

THE PINES FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

THE PINES FOUNDATION, INC.

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DECEMBER 31, 2017

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MEMBERS-NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

MURRAY FUCHS, C.P.A. (1956-2011)  
NEIL B. ESPOSITO, (1961-2007)  
JOSEPH ZAK, C.P.A. (1939-1991)

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors of  
The Pines Foundation, Inc.

We have audited the accompanying financial statement of The Pines Foundation, Inc. (a New York tax exempt corporation), which comprise of the statement of financial position as of December 31, 2017 and December 31, 2016, and the related statements of operations 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, 2017 and December 31, 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of net operating revenues before depreciation and statement of functional expenses on page 16, 17, 18, and 19 is presented for purposes of additional analysis 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



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

June 28, 2018

THE PINES FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash	\$ 621,191	\$ 586,090
Marketable securities - available for sale	3,917,594	1,326,300
Accounts receivable	14,100	4,309
Prepaid expenses	24,642	13,096
Total Current Assets	<u>4,577,527</u>	<u>1,929,795</u>
Property and equipment (net of depreciation)	2,423,154	2,556,556
Other Assets		
Investment in private partnerships	387,520	373,332
Investment in real estate	<u>575,000</u>	<u>575,000</u>
Total Other Assets	962,520	948,332
TOTAL ASSETS	<u><u>7,963,201</u></u>	<u><u>5,434,683</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued expenses	<u>39,275</u>	<u>23,211</u>
TOTAL LIABILITIES	39,275	23,211
Net Assets		
Without donor restrictions	<u>7,923,926</u>	<u>5,411,472</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,963,201</u></u>	<u><u>\$ 5,434,683</u></u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31,

	<u>2017</u>	<u>2016</u>
REVENUES		
Net earnings from rentals & events	\$ 205,594	\$ 223,617
Contributions and other fund raising activities	2,458,602	961,058
TOTAL REVENUE	<u>2,664,196</u>	<u>1,184,675</u>
EXPENSES		
Program Services:		
Operating expenses	333,537	323,264
Depreciation	145,851	142,650
Supporting Services:		
Management and general	-	1,359
TOTAL EXPENSES	<u>479,388</u>	<u>467,273</u>
INCOME FROM OPERATIONS	2,184,808	717,402
OTHER INCOME (EXPENSE):		
Interest income	2,402	871
Income/(Loss) from marketable securities	282,004	112,714
Income on sale of partnership interest	-	180,128
Change in value of real estate	-	100,000
Change in value of partnership	20,418	-
Income from investment in partnership interests	<u>22,822</u>	<u>23,901</u>
TOTAL OTHER INCOME	327,646	417,614
INCREASE IN NET ASSETS	2,512,454	1,135,016
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>5,411,472</u>	<u>4,276,456</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 7,923,926</u>	<u>\$ 5,411,472</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,

CASH FLOWS FROM OPERATING ACTIVITIES	2017	2016
Increase in Net Asset	\$ 2,512,454	\$ 1,135,016
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Program depreciation	143,851	138,684
Depreciation of Pines Party equipment	2,000	3,966
Accounts receivables	(9,791)	10,591
Prepaid expenses	(11,546)	11,461
Insurance settlement	-	(7,800)
Security deposit	(2,000)	3,000
Accrued expenses	18,064	20,211
Net Cash Provided by Operating Activities	\$ 2,653,032	\$ 1,315,129
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in real estate	-	(575,000)
Investment in partnerships	6,229	(373,332)
Change in value of investment in partnerships	(20,418)	-
Purchase of property and equipment	(12,449)	(40,085)
Change in value of marketable securities - available for sale	(2,591,293)	(108,130)
Net (Decrease) Increase in Cash	35,101	218,582
Cash, Beginning of Year	586,090	367,508
Cash, End of Year	\$ 621,191	\$ 586,090
SUPPLEMENTAL DISCLOSURE:		
Interest paid during the period	\$ -	\$ -

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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 a publicly supported charity and an exempt organization. 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 Organization is supported primarily through donor contributions and events. 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.

CONTRIBUTED SERVICES

During the years ended December 31, 2017 and 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist The Foundation.

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 absence or existence and nature of any donor restrictions. The Foundation has not received restricted contributions, but allocates contributions received and contributions made to the applicable program.

DONATED ASSETS

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

THE PINES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017 and 2016, uninsured cash balances were approximately \$255,882 and \$246,875, respectively. The Foundation believes it is not exposed to any significant credit risk on uninsured amounts.

INVESTMENTS

Investments are stated at estimated fair value. These fair values may differ from the values that would have been used had a ready market existed for these investments and the differences could be significant.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses are generally determined on the basis of average cost of securities sold and are reflected in net investment return in the Statements of Activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis, and are reflected in net investment return in the Statement of Activities.

BOARD – DESIGNATED NET ASSETS

Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses. Some governing boards may delegate designation decisions to internal management. Such designations are considered to be included in board-designated net assets.

DONOR-IMPOSED RESTRICTION

A donor stipulation (donors include other types of contributors, including makers of certain grants) that specifies a use for a contributed asset that is more specific than broad limits resulting from the following:

- a. The nature of the not-for-profit (NFP)
- b. The environment in which it operates
- c. The purposes specified in its articles of incorporation or bylaws or comparable documents for an unincorporated association.

Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

FAIR VALUE

The Foundation values certain financial and nonfinancial assets and liabilities by applying the FASB pronouncement on Fair Value Measurements. The pronouncement defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is defined 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 (an exit price). The hierarchy has three levels based on inputs that market participants would use in valuing the asset or liability based on market data obtained from sources independent of the Association as follows:

- **Level 1** Unadjusted quoted market prices in active markets for identical assets or liabilities.

THE PINES FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

- **Level 2** Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable.
- **Level 3** Unobservable inputs for the asset or liability.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. The Foundation is required by the pronouncement to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3). The Foundation considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, provided by independent sources that are actively involved in the relevant market, and not proprietary. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

Assets and liabilities are disclosed in the Notes to Financial Statements within the hierarchy based on the lowest (or least observable) input that is significant to the measurement. The Foundation's assessment of the significance of an input requires judgment, which may affect the valuation and categorization within the fair value hierarchy. The fair value of assets and liabilities using Level 3 inputs are generally determined by using pricing models, discounted cash flow methods or calculated NAV, which all require significant management judgment or estimation.

As a practical expedient, the Foundation is permitted, under the pronouncement, to estimate the fair value of an investment in an investment company at the measurement date using the reported Net Asset Value ("NAV"). Adjustment is required if the Foundation expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP. All investments for which fair value is measured using NAV, are excluded within the fair value hierarchy, as long as no adjustment is required to NAV and the manager has reported a NAV at the measurement date. Investments are categorized as Level 3 if a NAV adjustment is required or if there is no reported NAV at the measurement date.

The Foundation performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with GAAP. The Foundation has assessed factors including, but not limited to, managers' compliance with the Fair Value Measurement standard, price transparency and valuation procedures in place.

All investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is likely that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the Statements of Financial Position.

The fair value of the Foundation's investments is disclosed in Note 2.

#### FIXED ASSETS

The Foundation capitalizes all property and equipment with a cost of \$2,000 if purchased, and a fair value of \$2,000 at the date of donation if received by contribution. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, The Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

THE PINES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

TAX EXEMPT STATUS

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Foundation's tax returns are subject to audit by various taxing authorities. The Foundation's federal and state tax returns for the 2014, 2015, 2016, and 2017 years remain open to examination by the Internal Revenue Service and New York State. In evaluating the Foundation's tax provisions and accruals, management believes that its estimates are appropriate based on current facts and circumstances.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

THE PINES FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 – MARKETABLE EQUITY SECURITIES

The following tables present the fair value hierarchy for those assets reported at fair value in the Statements of Financial Position as of December 31, 2017 and 2016. The fair value amounts presented below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Financial Position as of December 31, 2017 and 2016.

2017					
Investment Strategy	Level 1	Level 2	Level 3	NAV	Total
Equities					
Mutual Funds (Equities)	\$ 3,917,594	\$ -	\$ -	\$ -	\$ 3,917,594
Real Estate	-	-	-	575,000	575,000
Private Partnerships	-	-	-	387,520	367,102
	<u>\$ 3,917,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962,520</u>	<u>\$ 4,859,696</u>

2016					
Investment Strategy	Level 1	Level 2	Level 3	NAV	Total
Equities					
Mutual Funds (Equities)	\$ 1,326,300	\$ -	\$ -	\$ -	\$ 1,326,300
Real Estate	-	-	-	575,000	575,000
Private Partnerships	-	-	-	373,332	373,332
	<u>\$ 1,326,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,332</u>	<u>\$ 2,274,632</u>

The Foundation held \$3,917,594 and \$1,326,300 at December 31, 2017 and 2016, respectively, in marketable securities with maturity dates of greater than three months. Short-term investments are stated at fair value. Fair values and unrealized appreciation (depreciation) at December 31, 2017 and 2016, are summarized as follows:

	December 31, 2017			December 31, 2016		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Investments unrestricted						
Marketable Securities	<u>\$ 3,601,705</u>	<u>\$ 3,917,594</u>	<u>\$ 315,889</u>	<u>\$ 1,244,825</u>	<u>\$ 1,326,300</u>	<u>\$ 81,475</u>
	\$ 3,601,705	\$ 3,917,594	\$ 315,889	\$ 1,244,825	\$ 1,326,300	\$ 81,475

THE PINES FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3 - INVESTMENTS

The Organization held \$962,520 and \$948,332 at December 31, 2017 and 2016, respectively. Investments are stated at market value at fair value and consist of the following:

	December 31, 2017			December 31, 2016
	Fair Value	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Real Estate				
220 Bay Walk, FI Pines, NY 11782	\$ 575,000	\$ 475,000	\$ 100,000	\$ 575,000
Private Partnerships				
1.9879% Aldemoore LLC	8,900	9,020	(120)	8,900
1.1000% Hudson Preserve LLC	196,400	173,325	23,075	196,400
4.1667% Tegrin Albany Company	62,200	62,523	(323)	62,200
.7500% Lakeshore JV	10,500	11,724	(1,224)	10,500
.9825% Lake Shore Park LLC	76,300	75,270	1,030	76,300
.2937% The Northly Company LLC	19,032	21,053	(2,021)	19,032
1.1000% HP II LLC	14,188	14,188	0	0
Subtotal	<u>387,520</u>	<u>367,103</u>	<u>20,417</u>	<u>373,332</u>
	<u>\$ 962,520</u>	<u>\$ 842,103</u>	<u>\$ 120,417</u>	<u>\$ 948,332</u>

Unrealized gains amounted to \$120,417 and \$104,962 at December 31, 2017 and 2016, respectively. Investments were donated by the Estate of Alan Brockman in 2016. On June 3, 2015, there was a valuation conducted which determined the value of the investments donated on December 20, 2014. The valuation is used at the fair market value of the private partnerships.

NOTE 4 – 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 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, 2017

NOTE 6 – UNALLOCATED FUNDS

The change in unallocated net assets as report in supplement information is summarized as follows:

	<u>Year Ended</u> <u>December 31, 2017</u>	<u>Year Ended</u> <u>December 31, 2016</u>
Net Earnings from Pines Party	\$ 132,815	\$ 154,291
Contributions and Other Fund Raising Activities	2,334,795	840,632
Interest Earned	2,402	871
Investment Income Earned	304,826	416,743
Costs of Environmental Improvements and Other Community Benefits	(117,363)	(113,306)
Management and General Expenses	<u>0</u>	<u>0</u>
Increase in Net Unallocated Assets	<u>\$ 2,657,475</u>	<u>\$ 1,299,231</u>

THE PINES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Estimated Useful Life - Years</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Whyte Hall			
Land		16,102	16,102
Building – Whyte Hall	30	3,643,233	3,630,784
Building - Landscaping	30	<u>26,486</u>	<u>26,486</u>
Total Whyte Hall		3,685,821	3,673,372
Accumulated Depreciation		<u>1,321,384</u>	<u>1,187,333</u>
Net Whyte Hall		<u>2,364,437</u>	<u>2,486,039</u>
Community Landscape			
Community Landscape	30	44,680	44,680
Accumulated Depreciation		<u>12,154</u>	<u>10,665</u>
Net Community Landscape		<u>32,526</u>	<u>34,015</u>
Unallocated Funds			
Pines Party Equipment	5	23,621	23,621
Mobility Cart	5	55,605	55,605
Environmental Cart	5	<u>11,200</u>	<u>11,200</u>
Total		90,426	90,426
Accumulated Depreciation		<u>64,235</u>	<u>53,924</u>
Net Unallocated Funds		<u>26,191</u>	<u>36,502</u>
TOTAL PROPERTY AND EQUIPMENT		<u><u>2,423,154</u></u>	<u><u>2,556,556</u></u>

THE PINES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 8 – FUNDRAISING PROGRAMS

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

Whyte Hall Annual Fund, which supports the operations of the John Whyte Community Center. Contributions aggregated \$51,662 in 2017 and \$40,000 in 2016. Contributions also included \$15,000 in 2017 and \$21,459 in 2016 from the Fire Island Pines Arts Project Inc., Pines Care Center, Inc. and other local entities.

The Mobility Access Cart Fund underwrites the purchase and maintenance of a vehicles to transport those with reduced mobility along Fire Island Boulevard. Contributions in 2017 aggregated \$5,447 and in 2016 aggregated \$41,980.

Seashore Defense Fund protects the beaches from erosion. Contributions aggregated \$34,360 in 2017 and \$23,006 in 2016.

The Damminix Program supports the prevention of Lyme disease. Contributions aggregated \$17,735 in 2017 and \$18,048 in 2016.

The Boulevard Tree Program which underwrites planting of trees along Fire Island Boulevard. Contributions aggregated \$5,050 in 2017 and \$4,400 in 2016.

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

NOTE 9 – SUBSEQUENT EVENTS

Subsequent event guidance requires the Foundation to evaluate subsequent events to determine whether they provide additional evidence about conditions that existed at the date of the financial statements, and to determine if those events require recognition or disclosure in the financial statements. The Foundation has performed an evaluation of subsequent events through June 28, 2018, which is the date the financial statements were issued.

NOTE 10 – DATE OF THE MANAGEMENT REVIEW

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 28, 2018, the date that the financial statements were available to be issued.

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JOSEPH ZAK, C.P.A. (1939-1991)

INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
The Pines Foundation, Inc.

We have audited the financial statements of The Pines Foundation, Inc. as of and for the year ended December 31, 2017, and our report thereon dated June 28, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The statement of financial position by activity, statement of operations by activity, statement of net earnings from Pines Party, and statement of whyte hall activities is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Foundation's 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,



Esposito, Fuchs, Taormina & Co.

Central Islip, New York 11722

June 28, 2018

THE PINES FOUNDATION, INC.  
SUPPLEMENTARY INFORMATION  
STATEMENT OF FINANCIAL POSITION BY ACTIVITY

DECEMBER 31, 2017

	WHYTE HALL	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
ASSETS						
Current Assets:						
Cash	\$ 197,891	\$ 6,100	\$ 10,700	\$ 150,300	\$ 256,200	\$ 621,191
Marketable securities - available for sale	-	-	-	-	3,917,594	3,917,594
Accounts receivable	14,100	-	-	-	-	14,100
Prepaid expenses	10,512	-	-	-	14,130	24,642
Total Current Assets	222,503	6,100	10,700	150,300	4,187,924	4,577,527
Property and Equipment (Net of Depreciation)	2,364,437	-	32,526	-	26,191	2,423,154
Other Assets						
Investment in private partnerships	-	-	-	-	387,520	387,520
Investment in real estate	-	-	-	-	575,000	575,000
Total Other Assets	-	-	-	-	962,520	962,520
TOTAL ASSETS	<u>\$2,586,940</u>	<u>\$ 6,100</u>	<u>\$ 43,226</u>	<u>\$ 150,300</u>	<u>\$ 5,176,635</u>	<u>\$7,963,201</u>
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 39,275	\$ 39,275
TOTAL LIABILITIES	-	-	-	-	39,275	39,275
Net Assets						
Unrestricted	2,601,093	6,100	43,226	150,300	5,123,207	7,923,926
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,601,093</u>	<u>\$ 6,100</u>	<u>\$ 43,226</u>	<u>\$ 150,300</u>	<u>\$ 5,162,482</u>	<u>\$7,963,201</u>

DECEMBER 31, 2016

	WHYTE HALL	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
ASSETS						
Current Assets:						
Cash	\$ 133,600	\$ (14,900)	\$ 10,900	\$ 124,500	\$ 331,990	\$ 586,090
Marketable securities - available for sale	-	-	-	-	1,326,300	1,326,300
Accounts receivable	4,309	-	-	-	-	4,309
Prepaid expenses	8,944	-	-	-	4,152	13,096
Total Current Assets	146,853	(14,900)	10,900	124,500	1,662,442	1,929,795
Property and equipment (net of depreciation)	2,486,039	-	34,015	-	36,502	2,556,556
Other Assets						
Investment in private partnerships	-	-	-	-	373,332	373,332
Investment in real estate	-	-	-	-	575,000	575,000
Total Other Assets	-	-	-	-	948,332	948,332
TOTAL ASSETS	<u>\$2,632,892</u>	<u>\$ (14,900)</u>	<u>\$ 44,915</u>	<u>\$ 124,500</u>	<u>\$ 2,647,276</u>	<u>\$5,434,683</u>
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 23,211	\$ 23,211
TOTAL LIABILITIES	-	-	-	-	23,211	23,211
Net Assets						
Unrestricted	2,632,892	(14,900)	44,915	124,500	2,624,065	5,411,472
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,632,892</u>	<u>\$ (14,900)</u>	<u>\$ 44,915</u>	<u>\$ 124,500</u>	<u>\$ 2,647,276</u>	<u>\$5,434,683</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.

SUPPLEMENTARY INFORMATION  
STATEMENT OF OPERATIONS BY ACTIVITY

FOR THE YEAR ENDED DECEMBER 31, 2017

	WHYTE HALL	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
<b>REVENUES</b>						
Net Earnings from Rentals & Events	\$ 72,779	\$ -	\$ -	\$ -	\$ 132,815	\$ 205,594
Contributions and other fund raising activities	66,662	17,735	5,050	34,360	2,334,795	2,458,602
Contributions from FIPPOA	-	-	-	-	-	-
Interest income	-	-	-	-	2,402	2,402
Investment income (Loss)	-	-	-	-	325,244	325,244
<b>TOTAL REVENUE</b>	<b>\$ 139,441</b>	<b>\$ 17,735</b>	<b>\$ 5,050</b>	<b>\$ 34,360</b>	<b>\$ 2,795,256</b>	<b>\$ 2,991,842</b>
<b>EXPENSES</b>						
Program Services:						
Operating expenses	\$ 164,327	\$ 35,064	\$ 5,140	\$ 7,801	\$ 121,205	\$ 333,537
Depreciation	132,608	-	2,932	-	10,311	145,851
Supporting Services:						
Management and general	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 296,935</b>	<b>\$ 35,064</b>	<b>\$ 8,072</b>	<b>\$ 7,801</b>	<b>\$ 131,516</b>	<b>\$ 479,388</b>
(Decrease) Increase in Net Assets	\$ (157,494)	\$ (17,329)	\$ (3,022)	\$ 26,559	\$ 2,663,740	\$ 2,512,454
Net Assets, Beginning of Year	2,632,892	(14,900)	44,915	124,500	2,624,065	5,411,472
Allocation of Funds	125,695	38,329	1,333	(759)	(164,598)	-
<b>Net Assets, End of Year</b>	<b>\$ 2,601,093</b>	<b>\$ 6,100</b>	<b>\$ 43,226</b>	<b>\$ 150,300</b>	<b>\$ 5,123,207</b>	<b>\$ 7,923,926</b>

FOR THE YEAR ENDED DECEMBER 31, 2016

	WHYTE HALL	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
<b>REVENUES</b>						
Net Earnings from Rentals & Events	\$ 69,326	\$ -	\$ -	\$ -	\$ 154,291	\$ 223,617
Contributions and other fund raising activities	74,972	18,048	4,400	23,006	840,632	961,058
Contributions from FIPPOA	-	-	-	-	-	-
Interest income	-	-	-	-	871	871
Investment income (Loss)	-	-	-	-	416,743	416,743
<b>TOTAL REVENUE</b>	<b>\$ 144,298</b>	<b>\$ 18,048</b>	<b>\$ 4,400</b>	<b>\$ 23,006</b>	<b>\$ 1,412,537</b>	<b>\$ 1,602,289</b>
<b>EXPENSES</b>						
Program Services:						
Operating expenses	\$ 164,301	\$ 35,550	\$ 9,109	\$ 9,612	\$ 104,692	\$ 323,264
Depreciation	131,203	-	2,833	-	8,614	142,650
Supporting Services:						
Management and general	1,359	-	-	-	-	1,359
<b>TOTAL EXPENSES</b>	<b>\$ 296,863</b>	<b>\$ 35,550</b>	<b>\$ 11,942</b>	<b>\$ 9,612</b>	<b>\$ 113,306</b>	<b>\$ 467,273</b>
(Decrease) Increase in Net Assets	\$ (152,565)	\$ (17,502)	\$ (7,542)	\$ 13,394	\$ 1,299,231	\$ 1,135,016
Net Assets, Beginning of Year	2,731,177	-	47,005	110,881	1,387,393	4,276,456
Allocation of Funds	54,280	2,602	5,452	225	(62,559)	-
<b>Net Assets, End of Year</b>	<b>\$ 2,632,892</b>	<b>\$ (14,900)</b>	<b>\$ 44,915</b>	<b>\$ 124,500</b>	<b>\$ 2,624,065</b>	<b>\$ 5,411,472</b>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.

SUPPLEMENTARY INFORMATION  
STATEMENT OF NET EARNINGS FROM PINES PARTY

FOR THE YEAR ENDED DECEMBER 31, 2017

	Pines Party	After Pool, Morning Parties	Total
SALES:			
Tents, Tickets, Volunteer, Sponsor Receipts			
Corporate Sponsorships, Donations	\$ 625,556	\$ 115,473	\$ 741,029
EXPENSES:			
Production, Scenery and Entertainment Expense	520,260	37,954	558,214
Contribution to Stonewall Charitable Foundation	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total	<u>570,260</u>	<u>37,954</u>	<u>608,214</u>
Net Earnings Before Depreciation	55,296	77,519	132,815
Adjustments of Capital Improvements	-	-	-
Depreciation of Pines Party Equipment	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Net Earnings	<u>\$ 53,296</u>	<u>\$ 77,519</u>	<u>\$ 130,815</u>

FOR THE YEAR ENDED DECEMBER 31, 2016

	Pines Party	After Pool, Morning Parties	Total
SALES:			
Tents, Tickets, Volunteer and Sponsor Receipts	\$ 683,182	\$ 67,485	\$ 750,667
EXPENSES:			
Production, Scenery and Entertainment Expense	521,640	24,736	546,376
Contribution to Stonewall Charitable Foundation	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total	<u>571,640</u>	<u>24,736</u>	<u>596,376</u>
Net Earnings Before Depreciation	111,542	42,749	154,291
Adjustments of Capital Improvements	-	-	-
Depreciation of Pines Party Equipment	<u>3,966</u>	<u>-</u>	<u>3,966</u>
Total Net Earnings	<u>\$ 107,576</u>	<u>\$ 42,749</u>	<u>\$ 150,325</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.

SUPPLEMENTARY INFORMATION  
STATEMENT OF WHYTE HALL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31,

	<u>2017</u>	<u>2016</u>
Earnings From Events:		
Receipts		
Admissions and Rentals	\$ 24,759	\$ 21,922
Total Receipts	24,759	21,922
Other Rentals	48,020	47,404
Total Earnings Before Operating and General Expenses	<u>\$ 72,779</u>	<u>\$ 69,326</u>
Operating Expenses:		
Administrative payroll	\$ 16,531	\$ 21,828
Canopy service	6,349	6,406
Cleaning	5,600	6,400
Consultant	450	1,800
Elevator and alarm maintenance	4,164	4,091
Fire prevention	6,728	7,432
Insurance	47,414	45,029
Landscape maintenance	6,751	2,045
Maintenance and supplies	20,382	22,894
Maintenance payroll	18,887	13,250
Miscellaneous	6,010	12,438
Payroll taxes and insurance	5,721	3,640
Real estate taxes	3,986	3,849
Telephone and internet	1,390	1,374
Utilities	13,964	11,825
Total	<u>\$ 164,327</u>	<u>\$ 164,301</u>
Management and General Expenses:		
Liquor license expenses	\$ -	\$ 1,359
Total	<u>\$ -</u>	<u>\$ 1,359</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS