets where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 provides the most reliable evidence of fair value.

3. FAIR VALUE MEASUREMENTS (continued)

Level 2 inputs are instruments whose fair value is based on factors other than quoted prices that are either directly or indirectly observable. Factors include, but are not limited to, the following: quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices that are observable.

Level 3 inputs are instruments whose fair value is based on factors that are unobservable with little, if any, market activity. Level 3 inputs are generally based on the best information available which may include the reporting entity's own assumptions and data.

Description	2015	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments at fair value as determined by quoted market price	$ 36,497	$ 36,497	$ 0	$ 0

Cost and fair value of marketable equity securities at December 31, 2015 is as follows:

Available for sale equity securities	
Fair market value	$ 36,497
Cost	28,469
Unrealized gain	$ 8,028

The Organization determines fair values based on quoted market prices. The net unrealized holding loss on available for sale securities for the year ended December 31, 2015 was $3,738.

4. TAX REFUND RECEIVABLE

The Organization has a tax refund receivable in the amount of $6,602. The refund receivable is due from the federal government as the Organization has submitted a refund claim as provided by the small employer health care tax credit provisions. The refund claim submitted is for the year ended December 31, 2015. The refund claim submitted could be challenged by the federal government and could be adjusted.

5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2015, consisted of the following:

Vehicle	$ 27,222
Furniture and equipment	12,603
Less: accumulated depreciation	17,466
	$ 22,359

Depreciation expense for the year ended December 31, 2015 was $6,851.

6. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposits accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

7. COMMITMENTS AND CONTINGENCIES

The Organization has three operating-lease agreements for occupancy space. These leases expired as of December 31, 2013 and in 2015 operated on a month to month basis. These three leases have monthly lease payments of $1,650, $1,236 and $810. Rental expense for the year ended December 31, 2015 for these leases was $27,700.

The Organization on April 2015 entered into a five year lease agreement for its Food Program which commenced on May 1, 2015. The lease term requires a $1,200 monthly payment over the entire lease period. The Organization has the option to terminate the agreement after two years. However, the Organization must provide the landlord with a notice to terminate on or before November 1, 2016. The Organization has a minimum lease commitment of $13,200 for the year ended December 31, 2016. Rental expense for the year ended December 31, 2015 in connection with this lease was $9,600.

7. COMMITMENTS AND CONTINGENCIES (continued)

The Organization on September 1, 2015 entered in a lease agreement for administrative and program space that expires on December 31, 2016. The lease term requires a $2,000 monthly payment over the entire lease period. The Organization has the option to extend the agreement on or before November 1, 2016. The Organization has a minimum lease commitment of $24,000 for the year ended December 31, 2016. Rental expense for the year ended December 31, 2015 in connection with this lease was $8,000.

The Organization has an office equipment lease that requires a $233 monthly payment for sixty months. The first payment started in July 2015 and ends June 2020. There is an annual minimum lease payment requirement of $2,796 for the years ended December 31, 2016 through December 2019 and $1,398 for the year ended December 31, 2020. The total minimum lease requirement at December 31, 2015 is $12,582. Equipment lease expense for the year ended December 31, 2015 was $1,398.

The Organization has a pledge commitment from the Episcopal Diocese of Long Island in the amount of $120,000 over the next three years to cover the reduction in the Nassau County Department of Social Services Contract. For the year ended December 31, 2015 the Organization received $40,000 of this commitment from the Diocese.

8. SUBSEQUENT EVENTS

In connection with the preparation of the financial statements and in accordance with ASC Topic 855, the Organization has evaluated subsequent events through May 3, 2016, the date the financial statements were available for issuance.

In 2016, the Organization received a copy of a Trust Accounting Report that was filed with the Surrogates Court of the State of New York in Suffolk County. The Trust Accounting Report lists the Organization with having a 10% beneficiary trust interest that is valued at approximately $250,000.

9. UNCERTAIN INCOME TAX POSITIONS

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

10. SPECIAL EVENTS

Special event activities are netted on the statement of activities. Gross special event revenues and expenses for the year ended December 31, 2015 are as follows:

Special events revenue	$ 59,205
Special events expense	40,099
Special events, net	$ 19,106

LONG ISLAND COUNCIL OF CHURCHES, INC.
SUPPLEMENTARY SCHEDULE OF PROGRAM EXPENSES
YEAR ENDED DECEMBER 31, 2015

	CHAPLAINCY PROGRAM	EMERGENCY FAMILY SUPPORT	EMERGENCY FOOD PROGRAM	OTHER PROGRAMS	TOTAL PROGRAMS
Salaries	$ 46,692	$ 62,329	$ 118,527	$ 21,054	$ 248,602
Payroll taxes	22	4,238	10,126	0	14,386
Fringe benefits	872	10,003	15,625	3,429	29,929
Family support expense	1,350	110,268	3,868	0	115,486
Rent expense	0	21,997	16,992	0	38,989
Repairs and maintenance	0	1,560	5,027	0	6,587
Utilities	0	1,584	633	0	2,217
Telephone expense	0	1,882	2,552	0	4,434
Travel expense	0	847	2,857	334	4,038
Food	0	256	27,775	0	28,031
Food - in kind expense	0	0	129,446	0	129,446
Equipment rental	0	1,031	1,026	0	2,057
Publicity and development expense	0	262	2,413	0	2,675
Insurance	49	3,932	11,243	438	15,662
Office supplies and expense	188	2,791	5,086	0	8,065
Professional fees	0	0	0	8,000	8,000
Conferences and subscriptions	42	608	139	542	1,331
Postage expense	0	0	198	26	224
TOTAL EXPENSES	$ 49,215	$ 223,588	$ 353,533	$ 33,823	$ 660,159

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