

NEW YORK INDEPENDENT LIVERY
DRIVERS BENEFIT FUND, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

NEW YORK INDEPENDENT LIVERY DRIVERS BENEFIT FUND, INC.
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The RFB CPA Group, PLLC

Certified Public Accountants & Consultants

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees
New York Independent Livery Drivers Benefit Fund Inc.

Report on the Financial Statements

We have reviewed the accompanying financial statements of New York Independent Livery Drivers Benefit Fund Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statement of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements, as restated, in order for them to be in accordance with accounting principles generally accepted in the United States of America.

The RFB CPA Group, PLLC

The RFB CPA Group, PLLC
Great Neck, NY
April 6, 2018

150 Great Neck Road, Suite 406, Great Neck, NY 11021 • 212-868-2727 Fax 516-918-9314
1800 SW 10th Avenue, Suite 300, Fort Lauderdale, FL 33316 • 561-800-4778 Fax 800-406-8366

Members:

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NEW YORK INDEPENDENT LIVERY DRIVERS BENEFIT FUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,422,253	\$ 868,045	\$ 554,208
Time certificates of deposit	450,000	-	450,000
Investments	1,995,792	-	1,995,792
Due from Hereford Insurance Company (Note 3)	692,417	692,417	-
Prepaid insurance	16,006	16,006	-
Property and equipment, net	-	-	-
TOTAL ASSETS	<u>\$ 4,576,468</u>	<u>\$ 1,576,468</u>	<u>\$ 3,000,000</u>
<u>LIABILITIES</u>			
Accruals	\$ 3,300	\$ 3,300	-
<u>NET ASSETS</u>			
Unrestricted			
Designated for operations	100,000	100,000	-
Undesignated	1,473,168	1,473,168	-
Temporarily restricted	3,000,000	-	3,000,000
TOTAL NET ASSETS	<u>4,573,168</u>	<u>1,573,168</u>	<u>3,000,000</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,576,468</u>	<u>#REF!</u>	<u>\$ 3,000,000</u>

NEW YORK INDEPENDENT LIVERY DRIVERS BENEFIT FUND, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED
<u>REVENUE</u>			
Membership fees	\$ 3,883,818	\$ 3,883,818	\$ -
Profit sharing on workman's compensation policy (Note 1)	452,320	452,320	-
Interest income	23,408	23,408	-
Other income	1,045	1,045	-
	<u>4,360,591</u>	<u>4,360,591</u>	<u>-</u>
<u>EXPENSES</u>			
Cost of workmans' compensation policy	3,883,818	3,883,818	-
Assessment for workman's compensation claims paid in excess of one million dollars	93,719	93,719	-
Administrative expense (Note 6a)	64,500	64,500	-
Legal fees	49,500	49,500	-
Management liability insurance	27,742	27,742	-
Accounting fees	13,363	13,363	-
Investments return	9,143	9,143	-
Bookkeeping fees	6,000	6,000	-
Investment advisory fees	5,982	5,982	-
Board of director fees	3,466	3,466	-
Telephone	1,260	1,260	-
Website hosting costs	871	871	-
Dues and subscriptions	348	348	-
Sundry	347	347	-
Meals and entertainment	246	246	-
Bank charges	224	224	-
Stationery and printing	109	109	-
	<u>4,160,638</u>	<u>4,160,638</u>	<u>-</u>
<u>CHANGE IN NET ASSETS</u>	199,953	199,953	-
NET ASSETS, BEGINNING OF YEAR	4,373,215	1,373,215	3,000,000
NET ASSETS, END OF YEAR	<u>\$ 4,573,168</u>	<u>\$ 1,573,168</u>	<u>\$ 3,000,000</u>

NEW YORK INDEPENDENT LIVERY DRIVERS BENEFIT FUND, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
CHANGE IN NET ASSETS	\$ 199,953
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized loss on Investment	9,143
Decrease in:	
Due from Hereford Insurance Company	25,733
Prepaid accounting fees	6,400
Prepaid insurance	7,802
Decrease in accruals	(983)
	<u>48,095</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>248,048</u>
NET CASH USED IN INVESTING ACTIVITIES	
Increase in investments	(20,854)
Increase in time certificates of deposit	(30,131)
	<u>(50,985)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(50,985)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	197,063
BEGINNING CASH AND CASH EQUIVALENTS	<u>1,225,190</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 1,422,253</u>

NEW YORK INDEPENDENT LIVERY DRIVERS BENEFIT FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities, Revenue, and Restatement

New York Independent Livery Drivers Benefit Fund, Inc. (the “Fund”) is a not-for-profit organization created by the New York State Legislature. The Fund was incorporated in New York in 2009 for the principal purpose of securing the payment of full workers’ compensation benefits to independent livery drivers that are killed, are victims of crimes or suffer certain covered catastrophic injuries while performing covered services. The Fund provides benefits to independent livery bases that are members of the Fund as those terms are defined by Section 6-G of New York State Executive Law and Section 18-c of the Workers’ Compensation Law of New York State.

Independent livery companies are the members of the Fund providing benefits to affiliated drivers. The Fund determines, in conjunction with the insurance provider, the annual member dues which are used to fund the workmen’s compensation insurance, operating expenses, and the cost of auditing the members (which is delegated to third parties.) The insurance provider and the Fund have entered into a profit-sharing agreement whereby the Fund participates in the profits and losses of said workmen’s compensation insurance policy. There is a provision in the agreement that The Fund is required to pay that portion of any claim in excess of \$1 million, as defined. The Fund receives 25% of the profits generated by the policy over the last three prior years.

The cumulative profit sharing over the last three years is calculated as 45% of the annual premiums less the actual loss ratio of the policy, which has been estimated at 17.5633% for 2017 and 2016, and 7.83% for 2015, and less 15% for claims incurred but not yet reported. The profit sharing accrual will be adjusted annually as the actual loss ratio changes. If the losses exceed 45%, the Fund will have to rebate the excess amount over 45% through reductions in future profit sharing.

The Fund has a mandate as stipulated in their Plan of Operation and modified by the board of directors, to accumulate temporarily restricted net assets equal to 50% of the cost of workers’ compensation insurance and any administrative costs, approximately \$3,000,000, at December 31, 2017. For years subsequent to December 31, 2017, the Fund may begin to utilize temporarily restricted net assets to reduce future Member fees.

Financial Statement Presentation

The financial statements of the Fund have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Fund and changes therein, are classified and reported as follows:

Permanently restricted net assets consist of assets subject to member-imposed stipulations that they be maintained permanently by the organization. The Fund has no permanently restricted net assets.

NEW YORK INDEPENDENT LIVERY DRIVERS BENEFIT FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Financial Statement Presentation (Continued)

Temporarily restricted net assets contain member-imposed stipulations that may or will be met by actions of the organization and/or by the passage of time. The member can restrict the use of contributions for specific program activities. Pursuant to the Fund's mandate, temporarily restricted net assets will be maintained, as described above. This amount will increase or decrease as the cost of the insurance premium and administrative costs change, and as determined by the board of directors. Interest income and the net realized / unrealized gain or losses on assets classified as temporarily restricted are added to unrestricted net assets.

Unrestricted net assets are not subject to member-imposed stipulations and total \$1,576,468 at December 31, 2017.

Cash and Cash Equivalents

The Fund considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Time Certificates of Deposit

Pursuant to its investment policy, the Fund invests temporarily restricted net assets in bank or credit union time certificates of deposit with a term of no more than one year. These certificates are not negotiable and are insured by various banking entities to a maximum of \$250,000 per account, as defined.

Investments

Investments in debt securities with readily determinable fair values are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities and changes in net assets. Investments consist of bank deposits, United States treasury bills and notes and United States government agency bonds with various maturities.

Property and Equipment and Depreciation

Property and equipment are stated at cost, less accumulated depreciation. Depreciation and amortization have been computed utilizing accelerated methods over the assets' estimated useful life of three years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

NEW YORK INDEPENDENT LIVERY DRIVERS BENEFIT FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Estimates (Continued)

financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The estimates which are particularly susceptible to change relates to the determination of the receivable for profit sharing and the amounts to report as temporarily restricted net assets.

Concentrations of Credit Risk

The Fund maintains cash balances at financial institutions that are in excess of federally insured amounts.

The Fund purchases workers' compensation insurance for its Members from only one insurance company.

Income Taxes

The Fund is a not-for-profit tax exempt Organization wherein it is exempt from income taxes under Section 501(c) (6) of the Internal Revenue Code.

Contributed Services

During the year ended December 31, 2017 the Fund did not have any contributed services meeting the requirements for recognition in the financial statements.

Fair Value Measurements

The fair value measurement standard provides a comprehensive framework for measuring fair value and expands disclosures for assets and liabilities reported at fair value. It sets forth a definition of fair value and establishes a valuation hierarchy.

NOTE 2 – INVESTMENTS

The fair values of investments in bank deposits, United States treasury bills and notes, and United States government agency bonds totaled \$1,995,792 at December 31, 2017. The cost basis of the investments is \$2,016,345. The difference between the fair value and cost basis is a net cumulative unrealized loss of \$20,553. The investment returns and its classification in the statement of activities as unrestricted for the year ended December 31, 2017 are; interest income of \$15,220, and total unrealized and realized losses of \$13,363.

NEW YORK INDEPENDENT LIVERY DRIVERS BENEFIT FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 – DUE TO HEREFORD INSURANCE COMPANY

The amount due from Hereford Insurance Company at December 31, 2017 is \$692,417. This amount is comprised of the Fund's portion of estimated annual insurance policy profits, member fees receivable, less assessments for claims in excess of \$1 million as follows:

<u>Year</u>	<u>Amount</u>
2013 Profit	\$ 60
2014 Profit	507,172
2015 Loss	311,387
2016 Profit	159,345
2017 Profit	<u>120,755</u>
Total profits and member fees	1,098,719
Less: Claims in excess of \$1,000,000	<u>(406,302)</u>
Total due from Hereford Insurance Company	<u>\$ 692,417</u>

The profit sharing revenue for 2013 and 2014 does not include amounts totaling 15% of the total workmen's compensation insurance policy premiums, for estimated claims incurred but not yet reported (IBNR), of which 25% is the responsibility of the Fund. At December 31, 2017, the amount of this contingent liability for 2015 through 2017 is approximately \$548,500.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment, is comprised of fully depreciated computer equipment of \$6,951 at December 31, 2017.

There was no depreciation expense in 2017.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund has adopted the fair value measurement accounting standard. This standard establishes a hierarchy for determining the fair value of financial assets and liabilities, which are measured on a recurring basis. The hierarchy consists of three levels of valuations based on the evidence used to determine the valuation. The standard requires that the highest level of valuation available be used. A "Level 1" valuation is a quoted market price for a particular or identical asset in a market that is actively trading. A valuation is considered to be "Level 2" when a quoted market price in an active market is not available, but all necessary inputs into the calculation of fair value represent data observable in an active market. A valuation is considered "Level 3" when any significant component of the fair value calculation is based on data that is not observable in an active market, but rather is based on estimates by management.

NEW YORK INDEPENDENT LIVERY DRIVERS BENEFIT FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Fund's investments are level 1 within the hierarchy noted above and are valued at quoted market prices at December 31, 2017.

The following table presents the carrying amounts and estimated fair values of the Fund's financial instruments at December 31, 2017. For these purposes, the fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Short-term financial instruments are valued at their carrying amounts included in the statement of financial condition, which are reasonable estimates of fair value due to the relatively short period to maturity of the instruments. This approach applies to cash equivalents, time certificates of deposit, and due from Hereford Insurance Company.

The fair values of the Fund's financial instruments at December 31, 2017 are:

	<u>Fair Market Value</u>	<u>Cost</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,422,254	\$1,422,254
Time certificates of deposit	450,000	450,000
Investments	1,995,792	2,016,345
Due from Hereford Insurance Company	<u>692,417</u>	<u>692,417</u>
	<u>\$4,560,463</u>	<u>\$4,581,016</u>

NOTE 6 – COMMITMENT AND CONTINGENCIES

a. Consulting Agreement

The Fund has entered into a consulting agreement with an attorney for an annual fee of \$62,500, whereby he provides all administrative functions including tracking and administering workers' compensation claims, and reporting Fund activities to the board of directors

b. Subsequent events

For purposes of disclosure in the financial statements, the Fund has evaluated subsequent events through April 6, 2018, the date the financial statements were available to be issued.