

THE PINES FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

THE PINES FOUNDATION, INC.

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DECEMBER 31, 2019

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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, 2019 and December 31, 2018, 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, 2019 and December 31, 2018, 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 financial position by activity, statements of operations by activity, statements of net earnings from pines party, statements of Whyte Hall activities, and statements of operations by restrictions on page 16, 17, 18, 19, 20 and 21 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

November 12, 2020



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

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash	\$ 378,966	\$ 623,863
Marketable securities - available for sale	5,196,442	3,801,432
Accounts receivable	20,694	15,197
Prepaid expenses	17,794	20,854
Total Current Assets	<u>5,613,896</u>	<u>4,461,346</u>
Property and equipment (net of depreciation)	2,142,167	2,281,245
Other Assets		
Investment in private partnerships	387,520	387,520
Investment in real estate	<u>500,000</u>	<u>575,000</u>
Total Other Assets	887,520	962,520
TOTAL ASSETS	<u><u>8,643,583</u></u>	<u><u>7,705,111</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued expenses	<u>33,636</u>	<u>12,157</u>
TOTAL LIABILITIES	33,636	12,157
Net Assets		
Without donor restrictions	8,393,147	7,514,354
With donor restrictions	<u>201,800</u>	<u>178,600</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,628,583</u></u>	<u><u>\$ 7,705,111</u></u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	<u>2019</u>	<u>2018</u>
REVENUES		
Net earnings from rentals & events	\$ 226,832	\$ 195,569
Contributions and other fund raising activities	213,647	170,938
TOTAL REVENUE	<u>440,479</u>	<u>366,507</u>
EXPENSES		
Program Services:		
Operating expenses	423,286	393,058
Depreciation	139,079	141,912
Supporting Services:		
Management and general	-	1,359
TOTAL EXPENSES	<u>562,365</u>	<u>536,329</u>
LOSS FROM OPERATIONS	(121,886)	(169,822)
OTHER INCOME (EXPENSE):		
Interest income	1,487	10,491
Income/(Loss) from marketable securities	956,810	(139,076)
Change in value of real estate	(75,000)	-
Income from investment in partnership interests	<u>140,582</u>	<u>67,435</u>
TOTAL OTHER INCOME	1,023,879	(61,150)
INCREASE IN NET ASSETS	901,993	(230,972)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>7,692,954</u>	<u>7,923,926</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 8,594,947</u>	<u>\$ 7,692,954</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THE PINES FOUNDATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

CASH FLOWS FROM OPERATING ACTIVITIES	2019	2018
Increase (Decrease) in Net Asset	\$ 901,993	\$ (230,972)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Program depreciation	139,079	141,912
Marketable securities - available for sale	(845,332)	1,809
Accounts receivables	(5,497)	(1,097)
Prepaid expenses	3,060	3,788
Accrued expenses	21,478	(27,118)
Net Cash Provided by (used in) Operating Activities	214,781	(111,678)
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in value of investment in real property	75,000	-
Purchase of marketable securities - available for sale	(549,678)	114,350
Net Cash Provided by (used in) Investing Activities	(259,897)	2,672
Cash, Beginning of Year	623,863	621,191
Cash, End of Year	\$ 363,966	\$ 623,863
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, 2019

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, 2019 and 2018, 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.

DONATED ASSETS

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

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, 2019 and 2018, uninsured cash balances were approximately \$116,244 and \$424,076, 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

THE PINES FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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.
- **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.

THE PINES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

#### 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 2016, 2017, 2018, and 2019 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.

#### ADOPTION OF ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Project, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Project's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Project adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

THE PINES FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

CLASSIFICATION OF NET ASSETS

Net assets of the Project are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Project. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

THE PINES FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – MARKETABLE 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, 2019 and 2018. 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, 2019 and 2018.

2019					
Investment Strategy	Level 1	Level 2	Level 3	NAV	Total
Equities					
Mutual Funds (Fixed Inc)	\$ 1,898,052	\$ -	\$ -	\$ -	\$ 1,898,052
Mutual Funds (Equities)	3,298,390	-	-	-	3,298,390
Real Estate	-	-	-	500,000	500,000
Private Partnerships	-	-	-	387,520	387,520
	<u>\$ 5,196,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 887,520</u>	<u>\$ 6,083,962</u>

2018					
Investment Strategy	Level 1	Level 2	Level 3	NAV	Total
Equities					
Mutual Funds (Fixed Inc)	\$ 1,292,310	\$ -	\$ -	\$ -	\$ 1,292,310
Mutual Funds (Equities)	2,509,122	-	-	-	2,509,122
Real Estate	-	-	-	575,000	575,000
Private Partnerships	-	-	-	387,520	387,520
	<u>\$ 3,801,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962,520</u>	<u>\$ 4,763,952</u>

The Foundation held \$5,196,442 and \$3,801,432 at December 31, 2019 and 2018, 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, 2019 and 2018, are summarized as follows:

	December 31, 2019			December 31, 2018		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Investments unrestricted						
Marketable Securities	<u>\$ 4,241,563</u>	<u>\$ 5,196,442</u>	<u>\$ 954,878</u>	<u>\$ 3,716,058</u>	<u>\$ 3,801,432</u>	<u>\$ 85,374</u>
	\$ 4,241,563	\$ 5,196,442	\$ 954,878	\$ 3,716,058	\$ 3,801,432	\$ 85,374



THE PINES FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - INVESTMENTS

The Organization held \$887,520 and \$962,520 at December 31, 2019 and 2018, respectively. Investments are stated at market value and consist of the following:

	December 31, 2019			December 31, 2018
	Fair Value	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Real Estate				
220 Bay Walk, FI Pines, NY 11782	\$ 500,000	\$ 475,000	\$ 25,000	\$ 575,000
Private Partnerships				
1.9879% Aldemoore LLC	8,900	10,328	(1,428)	8,900
1.1000% Hudson Preserve LLC	196,400	80,559	115,841	196,400
4.1667% Tegrin Albany Company	62,200	13,106	49,094	62,200
.7500% Lakeshore JV	10,500	3,326	7,174	10,500
.9825% Lake Shore Park LLC	76,300	15,341	60,959	76,300
.2937% The Northly Company LLC	19,032	23,424	(4,392)	19,032
1.1000% HP II LLC	14,188	15,375	(1,187)	14,188
Subtotal	<u>387,520</u>	<u>161,459</u>	<u>226,061</u>	<u>387,520</u>
	<u>\$ 887,520</u>	<u>\$ 636,459</u>	<u>\$ 251,061</u>	<u>\$ 962,520</u>

Unrealized gains amounted to \$251,061 and \$186,863 at December 31, 2019 and 2018, 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, 2019

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, 2019</u>	<u>Year Ended</u> <u>December 31, 2018</u>
Net Earnings from Pines Party	\$ 154,413	\$ 125,169
Contributions and Other Fund-Raising Activities	77,907	79,205
Interest Earned	1,487	10,491
Investment Income Earned	1,022,392	(71,641)
Costs of Environmental Improvements and Other Community Benefits	(155,059)	(144,600)
Management and General Expenses	<u>0</u>	<u>0</u>
Increase in Net Unallocated Assets	<u>\$ 1,101,140</u>	<u>\$ (1,376)</u>

THE PINES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated Useful Life - Years	December 31, 2019	December 31, 2018
Whyte Hall			
Land		16,102	16,102
Building – Whyte Hall	30	3,643,233	3,643,233
Building - Landscaping	30	26,486	26,486
Total Whyte Hall		3,685,821	3,685,821
Accumulated Depreciation		1,584,773	1,453,495
Net Whyte Hall		2,101,048	2,232,326
Community Landscape	30	44,680	44,680
Accumulated Depreciation		15,132	13,643
Net Community Landscape		29,548	31,037
Unallocated Funds			
Pines Party Equipment	5	23,621	23,621
Mobility Cart	5	55,605	55,605
Environmental Cart	5	11,200	11,200
Total		90,426	90,426
Accumulated Depreciation		78,855	72,544
Net Unallocated Funds		11,571	17,882
TOTAL PROPERTY AND EQUIPMENT		2,142,167	2,281,245

THE PINES FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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 Whyte Hall Community Center. Contributions aggregated \$27,818 in 2019 and \$36,510 in 2018. Contributions also included \$16,785 in 2019 and \$14,005 in 2018 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 vehicles to transport those with reduced mobility. Contributions in 2019 aggregated \$54,549 and in 2018 aggregated \$6,800.

Seashore Defense Fund contributions aggregated \$17,311 in 2019 and \$12,703 in 2018.

The Damminix Program supports the prevention of Lyme disease. Contributions aggregated \$23,735 in 2019 and \$24,015 in 2018.

The Boulevard Tree Program which underwrites planting of trees along Fire Island Boulevard. Contributions aggregated \$550 in 2019 and \$4,500 in 2018.

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 November 12, 2020, 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 November 12, 2020, the date that the financial statements were available to be issued.

THE PINES FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's working capital and cash flows have seasonal variations during the year attributed to the annual cash receipts from rentals and events and a concentration of contributions received during the summer. To manage liquidity the Association's board maintains cash reserves in a brokerage account and maintains one year operating costs in cash.

The following reflects the Association's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of Board-approved restrictions. Amounts available include Board-approved appropriation for general expenditure in the following year. Amounts not available include amounts set aside.

	<u>2019</u>	<u>2018</u>
Current assets, excluding non-financial assets	\$ 5,598,896	\$ 4,461,346
Subtract: board-designated operating reserves and other	(409,500)	(284,800)
Subtract: donor restricted with time or purpose restrictions	<u>(201,800)</u>	<u>(178,600)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,987,596</u>	<u>\$ 3,997,946</u>

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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, 2019 and December 31, 2018, and our report thereon dated November 12, 2020, 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

November 12, 2020

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

DECEMBER 31, 2019

	WHYTE HALL	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
<b>ASSETS</b>						
Current Assets:						
Cash	\$ 184,366	\$ -	\$ 8,500	\$ 157,800	\$ 28,300	\$ 378,966
Marketable securities - available for sale	-	-	-	-	5,196,442	5,196,442
Accounts receivable	20,694	-	-	-	-	20,694
Prepaid expenses	12,145	-	-	-	5,649	17,794
Total Current Assets	217,205	-	8,500	157,800	5,230,391	5,613,896
Property and Equipment (Net of Depreciation)	2,101,048	-	29,548	-	11,571	2,142,167
Other Assets						
Investment in private partnerships	-	-	-	-	387,520	387,520
Investment in real estate	-	-	-	-	500,000	500,000
Total Other Assets	-	-	-	-	887,520	887,520
<b>TOTAL ASSETS</b>	<b>\$2,318,253</b>	<b>\$ -</b>	<b>\$ 38,048</b>	<b>\$ 157,800</b>	<b>\$ 6,129,482</b>	<b>\$8,643,583</b>
<b>LIABILITIES AND NET ASSETS</b>						
Current Liabilities:						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 33,636	\$ 33,636
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,636</b>	<b>33,636</b>
Net Assets						
Unrestricted	2,318,253	-	38,048	157,800	6,080,846	8,594,947
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$2,318,253</b>	<b>\$ -</b>	<b>\$ 38,048</b>	<b>\$ 157,800</b>	<b>\$ 6,114,482</b>	<b>\$8,628,583</b>

DECEMBER 31, 2018

	WHYTE HALL	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
<b>ASSETS</b>						
Current Assets:						
Cash	\$ 431,083	\$ 17,200	\$ 7,980	\$ 144,400	\$ 23,200	\$ 623,863
Marketable securities - available for sale	-	-	-	-	3,801,432	3,801,432
Accounts receivable	15,197	-	-	-	-	15,197
Prepaid expenses	13,645	-	-	-	7,209	20,854
Total Current Assets	459,925	17,200	7,980	144,400	3,831,841	4,461,346
Property and equipment (net of depreciation)	2,232,326	-	31,037	-	17,882	2,281,245
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
<b>TOTAL ASSETS</b>	<b>\$2,692,251</b>	<b>\$ 17,200</b>	<b>\$ 39,017</b>	<b>\$ 144,400</b>	<b>\$ 4,812,243</b>	<b>\$7,705,111</b>
<b>LIABILITIES AND NET ASSETS</b>						
Current Liabilities:						
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 12,157	\$ 12,157
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,157</b>	<b>12,157</b>
Net Assets						
Unrestricted	2,692,251	17,200	39,017	144,400	4,800,086	7,692,954
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$2,692,251</b>	<b>\$ 17,200</b>	<b>\$ 39,017</b>	<b>\$ 144,400</b>	<b>\$ 4,812,243</b>	<b>\$7,705,111</b>

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, 2019

	WHYTE HALL	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
REVENUES						
Net Earnings from Rentals & Events	\$ 72,964	\$ -	\$ -	\$ -	\$ 153,868	\$ 226,832
Contributions and other fund raising activities	62,138	23,735	32,556	17,311	77,907	213,647
Interest income	-	-	-	-	1,487	1,487
Investment income (Loss)	-	-	-	-	1,022,392	1,022,392
TOTAL REVENUE	<u>\$ 135,102</u>	<u>\$ 23,735</u>	<u>\$ 32,556</u>	<u>\$ 17,311</u>	<u>\$ 1,255,654</u>	<u>\$ 1,464,358</u>
EXPENSES						
Program Services:						
Operating expenses	\$ 200,442	\$ 40,328	\$ 31,148	\$ 2,620	\$ 148,748	\$ 423,286
Depreciation	130,676	-	2,092	-	6,311	139,079
Supporting Services:						
Management and general	-	-	-	-	-	-
TOTAL EXPENSES	<u>331,118</u>	<u>40,328</u>	<u>33,240</u>	<u>2,620</u>	<u>155,059</u>	<u>562,365</u>
(Decrease) Increase in Net Assets	(196,016)	(16,593)	(684)	14,691	1,100,595	901,993
Net Assets, Beginning of Year	2,692,251	17,200	39,017	144,400	4,800,086	7,692,954
Allocation of Funds	(177,982)	(607)	(285)	(1,291)	180,165	-
Net Assets, End of Year	<u>\$ 2,318,253</u>	<u>\$ -</u>	<u>\$ 38,048</u>	<u>\$ 157,800</u>	<u>\$ 6,080,846</u>	<u>\$ 8,594,947</u>

FOR THE YEAR ENDED DECEMBER 31, 2018

	WHYTE HALL	DAMMINIX PROGRAM	COMMUNITY LANDSCAPE	SEASHORE DEFENSE FUND	UNALLOCATED FUNDS	TOTAL
REVENUES						
Net Earnings from Rentals & Events	\$ 70,400	\$ -	\$ -	\$ -	\$ 125,169	\$ 195,569
Contributions and other fund raising activities	50,515	24,015	4,500	12,703	79,205	170,938
Interest income	-	-	-	-	10,491	10,491
Investment income (Loss)	-	-	-	-	(71,641)	(71,641)
TOTAL REVENUE	<u>\$ 120,915</u>	<u>\$ 24,015</u>	<u>\$ 4,500</u>	<u>\$ 12,703</u>	<u>\$ 143,224</u>	<u>\$ 305,357</u>
EXPENSES						
Program Services:						
Operating expenses	\$ 220,720	\$ 10,208	\$ 6,638	\$ 19,203	\$ 136,289	\$ 393,058
Depreciation	130,676	-	2,925	-	8,311	141,912
Supporting Services:						
Management and general	1,359	-	-	-	-	1,359
TOTAL EXPENSES	<u>352,755</u>	<u>10,208</u>	<u>9,563</u>	<u>19,203</u>	<u>144,600</u>	<u>536,329</u>
(Decrease) Increase in Net Assets	(231,840)	13,807	(5,063)	(6,500)	(1,376)	(230,972)
Net Assets, Beginning of Year	2,586,940	6,100	43,226	150,300	5,137,360	7,923,926
Allocation of Funds	337,151	(2,707)	854	600	(335,898)	-
Net Assets, End of Year	<u>\$ 2,692,251</u>	<u>\$ 17,200</u>	<u>\$ 39,017</u>	<u>\$ 144,400</u>	<u>\$ 4,800,086</u>	<u>\$ 7,692,954</u>

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, 2019

	Pines Party	After Pool, Morning Parties	Total
SALES:			
Tents, Tickets, Volunteer, Sponsor Receipts Corporate Sponsorships, Donations	\$ 697,738	\$ 142,239	\$ 839,977
EXPENSES:			
Production, Scenery and Entertainment Expense	595,154	40,955	636,109
Contribution to Stonewall Charitable Foundation	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total	<u>645,154</u>	<u>40,955</u>	<u>686,109</u>
Net Earnings Before Depreciation	52,584	101,284	153,868
Adjustments of Capital Improvements	-	-	-
Depreciation of Pines Party Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Earnings	<u>\$ 52,584</u>	<u>\$ 101,284</u>	<u>\$ 153,868</u>

FOR THE YEAR ENDED DECEMBER 31, 2018

	Pines Party	After Pool, Morning Parties	Total
SALES:			
Tents, Tickets, Volunteer and Sponsor Receipts	\$ 667,211	\$ 134,923	\$ 802,134
EXPENSES:			
Production, Scenery and Entertainment Expense	602,163	24,802	626,965
Contribution to Stonewall Charitable Foundation	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total	<u>652,163</u>	<u>24,802</u>	<u>676,965</u>
Net Earnings Before Depreciation	15,048	110,121	125,169
Adjustments of Capital Improvements	-	-	-
Depreciation of Pines Party Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Earnings	<u>\$ 15,048</u>	<u>\$ 110,121</u>	<u>\$ 125,169</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>2019</u>	<u>2018</u>
Earnings From Events:		
Receipts		
Admissions and Rentals	\$ 22,313	\$ 23,986
Total Receipts	22,313	23,986
Other Rentals	50,651	46,414
Total Earnings Before Operating and General Expenses	<u>72,964</u>	<u>70,400</u>
Operating Expenses:		
Administrative payroll	20,762	12,284
Canopy service	3,940	4,260
Cleaning	4,390	4,510
Consultant	750	6,900
Elevator and alarm maintenance	3,168	2,648
Fire prevention	11,158	10,795
Insurance	50,995	48,657
Landscape maintenance	25,085	7,324
Maintenance and supplies	19,725	49,139
Maintenance payroll	18,415	19,250
Miscellaneous	13,476	28,935
Payroll taxes and insurance	2,566	3,725
PCS Donation	5,000	5,000
Real estate taxes	4,139	6,067
Telephone and internet	1,414	1,316
Utilities	15,459	9,910
Total	<u>200,442</u>	<u>220,720</u>
Management and General Expenses:		
Liquor license expenses	-	1,359
Total	<u>\$ -</u>	<u>\$ 1,359</u>

THE PINES FOUNDATION, INC.

SUPPLEMENTARY INFORMATION  
STATEMENT OF OPERATIONS BY RESTRICTIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>TOTAL</u>
REVENUES			
Net Earnings from Rentals & Events	\$ 226,832	\$ -	\$ 226,832
Contributions and other fund raising activities	116,797	96,850	213,647
Interest income	1,487	-	1,487
Investment income (Loss)	1,022,392	-	1,022,392
TOTAL REVENUE	<u>\$ 1,367,508</u>	<u>\$ 96,850</u>	<u>\$ 1,464,358</u>
EXPENSES			
Program Services:			
Operating expenses	\$ 349,636	\$ 73,650	\$ 423,286
Depreciation	139,079		139,079
Supporting Services:			
Management and general	-	-	-
TOTAL EXPENSES	<u>488,715</u>	<u>73,650</u>	<u>562,365</u>
(Decrease) Increase in Net Assets	878,793	23,200	901,993
Net Assets, Beginning of Year	7,514,354	178,600	7,692,954
Net Assets, End of Year	<u>\$ 8,393,147</u>	<u>\$ 201,800</u>	<u>\$ 8,594,947</u>

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>TOTAL</u>
REVENUES			
Net Earnings from Rentals & Events	\$ 195,569	\$ -	\$ 195,569
Contributions and other fund raising activities	120,215	50,723	170,938
Interest income	10,491	-	10,491
Investment income (Loss)	(71,641)	-	(71,641)
TOTAL REVENUE	<u>\$ 254,634</u>	<u>\$ 50,723</u>	<u>\$ 305,357</u>
EXPENSES			
Program Services:			
Operating expenses	\$ 344,987	\$ 48,071	\$ 393,058
Depreciation	141,912	-	141,912
Supporting Services:			
Management and general	1,359	-	1,359
TOTAL EXPENSES	<u>488,258</u>	<u>48,071</u>	<u>536,329</u>
(Decrease) Increase in Net Assets	(233,624)	2,652	(230,972)
Net Assets, Beginning of Year	7,747,978	175,948	7,923,926
Net Assets, End of Year	<u>\$ 7,514,354</u>	<u>\$ 178,600</u>	<u>\$ 7,692,954</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS