

PRONTO OF LONG ISLAND, INC.  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDING DECEMBER 31, 2017 and 2016

PRONTO OF LONG ISLAND, INC.  
TABLE OF CONTENTS

	<u>Page</u>
Accountant's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5,6,7,8
Statement of Functional Expenses	9,10

**BRUCE FABRIZIO**  
**Certified Public Accountant**  
**44 Laurel Dr**  
**Brentwood, NY 11717**  
**(631) 273-0526**

To the Board of Directors  
Pronto of Long Island, Inc.  
128 Pine Aire Drive  
Bay Shore, NY 11706

To The Directors:

I have audited the accompanying statements of financial position of Pronto of Long Island, Inc, a not-for-profit corporation, "the Organization", as of December 31, 2017 and 2016 and the related statements of activities, functional expenses and cash flows for the years then ended and the notes to the financial statements.

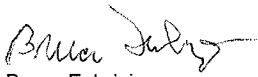
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United State of America: these include the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017 and 2016 and the related results of its activities for the years ended December 31, 2017 and 2016 and cash flows for the years ended December 31, 2017 and 2016 in conformity with generally accepted accounting principles in the United States of America.

  
Bruce Fabrizio  
Certified Public Accountant  
June 21, 2018

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

<b>ASSETS:</b>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<b>balance sheet</b>		
<b>Current assets:</b>		
Cash	\$ 85,931	\$ 30,499
Grants Receivable	17,600	20,308
Inventory	22,440	9,268
Gift Cards	510	495
Total current assets	<u>126,481</u>	<u>60,570</u>
<b>Property, Plant and Equipment (net)</b>	<u>838,526</u>	<u>573,541</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 965,007</u></u>	<u><u>\$ 634,111</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 12,406	\$ 7,580
Line of Credit - Capital One	-	-
Note Payable (Current Portion)	21,593	19,503
Deferred Revenue		
Total current liabilities	<u>33,999</u>	<u>27,083</u>
<b>Long Term Liabilities:</b>		
Note Payable (Long Term Portion)	<u>372,683</u>	<u>394,979</u>
<b>TOTAL LIABILITIES</b>	<u>406,682</u>	<u>422,062</u>
<b>NET ASSETS:</b>		
Unrestricted	<u>558,328</u>	<u>212,063</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 965,010</u></u>	<u><u>\$ 634,125</u></u>

See independent auditor's report and noted to financial statements

**PRONTO OF LONG ISLAND, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDING DECEMBER 31, 2017 and 2016**

<b>REVENUES:</b>	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
Contributions	\$ 139,986	8.92%	\$ 135,666	13.76%
Grants	315,562	20.12%	25,605	2.60%
In-Kind Donation	986,308	62.87%	739,636	75.00%
Fundraising	66,921	4.27%	47,297	4.80%
Other Income	59,929	3.82%	37,919	3.85%
	-		-	
<b>TOTAL REVENUES</b>	<u>1,568,706</u>	100.00%	<u>986,123</u>	100.00%
<b>EXPENSES:</b>				
	-		-	
Program expenses	1,147,411	93.86%	878,365	93.52%
Management and General expenses	72,502	5.93%	57,940	6.17%
Fundraising expenses	2,528	0.21%	2,886	0.31%
<b>TOTAL EXPENSES</b>	<u>1,222,441</u>	100.00%	<u>939,191</u>	100.00%
<b>CHANGE IN NET ASSETS</b>	346,265		46,932	
<b>NET ASSETS UNRESTRICTED - BEGINNING</b>	<u>212,063</u>		<u>165,131</u>	
<b>NET ASSETS UNRESTRICTED - ENDING</b>	<u>\$ 558,328</u>		<u>\$ 212,063</u>	

See independent auditor's report and notes to financial statements

**PRONTO OF LONG ISLAND, INC.**  
**STATEMENTS OF CASH FLOWS**  
**AS OF DECEMBER 31, 2017 AND 2016**

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(decrease)in Net Assets	\$ 346,265	\$ 46,932
Change in assets		
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and Amortization	27,364	23,920
Changes in assets increase (decrease)		
Grants receivable	2,708	(6,725)
Inventories	(13,172)	(416)
Other current assets	(15)	(265)
Changes in liabilities increase (decrease)		
Accounts payable	4,835	(5,857)
Deferred Revenue	-	-
Net cash provided (used) by operating activities	<u>367,985</u>	<u>57,589</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	<u>(292,347)</u>	<u>(1,491)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Acquisition of debt	-	-
Payment of notes	<u>(20,206)</u>	<u>(32,488)</u>
Net cash (used) provided by financing activities	<u>(20,206)</u>	<u>(32,488)</u>
NET INCREASE (DECREASE) IN CASH	55,432	23,610
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>30,499</u>	<u>6,889</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 85,931</u>	<u>\$ 30,499</u>
Supplemental Disclosures of Cash Flow Information::		
Cash Paid for interest	<u>\$ 27,364</u>	<u>\$ 23,906</u>
Cash paid for taxes	<u>\$ 75</u>	<u>\$ 75</u>

See independent auditor's report and notes to financial statements

**PRONTO OF LONG ISLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2017**

**Note 1 - Summary of Organization and Significant Accounting Policies**

Organization and Activity:

The Organization was incorporated under section 402 of the Not-For-Profit Corporation Law of the State of New York on December 11, 1972. The Organization is a not-for-profit human services organization, made up of a community of volunteers committed to serving the poor by providing emergency food, clothing, furniture and advocacy with government agencies, English as a second language, referral and consoling services to over 30,000 children, adults and the elderly. The Organization services a predominantly Hispanic population in the Brentwood and Bay Shore areas located in the Town of Islip, County of Suffolk and State of New York. Qualifying contributions to the Organization are tax deductible.

Administrative Services Agreement

To support its activities the organization entered into an administrative services agreement on Feb, 3 , 2016 with Family Residences & Essential Enterprises, Inc. ("FREE"), a non-profit corporation whose primary purpose is to support persons in need of physical, mental, emotional and social services. FREE will provide the organization with professional and technical assistance it needs to accomplish its mission. These include executive consulting, financial management, human resources, information technology, accounting and legal services, and compliance and similar services.

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles accepted in the United States of America.

Basis of Presentation

Pronto of Long Island, Inc. presents its financial statements in accordance with Financial Accounting Standards No. 117 (financial Statements of Not-for-Profit Organizations). Accordingly, the financial statements are presented on the basis of unrestricted and restricted assets.

Cash and Cash Equivalents

For purpose of the statements of cash flows, cash equivalents represent demand deposits and short-term money market funds with financial institutions. Money market funds held in brokerage accounts are considered to be a component of cash equivalents, as they have a maturity of three months or less.

Income Taxes

The IRS determined that Organization is exempt from federal income tax under section 501 (a) of the Internal Revenue Code as an organization described in section 501 ( c ) (3). The Internal Revenue Service further determined that the organization is not a private foundation. Therefore, no provision for income taxes is made in the financial statements.

Use of Estimates

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

**PRONTO OF LONG ISLAND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2017**

**Note 1 - Summary of Organization and Significant Accounting Policies (continued)**

Inventory

During the year ended December 31, 2015 and 2014, thrift shop inventory was measured at the estimated fair market value of what the Organization believes it can sell such inventory for. Thrift shop inventory consists of clothing, toys and furniture. The Organization does not record food inventory as food inventory consists of donated items distributed free of charge.

Grants Receivable

Grants receivable consists primarily of grant monies that the Organization has been notified of, but were

Advertising Costs

The Organization uses advertising to promote among its programs among the audience it serves. The production costs of advertising are expensed as incurred.

Fair Value of Financial Instruments

The fair values of substantially all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes), approximate the carrying value of such amounts.

Functional Allocation of Expenses

The cost of providing the program and the supporting supplemental services has been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated between the program and the supporting services in reasonable ratios determined by management.

Accounting for Contributions

In accordance with generally accepted accounting principles, contributions received are recorded as unrestricted, temporary restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Among other things, this statement requires the recognition of pledges as revenue upon receipt of the pledges and use of discount factors for recording long-term pledges. Contributions designated for a specific purpose or events are considered unrestrictive income if the restrictions are met in the same reporting period.

Donated Services

Donated services are recognized as contributions in accordance with generally accepted accounting principles. If the service (a) create or enhance nonfinancial assets or (b) require specialized skills are performed by people with those skills, and would otherwise be purchased by the organization. The Organization receives donated services from a variety of unpaid volunteers who make significant contributions of their time in conjunction with programs and services. No amounts have been recognized for these services in the accompanying statement of activities because criteria for recognition of such volunteer effort as contributed services have not been satisfied.



**PRONTO OF LONG ISLAND, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2017**

**Note 1 - Summary of Organization and Significant Accounting Policies (continued)**

Donated Services Continued

The following agencies have supplied volunteers to the Organization at no cost to the Organization: Community Service, department of Labor, Department of Labor Youth Program, American Red Cross, and Urban League of Long Island.

Financial Statement Presentation

The organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted-Net assets that are not subject to donor imposed stipulations.

Temporarily restricted- Net assets subject to donor-imposed stipulations that may or will be met, either by action of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted - Net assets subject to donor-imposed stipulations, the principal of which must be maintained in perpetuity by the Organization. Generally, the donors of these assets would permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization has no permanently restricted net assets.

**Note 2- Property, Plant and Equipment**

As of December 31, 2017 and 2016 Property, Plant and Equipment consists of the following:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Land	\$ 72,580	\$ 72,580
Building and Building Improvements	1,075,914	783,565
Furniture and Equipment	272,478	272,478
Vehicles	63,821	63,821
Property, Plant and equipment at cost	<u>1,484,793</u>	<u>1,192,444</u>
Less: Accumulated Depreciation	<u>646,267</u>	<u>618,903</u>
Property, Plant and Equipment (net)	<u>\$ 838,526</u>	<u>\$ 573,541</u>

Fixed assets are recorded at cost or, if contributed, at fair value at the date of contribution and were depreciated using the straight line method over the estimated useful lives. Depreciation expense amounted to \$27,364 and \$23,906 for the years ended December 31, 2016 and 2017, respectively.

**PRONTO OF LONG ISLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2017**

**Note 3 - Mortgage Payable**

During April 2006, the organization entered into a 15 year mortgage agreement with a bank. The Original amount of the mortgage was \$550,000. The mortgage provides for monthly payments of \$3, 856 for principal and interest on the outstanding balance at 6.81% per annum. The mortgage is secured by the underlying facility. The Mortgage matures in March 2021, at which time a balloon payment of \$334,129 is due.

On March 27, 2015 the Organization refinanced the mortgage with Capital One. As of March 18, 2015 the interest rate will be reduced to 5.1%. The monthly payment will now be \$3,430.50 a month for principal and interest. A balloon payment of \$319,200.97 (estimated) will be due on March 7, 2021).

The mortgage principal is scheduled to be repaid as follows during the years ending December 31,

2018	21,593
2019	22,720
2020	23,906
2021	326,057
Total	<u>\$ 394,276</u>

**Note 4 - In-Kind Donations**

The Organization receives donated food from Long Island Cares Inc., Island Harvest and Goya Foods plus additional donations from the community. The amount of donations are estimated at \$668,718 and \$840,998, for the years ended December 31, 2017 and 2016, respectively, which is distributed to the community that the Organization serves.

The Organization also receives donated clothing, toys and furniture. Such items are either made available to the community for a donation in the thrift center or given free of charge to families served by the organization.

**Note 5- Concentrations of Credit Risk Arising from Cash Deposits in excess of Insured Limits**

The organization maintains cash balances at various financial institutions. At December 31, 2017 and 2016 the balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing accounts and unlimited for non-interest bearing accounts. At December 31, 2017 and 2015 there were no uninsured cash balances.

**Note 6 - Subsequent Events**

Management has evaluated subsequent events through June 21, 2018 which is the date the financial statements were available to be issued. The company notes that there were no material subsequent events.

**PRONTO OF LONG ISLAND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2017**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 88,234	\$ 44,371	\$ -	\$ 132,605
Payroll Taxes and employee benefits	9,314	4,587	-	13,901
Auto and Truck	7,443	-	-	7,443
Bank Charges	-	646	-	646
Community Events	3,895	-	-	3,895
Depreciation	23,533	3,284	547	27,364
Dues and Subscriptions	-	-	-	-
Filing Fees	-	75	-	75
Insurance	16,024	2,236	373	18,633
Interest	18,443	2,573	429	21,445
Office Expense	7,556	1,054	176	8,786
Outside Services	21,734	-	-	21,734
Postage	-	1,291	-	1,291
Professional Fees	-	6,000	-	6,000
Programs- food & Thrift distribution	908,046	-	-	908,046
Repairs	10,234	1,428	238	11,900
Utilities	32,955	4,588	765	38,308
Miscellaneous	-	369	-	369
	-	-	-	-
<b>TOTAL ADMINSTRATIVE EXPENSE:</b>	<b>\$ 1,147,411</b>	<b>\$ 72,502</b>	<b>\$ 2,528</b>	<b>\$ 1,222,441</b>

See independent's auditor's report and notes to financial statements

**PRONTO OF LONG ISLAND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 91,323	\$ 14,232	\$ 565	\$ 106,120
Payroll Taxes and employee benefits	11,231	1,751	77	13,059
Auto and Truck	2,770			2,770
Bank Charges		376		376
Bookkeeping		6,600		6,600
Community Events	168		-	168
Depreciation	20,559	2,869	478	23,906
Dues and Subscriptions	430			430
Filing Fees		75	-	75
Insurance	18,698	2,609	435	21,742
Interest	20,603	2,875	479	23,957
Office Expense		6,501	-	6,501
Outside Services				
Postage		417	-	417
Professional Fees		6,000	-	6,000
Programs- food distribution	675,829	-	-	675,829
Sanitation		8,519	-	8,519
Security			-	-
Travel	90		-	90
Training and Conferences			-	-
Repairs	10,923	1,524	254	12,701
Utilities	25,741	3,592	598	29,931
	<u>\$ 878,365</u>	<u>\$ 57,940</u>	<u>\$ 2,886</u>	<u>\$ 939,191</u>
				-

See independent auditor's report and notes to financial statements