

LONG ISLAND CARES, INC.
UNIFORM GUIDANCE
SUPPLEMENTARY FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

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LONG ISLAND CARES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ CLUSTER OR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. Department of Agriculture</u>				
<u>Passed-through Programs From:</u>				
New York State Office of General Services:				
Emergency Food Assistance Cluster:				
The Emergency Food Assistance Program (Food Commodities)	10.569		\$ 4,925,418	\$ 4,925,418
The Emergency Food Assistance Program (Administrative Cost)	10.568		-	351,691
			<u>4,925,418</u>	<u>5,277,109</u>
<u>Passed-through Programs From:</u>				
New York State Department of Health:				
Child and Adult Care Food Program	10.558	4N4300308	-	220,928
Supplemental Nutrition Assistance Program	10.551		-	105,496
Summer Food Service Program for Children	10.559		-	27,891
			<u>4,925,418</u>	<u>5,631,424</u>
Total U.S. Department of Agriculture			<u>4,925,418</u>	<u>5,631,424</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,925,418</u>	<u>\$ 5,631,424</u>

LONG ISLAND CARES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Long Island Cares, Inc. (the "Organization"), a nonprofit organization as defined in Note (1) to the Organization's financial statements, under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

(2) Basis of Accounting

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain federal award programs of the Organization may have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

Matching costs (the Organization's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the Organization's financial reporting system.

Non-monetary assistance is reported in the schedule at fair market value of commodities received, which is provided by New York State.

(3) Other Disclosures

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the Organization's insurance policies.

There were no loans or loan guarantees outstanding at year end.

(4) Major Program Determination

The Organization was deemed to not be a "low-risk auditee", therefore, major programs were determined based on 40% of total federal award expenditures.



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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, the financial statements of Long Island Cares, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated March 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 16-01.

Organization's Response to Finding

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melville, New York
March 23, 2017

Nawrocki Smith LLP



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CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

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

Report on Compliance for Each Major Federal Program

We have audited Long Island Cares, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2016. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Long Island Cares, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

NawrockiSmith

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 16-01. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

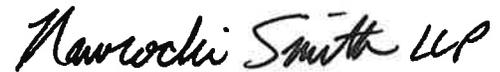
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

NawrockiSmith

Report on Schedule of Expenditures of Federal Awards Required By the Uniform Guidance

We have audited the financial statements of Long Island Cares, Inc. as of and for the year ended December 31, 2016, and have issued our report thereon dated March 23, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 and 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 our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Melville, New York
March 23, 2017



LONG ISLAND CARES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. One instance of noncompliance was disclosed during the audit of the financial statements.
4. No deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. One audit finding relative to the major federal award programs that is required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance, was disclosed during the audit.
7. The programs tested as major programs were as follows:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.569	U.S. Department of Agriculture - The Emergency Food Assistance Program (Food Commodities)
10.568	The Emergency Food Assistance Program (Administrative Cost)

8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. The auditee was determined to not be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None reported.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding: 16-01

CFDA number and title: 10.569 - The Emergency Food Assistance Program
Pass-through entity: U.S. Department of Agriculture

Criteria: We considered the Organization's compliance of monitoring of subrecipients with provisions of a grant agreement with the State of New York Office of General Services, Division of Food Distribution and Warehousing.

Condition: The Organization is required by the provisions of the grant agreement, to monitor sites receiving and distributing USDA foods. The Organization is required to review a minimum of 25 percent of all sites each year, and the largest five sites should be reviewed annually. Selection of the five largest sites for monitoring shall be solely based upon the number of participating households for the previous Federal fiscal quarter.

LONG ISLAND CARES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Context: As a part of our compliance work performed, we reviewed the grant agreement for required provisions. We inquired as to the methodologies of selecting the five largest sites, as well as, reviewed site visit documentation for those sites. During our review, we noted that the Organization's methodology for determining the largest five sites was not in compliance with the provisions of the grant agreement. In addition, the Organization failed to review two of the five largest sites on an annual basis.

Effect: Improper determination of five largest sites could allow for improper monitoring in accordance with grant contract requirements.

Cause: The Organization did not review two of the five largest sites on a timely basis.

Recommendation: We recommend that the Organization revise its methodologies for determining the five largest sites and ensure that those sites are reviewed on an annual basis.

Response: The Organization is in agreement with this finding and will revise its procedures to ensure grant compliance.

LONG ISLAND CARES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

FINDINGS - FINANCIAL STATEMENT AUDIT

15-01 Recommendation - We recommend that the Organization revise its methodologies for determining the five largest sites and ensure that those sites are reviewed on an annual basis.

Status - We noted this recommendation was in the process of being implemented.



Long Island Cares, Inc.

Uniform Guidance Supplementary Financial Report

For the Year Ended December 31, 2016

CORRECTIVE ACTION PLAN

Finding: The Organization's methodology for determining the largest five sites was not in compliance with the provisions of the grant agreement. In addition, the Organization failed to review two of the five largest sites on an annual basis.

Cause: The Organization did not review two of the five largest sites on a timely basis.

Recommendation: We recommend that the Organization revise its methodologies for determining the five largest sites and ensure that those sites are reviewed on an annual basis.

Response: The Organization is in agreement with this finding and will revise its procedures to ensure grant compliance.

Corrective Action Plan

LI Cares has written a Policy and Procedure to ensure compliance with proper monitoring in the future. Copy attached.

In accordance with Section 19 of The Emergency Food Assistance Program (TEFAP) Distribution Agreement between the USDA Foods and the Expenditure of Federal Grant Funds, Long Island Cares agrees to monitor a minimum of 25% of all sites receiving and distributing USDA foods.

In addition, LI Cares will also review the largest five sites annually. The TEFAP Distribution Agreement defines the largest sites as those EFOs serving the largest number of participating households in a quarter. In selecting the largest sites for monitoring, LI Cares will:

- a. Rank the sites according to the number of participating households for the previous Federal fiscal quarter. LI Cares will use the final contract quarter (July-September) for this selection.
- b. Select the sites serving the largest number of households based on reporting numbers submitted.
- c. Monitor the sites that demonstrate the largest number of households served for that quarter. The monitoring will occur during the months of October through December of the same year.

The person responsible for compliance is Kristine Kossegi Lehn, Chief Network Officer for Long Island Cares.

Approved: _____



Date: May 25, 2017

Paule T. Pachter, Chief Executive Officer, Long Island Cares, Inc.



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POLICY:	TEFAP Site Monitoring
DATE:	April 13, 2017
PAGES:	1 of 1

This policy has been written to clarify TEFAP requirements regarding site monitoring in accordance with *The Emergency Food Assistance Program (TEFAP) Agreement for the Distribution of the USDA Foods and For the Expenditure of Federal Grant Funds* agreement.

1. LI Cares agrees to monitor a minimum of 25% of all sites receiving and distributing USDA foods each year.
2. LI Cares agrees to also monitor the largest five (5) sites annually. In selecting the largest sites for monitoring, LI Cares will:
 - a. Rank the sites according to the number of participating households for the previous Federal fiscal quarter. LI Cares will use the final contract quarter (July-September) for this selection.
 - b. Select the sites serving the largest number of households based on reporting numbers submitted.
 - c. Monitor the sites that demonstrate the largest number of households served for that quarter.

Approved as to form and content:

Paule T. Pachter, A.C.S.W., L.M.S.W.
Chief Executive Officer

May 25, 2017

Date