

THE PINES FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015 and 2014

THE PINES FOUNDATION, INC.

TABLE OF CONTENTS

DECEMBER 31, 2015

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Net Earnings from "Beach"	5
Statement of Community Center Activities	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
The Pines Foundation, Inc.

We have audited the accompanying Statements of Financial Position of The Pines Foundation, Inc. (a tax exempt organization), which comprise the balance sheets as of December 31, 2015 and December 31, 2014, and the related Statements of Activities and Cash Flows for the years 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 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 audits. We conducted our audits 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 The Pines Foundation, Inc. as of December 31, 2015 and December 31, 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Esposito, Fuchs, Taormina & Co

ESPOSITO, FUCHS, TAORMINA & CO.
Central Islip, NY

July 15, 2016
pls

THE PINES FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2015

	COMMUNITY CENTER	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
ASSETS						
Current Assets:						
Cash	\$ 99,600	\$ -	\$ 11,500	\$ 110,881	\$ 145,527	\$ 367,508
Marketable Securities - Available For Sale	-	-	-	-	1,218,170	1,218,170
Accounts Receivable	14,900	-	-	-	-	14,900
Prepaid Expenses	12,456	-	-	-	12,101	24,557
Total Current Assets	126,956	-	11,500	110,881	1,375,798	1,625,135
Property and Equipment (Net of Depreciation)	2,612,021	-	35,505	-	11,595	2,659,121
TOTAL ASSETS	<u>\$2,738,977</u>	<u>\$ -</u>	<u>\$ 47,005</u>	<u>\$ 110,881</u>	<u>\$ 1,387,393</u>	<u>\$4,284,256</u>
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accrued Expenses	\$ 7,800	\$ -	\$ -	\$ -	\$ -	\$ 7,800
TOTAL LIABILITIES	7,800	-	-	-	-	7,800
Net Assets						
Unrestricted	2,731,177	-	47,005	110,881	1,387,393	4,276,456
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,738,977</u>	<u>\$ -</u>	<u>\$ 47,005</u>	<u>\$ 110,881</u>	<u>\$ 1,387,393</u>	<u>\$4,284,256</u>

AS OF DECEMBER 31, 2014

	COMMUNITY CENTER	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
ASSETS						
Current Assets:						
Cash	\$ 123,843	\$ -	\$ 7,800	\$ 85,967	\$ 84,219	\$ 301,829
Prepaid Expenses	10,700	-	-	-	10,564	21,264
Total Current Assets	134,543	-	7,800	85,967	94,783	323,093
Property and Equipment (Net of Depreciation)	2,744,448	-	36,994	-	21,401	2,802,843
TOTAL ASSETS	<u>\$2,878,991</u>	<u>\$ -</u>	<u>\$ 44,794</u>	<u>\$ 85,967</u>	<u>\$ 116,184</u>	<u>\$3,125,936</u>
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accrued Expenses	\$ 6,525	\$ -	\$ -	\$ -	\$ 1,787	\$ 8,312
TOTAL LIABILITIES	6,525	-	-	-	1,787	8,312
Net Assets						
Unrestricted	2,872,466	-	44,794	85,967	114,397	3,117,624
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,878,991</u>	<u>\$ -</u>	<u>\$ 44,794</u>	<u>\$ 85,967</u>	<u>\$ 116,184</u>	<u>\$3,125,936</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

	COMMUNITY CENTER	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
REVENUES						
Net Earnings from Rentals & Events	\$ 73,199	\$ -	\$ -	\$ -	\$ 109,474	\$ 182,673
Contributions and Other						
Fund Raising Activities	66,602	31,175	7,305	26,057	1,346,153	1,477,292
Contributions from FIPPOA	-	-	-	-	-	-
Interest Income	-	-	-	-	36,202	36,202
Investment Income (Loss)	-	-	-	-	(2,549)	(2,549)
TOTAL REVENUE	\$ 139,801	\$ 31,175	\$ 7,305	\$ 26,057	\$ 1,489,280	\$ 1,693,618
EXPENSES						
Program Services:						
Operating Expenses	\$ 154,848	\$ 36,900	\$ 3,480	\$ 1,143	\$ 185,136	\$ 381,507
Depreciation	131,203	-	2,713	-	9,808	143,724
Supporting Services:						
Management and General	9,555	-	-	-	-	9,555
TOTAL EXPENSES	\$ 295,606	\$ 36,900	\$ 6,193	\$ 1,143	\$ 194,944	\$ 534,786
(Decrease) Increase in Net Assets	\$ (155,805)	\$ (5,725)	\$ 1,112	\$ 24,914	\$ 1,294,336	\$ 1,158,832
Net Assets, Beginning of Year	2,872,466	-	44,794	85,967	114,397	3,117,624
Allocation of Funds	14,516	5,725	1,099	-	(21,340)	-
Net Assets, End of Year	\$ 2,731,177	\$ -	\$ 47,005	\$ 110,881	\$ 1,387,393	\$ 4,276,456

FOR THE YEAR ENDED DECEMBER 31, 2014

	COMMUNITY CENTER	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
REVENUES						
Net Earnings from Rentals & Events	\$ 64,206	\$ -	\$ -	\$ -	\$ 74,871	\$ 139,077
Contributions and Other						
Fund Raising Activities	100,756	29,630	6,530	24,582	24,744	186,242
Contributions from FIPPOA	50,000	-	-	-	-	50,000
Interest Income	-	-	-	-	126	126
TOTAL REVENUE	\$ 214,962	\$ 29,630	\$ 6,530	\$ 24,582	\$ 99,741	\$ 375,445
EXPENSES						
Program Services:						
Operating Expenses	\$ 146,324	\$ 35,480	\$ 8,303	\$ 20,461	\$ 69,957	\$ 280,525
Depreciation	131,203	-	2,713	-	9,808	143,724
Supporting Services:						
Management and General	1,284	-	-	-	-	1,284
TOTAL EXPENSES	\$ 278,811	\$ 35,480	\$ 11,016	\$ 20,461	\$ 79,765	\$ 425,533
(Decrease) Increase in Net Assets	\$ (63,849)	\$ (5,850)	\$ (4,486)	\$ 4,121	\$ 19,976	\$ (50,088)
Net Assets, Beginning of Year	2,942,305	3,400	48,883	81,846	91,278	3,167,712
Allocation of Funds	(5,990)	2,450	397	-	3,143	-
Net Assets, End of Year	\$ 2,872,466	\$ -	\$ 44,794	\$ 85,967	\$ 114,397	\$ 3,117,624

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.

STATEMENT OF NET EARNINGS FROM "BEACH"
FOR THE YEAR ENDED DECEMBER 31, 2015

	Beach	After Party/Pool	Total
SALES:			
Tents, Tickets, Volunteer, Sponsor Receipts			
Corporate Sponsorships, Donations	\$ 521,747	\$ 55,045	\$ 576,792
EXPENSES:			
Production, Scenery and Entertainment Expense	405,688	11,630	417,318
Contribution to Stonewall Charitable Foundation	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total	<u>455,688</u>	<u>11,630</u>	<u>467,318</u>
Net Earnings Before Depreciation	66,059	43,415	109,474
Adjustments of Capital Improvements	-	-	-
Depreciation of "Beach" Equipment	<u>2,759</u>	<u>-</u>	<u>2,759</u>
Total Net Earnings	<u>\$ 63,300</u>	<u>\$ 43,415</u>	<u>\$ 106,715</u>

FOR THE YEAR ENDED DECEMBER 31, 2014

	Beach	Fever/Pool	Total
SALES:			
Tents, Tickets, Volunteer and Sponsor Receipts	\$ 421,063	\$ 22,020	\$ 443,083
EXPENSES:			
Production, Scenery and Entertainment Expense	334,062	4,150	338,212
Contribution to Stonewall Charitable Foundation	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total	<u>364,062</u>	<u>4,150</u>	<u>368,212</u>
Net Earnings Before Depreciation	57,001	17,870	74,871
Adjustments of Capital Improvements	-	-	-
Depreciation of "Beach" Equipment	<u>2,729</u>	<u>-</u>	<u>2,729</u>
Total Net Earnings	<u>\$ 54,272</u>	<u>\$ 17,870</u>	<u>\$ 72,142</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.

STATEMENT OF COMMUNITY CENTER ACTIVITIES

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Earnings From Events:		
Receipts		
Admissions and Rentals	\$ 26,393	\$ 19,660
Total Receipts	26,393	19,660
Other Rentals	46,806	44,546
Total Earnings Before Operating and General Expenses	\$ 73,199	\$ 64,206
Operating Expenses:		
Administrative Payroll	\$ 15,525	\$ 12,305
Maintenance Payroll	13,000	12,750
Payroll Taxes and Insurance	2,476	2,539
Maintenance and Supplies	18,407	18,493
Utilities	17,344	15,294
Real Estate Taxes	3,692	4,040
Insurance	45,235	46,344
Elevator and Alarm Maintenance	2,586	2,086
Landscape Maintenance	4,039	3,755
Canopy Service	6,406	6,406
Cleaning	5,740	5,950
Consultant	1,900	200
Telephone / Internet	1,479	3,891
Fire Prevention	8,830	5,365
Miscellaneous	8,189	6,906
Total	\$ 154,848	\$ 146,324
Management and General Expenses:		
Liquor License Expenses	\$ -	\$ 1,284
Unreimbursed Insurance Deductible	9,555	-
Total	\$ 9,555	\$ 1,284

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.

STATEMENT OF CASH FLOWS

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) in Net Asset	\$ 1,158,832	\$ (50,088)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Program Depreciation	140,965	140,995
Depreciation of "Beach" Equipment	2,759	2,729
(Increase) Decrease in Receivables	(14,900)	-
(Increase) Decrease in Prepaid Expenses	(3,293)	(14,281)
Increase (Decrease) in Insurance Settlement	7,800	-
Increase (Decrease) in Security Deposit	-	(1,000)
Increase (Decrease) in Accrued Expenses	(8,314)	4,498
Net Cash Provided by Operating Activities	\$ 1,283,849	\$ 82,853
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of building improvements, landscaping and vehicles	-	(10,000)
Purchase of marketable securities - available for sale	(1,218,170)	-
Net (Decrease) Increase in Cash	65,679	72,853
Cash, Beginning of Year	301,829	228,976
Cash, End of Year	<u>\$ 367,508</u>	<u>\$ 301,829</u>
SUPPLEMENTAL DISCLOSURE:		
Interest Paid During the Period	<u>\$ 0</u>	<u>\$ 0</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

The Pines Foundation, Inc. formerly Fire Island Pines Property Owners' Association Charitable Foundation, Inc. (The Foundation) is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. The Foundation was established to maintain, renovate, modernize and beautify the publicly used areas of Fire Island Pines in the Town of Brookhaven, County of Suffolk and State of New York, for the benefit of its property owners and visitors. The accounts of the Fire Island Pines Property Owners Association, Inc., and Political Action Committee are not included in the Foundation's financial statements.

ACCOUNTING BASIS

The accompanying financial statements of The Foundation have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Contributions are recorded as revenue upon receipt of cash. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FINANCIAL STATEMENT PRESENTATION

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organization*, The Foundation recognizes three classes of net assets; unrestricted, temporarily restricted and permanently restricted net assets. The Foundation has not had any transaction for legally restricted assets, but allocates contributions received to the applicable program.

CONTRIBUTIONS

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Foundation has not received restricted contributions, but allocates contributions received and contributions made to the applicable program.

CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist principally of money market funds. The Foundation places its temporary cash with high-credit, quality financial institutions which may exceed federally and privately insured amounts at times. The balances are insured by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation up to \$250,000. At December 31, 2015, uninsured cash balances were approximately \$116,432. The Foundation believes it is not exposed to any significant credit risk on uninsured amounts.

THE PINES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

MARKETABLE SECURITIES

The Foundation determines cost of marketable securities using the average cost method for purposes of calculating realized gains or losses.

Effective January 1, 2015, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income." SFAS No. 130 requires that all items that meet the definition of a component of comprehensive income be reported in a financial statement for the fiscal period in which they are recognized. Comprehensive income is defined to include not only net income but also the change in equity of a business enterprise during a period from transactions and includes unrealized gains and losses on marketable securities.

FIXED ASSETS

Property, equipment and improvements are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Fully depreciated assets are removed from the accounts.

TAX EXEMPT STATUS

As a tax-exempt organization, no provision for federal or state income taxes has been recorded in the accompanying financial statements. "Unrelated business income", if any, would be subject to income taxes.

NOTE 2 – MARKETABLE EQUITY SECURITIES – AVAILABLE FOR SALE

The Association's investment in marketable securities at December 31, 2015 consists of the following:

Unrestricted:

Equity Securities at Cost:

32,362 shares of Vanguard Inter-Term Bond Index Adm	\$ 364,401
4,511 shares of Vanguard 500 Index Fund Adm	850,268
	1,214,669
Less: Gross unrealized holding losses	0
Aggregate Fair Value	<u>\$ 1,214,669</u>

NOTE 3 – RELATED PARTIES

The Officers and Directors of The Foundation also serve as Officers and Directors of the Fire Island Pines Property Owners' Association, Inc. (FIPPOA) and Political Action Committee.

NOTE 4 – DONATED SERVICES

No amounts have been included in the financial statements for donated services, including administrative services provided by the Association, as no objective basis is available to measure the value of such services.

NOTE 5 – SEASHORE DEFENSE FUND PROGRAM

The Seashore Defense Fund is administered as a separate program of The Foundation. The Fund supplements the efforts of the Beach Erosion Control District to maintain the protective dune on the ocean at Fire Island Pines and funds public education efforts to encourage the public to respect the dune system.

THE PINES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 – UNALLOCATED FUNDS

The change in unallocated net assets is summarized as follows:

	<u>Year Ended</u> <u>December 31, 2015</u>	<u>Year Ended</u> <u>December 31, 2014</u>
Net Earnings from "Beach"	\$ 106,716	\$ 67,371
Contributions and Other Fund Raising Activities	1,346,153	24,744
Interest Earned	33,653	126
Costs of Environmental Improvements and Other Community Benefits	(192,186)	(72,265)
Management and General Expenses	<u>0</u>	<u>0</u>
Increase in Net Unallocated Assets	<u>\$ 1,294,336</u>	<u>\$ 19,976</u>

NOTE 7 – PROPERTY AND EQUIPMENT

	Estimated Useful Life - Years	December 31, 2015	December 31, 2014
Community House			
Land		16,102	16,102
Building - Community Center	30	3,630,783	3,630,783
Building - Landscaping	30	19,922	19,922
Total Community House		3,666,807	3,666,807
Accumulated Depreciation		1,054,786	922,360
Net Community House		2,612,021	2,744,447
Community Landscape	30	44,680	44,680
Accumulated Depreciation		9,175	7,686
Net Community Landscape		35,505	36,994
Unallocated Funds			
"Beach" Equipment	5	23,622	23,622
Mobility Cart	5	35,247	35,247
Environmental Cart	5	9,230	9,230
Total		68,099	68,099
Accumulated Depreciation		56,504	46,697
Net Unallocated Funds		11,595	21,402
TOTAL PROPERTY AND EQUIPMENT		2,659,121	2,802,843

THE PINES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 8 – FUNDRAISING PROGRAMS

The Foundation conducts various fundraising programs which are summarized, as follows:

Community House Annual Fund, which supports the operations of the John Whyte Community Center. Contributions aggregated \$42,905 in 2015 and \$67,312 in 2014. Contributions also included \$0 in 2015 and \$50,000 in 2014, from FIPPOA and \$23,697 in 2015 and \$33,444 in 2014 from the Fire Island Pines Arts Project Inc., Pines Care Center, Inc. and other local entities.

The Margie Fund underwrites the purchase of a vehicle to transport the elderly and infirm along Fire Island Boulevard. Contributions in 2015 aggregated \$19,050 and in 2014 aggregated \$9,063.

Seashore Defense Fund protects the beaches from erosion. Contributions aggregated \$26,057 in 2015 and \$24,582 in 2014.

The Damminex Program supports the prevention of Lyme disease. Contributions aggregated \$31,175 in 2015 and \$29,631 in 2014.

The Boulevard Tree Program which underwrites planting of trees along Fire Island Boulevard. Contributions aggregated \$7,305 in 2015 and \$6,530 in 2014.

Contributions to these funds are not legally restricted by the donors.