NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015
TOGETHER WITH AUDITOR'S REPORT

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Long Island Alzheimer's Foundation, Inc.:

We have audited the accompanying financial statements of Long Island Alzheimer's Foundation, Inc. (the "Organization", a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

April 21, 2016
Melville, New York

Nawrocki Smith LLP

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	91,167
Accounts and program receivable, net		23,544
Pledges receivable		165,000
Grants receivable		45,801
Prepaid expenses		14,929
Other assets		1,633
Total current assets		342,074
Property and equipment, net of accumulated depreciation of $730,132		911,208
Total assets	$	1,253,282
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Line of credit	$	13,406
Accounts payable and accrued expenses		70,496
Deferred revenue		43,792
Total liabilities		127,694
NET ASSETS:		
Unrestricted:		
Board designated - fixed assets		911,208
Undesignated		194,380
Total unrestricted		1,105,588
Temporarily restricted		20,000
Total net assets		1,125,588
Total liabilities and net assets	$	1,253,282

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

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
Program income	$ 226,420	$ -	$ 226,420
Grants	105,529	-	105,529
Contributions	606,970	-	606,970
Special events, net of direct costs of $55,721	218,317	-	218,317
Miscellaneous	15,351	-	15,351
Total revenues	1,172,587	-	1,172,587
EXPENSES:			
Program services	989,627	-	989,627
Management and general	78,255	-	78,255
Fundraising	130,730	-	130,730
Total expenses	1,198,612	-	1,198,612
Change in net assets	(26,025)	-	(26,025)
NET ASSETS, BEGINNING OF YEAR	1,131,613	20,000	1,151,613
NET ASSETS, END OF YEAR	$ 1,105,588	$ 20,000	$ 1,125,588

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

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	(26,025)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation		48,164
Decrease in accounts and program receivable		90,356
Increase in grants receivable		(45,801)
Increase in pledges receivable		(165,000)
Increase in prepaid expenses		(11,621)
Decrease in accounts payable and accrued expenses		(12,445)
Increase in deferred revenue		43,792
Net cash used by operating activities		(78,580)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment		(28,377)
Net cash used by investing activities		(28,377)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit		(14,598)
Net cash used by financing activities		(14,598)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(121,555)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		212,722
CASH AND CASH EQUIVALENTS, END OF YEAR	$	91,167
SUPPLEMENTAL INFORMATION:		
Interest paid	$	838

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

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total
Payroll	$ 560,225	$ 47,897	$ 80,017	$ 688,139
Medical insurance	67,522	5,773	9,644	82,939
Program expenses	74,343	-	-	74,343
Payroll taxes	50,645	4,330	7,234	62,209
Occupancy	49,653	4,245	7,092	60,990
Office operating and administrative	44,699	3,822	6,384	54,905
Depreciation	39,211	3,352	5,601	48,164
Insurance	31,301	2,676	4,471	38,448
Transportation	14,011	1,198	2,001	17,210
Printing	12,651	1,082	1,807	15,540
Computer expenses	11,540	987	1,648	14,175
Professional fees	9,923	848	1,418	12,189
Advertising	6,744	577	963	8,284
Miscellaneous	5,589	478	798	6,865
Bank charges and interest	5,165	442	737	6,344
Dues and subscriptions	2,875	246	411	3,532
Postage	2,499	214	357	3,070
Travel and meetings	1,031	88	147	1,266
Total expenses	$ 989,627	$ 78,255	$ 130,730	$ 1,198,612

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

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

(1) Nature of operations

Founded in 1988, Long Island Alzheimer's Foundation, Inc. (the "Organization") provides innovative support services for individuals with Alzheimer's disease and related dementias and their family caregivers in Nassau, Suffolk and Queens. The Organization's services include social adult day care programs, support groups for diagnosed individuals and caregivers, information and referral services, in-home respite services, brain fitness programs and Alzheimer's awareness, education and training. The Organization receives a significant portion of its support from private contributions, grants and fundraising events.

The Organization had previously entered into an agreement with Alzheimer's Foundation of America, Inc. ("AFA") to become a subsidiary. In October 2015, Long Island Alzheimer's Foundation and Alzheimer's Foundation of America, Inc. mutually agreed to terminate the agreement.

(2) Summary of significant accounting policies:

The accompanying financial statements include the assets, liabilities, revenues and expenses of the Organization which are presented under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. 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. U.S. generally accepted accounting principles require that the Organization's financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets. The Organization's net assets consist of the following:

Unrestricted - 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.

Temporarily restricted - net assets of the Organization which have been limited by donor-imposed stipulations or by law that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

As of December 31, 2015, the Organization does not possess any permanently restricted net assets.

As required by U.S. generally accepted accounting principles, the Organization has also presented a Statement of Cash Flows for the year ended December 31, 2015.

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. Deferred revenue arises from payments received prior to revenue recognition. Expenses are recognized when incurred. The Organization allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with specific program and support services are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various rational bases.

Cash and cash equivalents -

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts receivable -

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. As of December 31, 2015, the allowance for doubtful accounts was $23,500.

Pledges receivable -

Unconditional pledges receivable are recognized as support in the period pledged. Conditional promises receivable are recognized when the conditions on which they depend are substantially met. The Organization considers pledges receivable past due or delinquent when payments have not been received in a timely manner. Receivables are written off when management deems the possibility of collecting amounts due as completely unlikely.

Property and equipment -

Property and equipment are recorded at cost, net of accumulated depreciation. Any donated assets are capitalized at fair market value. Expenditures for maintenance and repairs which do not add to the economic life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives (generally three to thirty-nine years).

Impairment of long-lived assets and long lived assets to be disposed of -

The Organization follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on accounting for the impairment or disposal of long-lived assets. It requires 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 year ended December 31, 2015.

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.

Fair value of financial instruments -

U.S. generally accepted accounting principles define the fair value of a financial instrument as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where applicable, fair values are determined by reference to quoted market prices and other relevant information generated by market transactions.

U.S. generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Accounting for uncertainty in income taxes -

The Organization does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits. For the year ended December 31, 2015, there were no interest or penalties recorded or included in its financial statements. Returns filed for tax years ended or after December 31, 2012, are subject to examination by Federal and State authorities.

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Estimates include accounts receivable valuation allowances, depreciation, amortization and certain accrued expenses. Actual results may differ from those estimates.

(3) Pledges receivable

As of December 31, 2015, the Organization had outstanding pledges receivable scheduled for payment as follows:

Individuals	$	150,000
Foundations		15,000
	$	165,000

During 2015, the Organization received an unconditional pledge to donate a house from an individual donor. As such, the Organization recorded a pledge receivable in the amount of $100,000 for the estimated proceeds the Organization would realize from the sale of the house. In March 2016, the house was sold to a developer and the Organization received proceeds of $98,108.

(4) Property and equipment

Property and equipment consist of the following as of December 31, 2015:

Land	$	150,000
Land improvements		28,093
Building and building improvements		1,109,478
Furniture, fixtures and equipment		255,468
Transportation equipment		98,301
		1,641,340
Less: accumulated depreciation		(730,132)
	$	911,208

(5) Line of credit

The Organization has a revolving line of credit agreement with a bank, which was originally established in 2005 in order to support short-term cash flow needs. The agreement stipulates a maximum loan amount of $50,000 with an interest rate of one-half percent above the current prime rate of 3.50% as of December 31, 2015. As of December 31, 2015, there was $13,406 in outstanding borrowings under this line.

(6) Temporarily restricted net assets

During 2010, the Organization received a donation of $20,000 from the Long Island Real Estate Group Foundation. The use of the donation is restricted for building improvements to update the Organization's restroom facilities to be compliant, with the Americans with Disabilities Act ("ADA").

(7) Concentrations of credit risk:

Cash concentration -

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, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(8) Commitment and contingencies:

Government grants and contracts -

The Organization receives a portion of its funding from contracts and grants which are subject to audit by government agencies. Such audits may result in disallowances and a request for a return of funds. In addition, numerous contracts are funded on a cost reimbursement basis. Delays in receiving related funding may result in increased borrowings and related interest costs on the part of the Organization. It is the opinion of management that the effect of disallowances, if any, would be immaterial to the Organization's financial position.

Operating leases -

The Organization is obligated under an operating lease for certain equipment which expires on December 31, 2020. This operating lease was entered into in 2015 and future minimum lease payments under this lease are as follows:

Year Ending December 31,	
2016	$ 11,988
2017	11,988
2018	11,988
2019	11,988
2020	11,988
	$ 59,940

(9) Subsequent events

The Organization has evaluated subsequent events through April 21, 2016, which is the date these financial statements were available to be issued noting the following matter requiring further disclosure:

In March 2016, the Organization entered into an agreement to sell their main office building located in Port Washington, New York for $1,600,000. The terms of the agreement dictate that the closing of the sale will take place on or about December 30, 2016. The Organization is currently considering other centrally located locations on Long Island to relocate their facilities.