LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016
TOGETHER WITH AUDITOR'S REPORT

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INDEX

NawrockiSmith
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, 2017 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 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.

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, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

June 27, 2018
Melville, New York

Nawrocki Smith LLP

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 859,592	$ 1,593,882
Accounts and program receivable, net	70,670	28,812
Contributions receivable	-	10,000
Grants receivable	20,573	8,590
Prepaid expenses	12,772	59,906
Total current assets	963,607	1,701,190
INVESTMENTS	693,964	-
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $89,829 and $55,085, respectively	341,155	211,844
SECURITY DEPOSIT	38,767	38,767
Total assets	$ 2,037,493	$ 1,951,801
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 87,765	$ 117,011
Deferred revenue	-	6,597
Total current liabilities	87,765	123,608
DEFERRED RENT PAYABLE	42,524	-
Total liabilities	130,289	123,608
NET ASSETS:		
Unrestricted	1,722,044	1,808,193
Temporarily restricted	185,160	20,000
Total net assets	1,907,204	1,828,193
Total liabilities and net assets	$ 2,037,493	$ 1,951,801

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

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	Totals 2017	Totals 2016
REVENUES:				
Program income	$ 526,855	$ -	$ 526,855	$ 268,456
Grants	302,329	185,160	487,489	110,245
Contributions	265,100	-	265,100	514,576
Special events, net of direct costs of $121,454 and $109,381, respectively	263,244	-	263,244	222,153
Miscellaneous	4,301	-	4,301	673
Net assets released from restriction	20,000	(20,000)	-	-
Total revenues	1,381,829	165,160	1,546,989	1,116,103
EXPENSES:				
Program services	1,212,700	-	1,212,700	989,078
Management and general	103,680	-	103,680	84,562
Fundraising	173,213	-	173,213	141,270
Total expenses	1,489,593	-	1,489,593	1,214,910
Excess (deficiency) of revenues over (under) expenses	(107,764)	165,160	57,396	(98,807)
NON-OPERATING ITEMS:				
Investment income, net	7,857	-	7,857	-
Unrealized gain	13,758	-	13,758	-
Gain on sale of building	-	-	-	801,412
Change in net assets	(86,149)	165,160	79,011	702,605
NET ASSETS, BEGINNING OF YEAR	1,808,193	20,000	1,828,193	1,125,588
NET ASSETS, END OF YEAR	$ 1,722,044	$ 185,160	$ 1,907,204	$ 1,828,193

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

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 79,011	$ 702,605
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,744	47,583
Gain on sale of building	-	(801,412)
Unrealized gain	(13,758)	-
Increase in accounts and program receivable	(41,858)	(5,268)
Decrease in contributions receivable	10,000	155,000
(Increase) decrease in grants receivable	(11,983)	37,211
Increase in security deposits	-	(37,134)
(Increase) decrease in prepaid expenses	47,134	(44,977)
Increase (decrease) in accounts payable and accrued expenses	(29,246)	46,515
Decrease in deferred revenue	(6,597)	(37,195)
Increase in deferred rent payable	42,524	-
Net cash provided by operating activities	109,971	62,928
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments, net of sales and reinvested income	(680,206)	-
Proceeds from sale of building	-	1,593,444
Purchase of property and equipment	(164,055)	(140,251)
Net cash provided (used) by investing activities	(844,261)	1,453,193
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit	-	(13,406)
Net cash used by financing activities	-	(13,406)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(734,290)	1,502,715
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,593,882	91,167
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 859,592	$ 1,593,882
SUPPLEMENTAL INFORMATION:		
Interest paid	$ -	$ 463
Retirement of fully depreciated fixed assets	$ -	$ 232,399

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

LONG ISLAND ALZHEIMER'S FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Summarized Totals for 2016)

		Support Services		Totals	
	Program Services	Management and General	Fundraising	2017	2016
Payroll	$ 741,265	$ 63,375	$ 105,875	$ 910,515	$ 689,010
Occupancy	106,630	9,116	15,230	130,976	46,275
Medical insurance	73,181	6,257	10,452	89,890	72,776
Payroll taxes	63,661	5,443	9,093	78,197	68,432
Program expenses	59,169	5,059	8,451	72,679	58,833
Insurance	35,277	3,016	5,039	43,332	37,265
Depreciation	28,286	2,418	4,040	34,744	47,583
Office operating and administrative	25,054	2,142	3,578	30,774	48,942
Computer	18,403	1,573	2,629	22,605	25,642
Transportation	14,427	1,234	2,061	17,722	16,463
Professional fees	13,492	1,153	1,927	16,572	52,752
Printing	10,236	875	1,462	12,573	16,228
Bank charges and interest	6,824	584	976	8,384	7,486
Travel and meetings	4,459	381	637	5,477	4,425
Postage	3,694	316	528	4,538	3,803
Dues and subscriptions	3,437	294	491	4,222	2,526
Advertising	2,889	247	413	3,549	8,586
Miscellaneous	2,316	197	331	2,844	7,883
Total expenses	$ 1,212,700	$ 103,680	$ 173,213	$ 1,489,593	$ 1,214,910

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.

(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, 2017 and 2016, the Organization does not possess any permanently restricted net assets.

As required by U.S. generally accepted accounting principles, the Organization has also presented Statements of Cash Flows for the years ended December 31, 2017 and 2016.

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, 2017 and 2016, the allowance for doubtful accounts was $9,500.

Contributions receivable -

Unconditional contributions are recognized as support in the period pledged. Conditional promises are recognized when the conditions on which they depend are substantially met. The Organization considers contributions 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.

Investments -

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported in the Statements of Activities and Changes in Net Assets.

Property and equipment -

The Organization capitalizes purchases greater than $5,000 provided their useful life is greater than one year. 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 ten 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 years ended December 31, 2017 and 2016.

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 ("U.S. GAAP"), they are not reflected in the accompanying financial statements.

Fair value of financial instruments -

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establish a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 — Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date

Level 2 — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets
- Inputs other than quoted prices that are observable for the asset/liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 — Unobservable inputs that cannot be corroborated by observable market data.

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.

Income taxes -

The Organization qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for federal or state income taxes is required.

Summarized comparative information -

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

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 and certain accrued expenses. Actual results may differ from those estimates.

(3) Fair value of investments

The following methods and assumptions were used by the Organization in addressing the fair value of financial instruments:

Common stocks, exchange-traded funds, and mutual funds are generally valued on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

The following table represents the Organization's fair value hierarchy for investments at fair value as of December 31, 2017:

	Fair Value	Level 1	Level 2	Level 3
Common stocks	$ 72,282	$ 72,282	$ -	$ -
Exchange-traded funds	253,313	253,313	-	-
Mutual funds	368,369	368,369	-	-
	$ 693,964	$ 693,964	$ -	$ -

(4) Property and equipment

Property and equipment consist of the following as of December 31, 2017 and 2016:

	2017	2016
Leasehold improvements	$ 194,048	$ -
Furniture, fixtures and equipment	138,635	28,377
Transportation equipment	98,301	98,301
Construction-in-progress	-	140,251
	430,984	266,929
Less: accumulated depreciation	(89,829)	(55,085)
	$ 341,155	$ 211,844

During 2017, the Organization completed substantial improvements to their new office space, and therefore, amounts reported as construction-in-progress in prior years have been reclassified into the appropriate classification shown in the table above.

On December 19, 2016, the Organization received $1,593,444 from the sale of their building in Port Washington, New York. Included with the sale were certain furniture and fixtures. The Organization recognized a gain resulting from the sale of $801,412, as reflected on the Statement of Activities and Changes in Net Assets.

For the years ended December 31, 2017 and 2016, depreciation expense totaled $34,744 and $47,583.

(5) Line of credit

The Organization has a revolving line of credit agreement with a bank, which was originally established in 2005 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 4.50% and 3.75% as of December 31, 2017 and 2016, respectively. During the year ended December 31, 2016, the Organization paid off $13,406 in borrowings that were outstanding under this line as of December 31, 2015. As of December 31, 2017, the Organization did not have an outstanding balance on the line of credit.

(6) Temporarily restricted net assets

The Organization's net assets restricted for specific purposes at December 31, 2017 and 2016 are summarized as follows:

	2017	2016
Weekend dropoff program	$ 125,160	$ -
Purchase of new bus	60,000	-
ADA bathroom rehabilitation	-	20,000
	$ 185,160	$ 20,000

(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) **Commitments 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. During 2016, the Organization entered into a lease for new office facilities, which expires on September 1, 2028. Total rent expenses incurred under operating leases totaled $98,246 and $20,202 for the years ended December 31, 2017 and 2016, respectively.

Future minimum payments under these operating leases are as follows:

Year-Ending December 31,		
2018	$	250,963
2019		250,963
2020		250,963
2021		238,975
2022		238,975
Thereafter		1,115,215
Total	$	2,346,054

Deferred rent consists of the excess of rental expenses on a straight-line basis over the payments required by the lease and is reported on the Statements of Financial Position. As of December 31, 2017, the deferred rent liability balance was $42,524.

(9) **Subsequent events**

The Organization has evaluated subsequent events through June 27, 2018, which is the date these financial statements were available to be issued noting no matters requiring financial statement disclosure.