NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2013 and 2012

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nassau County Local Economic Assistance Corporation
Mineola, New York

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Nassau County Local Economic Assistance Corporation (the "Corporation"), a component unit of County of Nassau, New York, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Corporation'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 Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the 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 opinion.

ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

245 PARK AVENUE, 39TH FLOOR
NEW YORK, NY 10167
T: 212.792.4075

25 SUFFOLK COURT
HAUPPAUGE, NY 11788-3715
T: 631.434.9500 F: 631.434.9518

www.avz.com
INDEPENDENT MEMBER OF BKR INTERNATIONAL

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation, as of December 31, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2014, on our consideration of the Corporation's internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance and should be considered in assessing the results of our audit.

Albrecht, Viggiano, Zureck & Co., P.C.

Hauppauge, New York
March 13, 2014

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2013 and 2012

This section presents management's analysis of the Nassau County Local Economic Assistance Corporation (the "Corporation") financial condition and activities for the year ended December 31, 2013 and 2012. Please read this information in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Corporation exceeded its liabilities at the close of 2013 by $468,695 (net position).
- The Corporation's total net position decreased by $10,673 (or 2%) in 2013.
- Unrestricted net position represents the portion available to maintain the Corporation's continuing obligations. As of December 31, 2013, the total net position for the Corporation of $468,695 was unrestricted.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements. The MD&A represents management's examination and analysis of the Corporation's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Corporation's strategic plan, operating plan, bond covenants and other management tools were used for this analysis.

The financial statements report information about the Corporation. The Corporation applies full accrual accounting methods as used by similar business activities in the private sector. The statements offer short and long-term financial information.

The financial statements include the statements of net position, statements of revenues, expenses, and changes in net position, statement of cash flows and notes to the financial statements. The statements of net position include all of the Corporation's assets and liabilities, and provide information about the nature and amount of investments.

The statements of revenues, expenses, and changes in net position presents the results of the Corporation's activities over the course of the year and information as to how net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. These statements also provide information about whether the Corporation has successfully recovered its costs through its user fees and other charges, profitability and credit worthiness.

The statements of cash flows present changes in cash and cash equivalents resulting from operating and investing activities.

The notes to the financial statements provide required disclosures and other information that is essential to a full understanding of material data provided in the statements. The notes present information about the Corporation's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2013 and 2012

FINANCIAL ANALYSIS OF THE CORPORATION

One of the most important objectives of the financial analysis is to determine if the Corporation, as a whole, is better or worse off as a result of the year's activities. The statements of net position and the statements of revenues, expenses, and changes in net position provide useful information in this regard. The statements report the net position of the Corporation and the changes in net position. The amount of net position, the difference between total assets and liabilities, is a significant measure of the financial health or financial position of the Corporation. Over time, increases or decreases in the Corporation's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors, such as changes in economic conditions, population growth, zoning and new or changed government legislation, should be considered in evaluating the financial condition of the Corporation.

The following comparative condensed financial statements and other selected information serve as the financial data and indicators for management's monitoring and planning.

Net Position

A summary of the Corporation's condensed statements of net position at December 31 is presented as follows:

	2013	2012	2011
Assets			
Current Assets	$ 478,695	$ 600,202	$ 271,112
Total Current Assets	478,695	600,202	271,112
Liabilities			
Current Liabilities	10,000	120,834	103,949
Total Current Liabilities	10,000	120,834	103,949
Net Position			
Unrestricted	468,695	479,368	167,163
Total Net Position	$ 468,695	$ 479,368	$ 167,163

Total assets as of December 31, 2013 were $478,695 which exceeded liabilities by $468,695 (net position). The Corporation's net position is comprised of unrestricted net position in the amount of $468,695, which is available to support operations. Total assets decreased by $121,507 between December 31, 2012 and 2013. The net position decreased by $10,673 for the current year.

Total assets as of December 31, 2012 were $600,202 which exceeded liabilities by $479,368 (net position). The Corporation's net position is comprised of unrestricted net position in the amount of $479,368, which is available to support operations. Total assets increased by $329,090 between December 31, 2011 and 2012. The net position increased by $312,205 for the 2012 year.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2013 and 2012

FINANCIAL ANALYSIS OF THE CORPORATION (continued)

Operating Results

The Corporation's condensed statements of revenues, expenses and changes in net position at December 31 are presented as follows:

	2013	2012	2011
Operating Revenues			
Fee and Service Income	$ 169,440	$ 611,144	$ 296,556
Other Income	500	-0-	8,526
Total Operating Revenues	169,940	611,144	305,082
Operating Expenses			
Contractual Goods and Services	181,620	299,050	137,929
Total Operating Expenses	181,620	299,050	137,929
Non-Operating Income	1,007	111	10
Change in Net Position	(10,673)	312,205	167,163
Net Position at Beginning of Year	479,368	167,163	-0-
Net Position at End of Year	$ 468,695	$ 479,368	$ 167,163

The Corporation's revenues decreased $441,204 from $611,144 in 2012 to $169,940 in 2013, a decrease of 72%. The decrease is due to a decrease in Corporation projects as compared to the prior year. The Corporation's expenses decreased $117,430 from $299,050 in 2012 to $181,620 in 2013, a decrease of 39%. The decrease is mainly attributed to less projects completed in 2013 as compared to 2012.

The Corporation's revenues increased $306,062 from $305,082 in 2011 to $611,144 in 2012, an increase of 100%. The increase was due to an increase in Corporation projects as compared to 2011. The Corporation's expenses increased $161,121 from $137,929 in 2011 to $299,050 in 2012, an increase of 117%. The Corporation began its operations in 2011 and due to a full year of operations in 2012, the number of the Corporation's projects increased, which resulted in increased revenues and corresponding expenses.

ECONOMIC FACTORS AND NEXT YEAR'S PLAN

The unemployment rate in the County of Nassau has continued to be somewhat lower than national and State of New York averages. At December 31, 2013, the United States unemployment rate was 6.7%, the New York State unemployment rate was 7.1% and the County of Nassau had an unemployment rate of 4.8%.

ECONOMIC FACTORS AND NEXT YEAR'S PLAN (continued)

The Corporation plans to continue and expand its assistance to the non-profit organizations located in the County of Nassau through:

- Federally tax-exempt and taxable revenue bonds or refinance of existing bonds
- Sales tax exemptions for construction materials and equipment
- Links organizations to applicable loans
- Explore expansion opportunities
- Connect organizations to workforce training
- Assist organizations with energy assistance

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Nassau County Local Economic Assistance Corporation at 1550 Franklin Avenue, Suite 235, Mineola, New York 11501.

FINANCIAL STATEMENTS

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
STATEMENTS OF NET POSITION
December 31, 2013 and 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 477,148	$ 598,660
Prepaid expenses	1,547	1,542
Total Current Assets	478,695	600,202
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	10,000	32,486
Due to affiliate	-0-	88,348
Total Current Liabilities	10,000	120,834
NET POSITION		
Unrestricted	468,695	479,368
Total Net Position	$ 468,695	$ 479,368

See notes to the financial statements.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended December 31, 2013 and 2012

	2013	2012
OPERATING REVENUES:		
Fee and service income	$ 169,440	$ 611,144
Other income	500	-0-
Total Operating Revenues	169,940	611,144
OPERATING EXPENSES:		
Professional services	38,041	33,183
Administrative expense	129,229	255,617
Rent expense	6,000	6,000
Office supplies and equipment	100	-0-
Economic development/marketing	8,250	4,250
Total Operating Expenses	181,620	299,050
Net Operating Income (Loss)	(11,680)	312,094
NON-OPERATING REVENUES:		
Interest income	1,007	111
Total Non-Operating Revenues	1,007	111
Change in Net Position	(10,673)	312,205
Net Position at Beginning of Year	479,368	167,163
Net Position at End of Year	$ 468,695	$ 479,368

See notes to the financial statements.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from providing services	$ 169,940	$ 611,144
Cash payments for contractual services	(292,459)	(283,707)
Net Cash Provided (Used) by Operating Activities	(122,519)	327,437
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,007	111
Net Cash Provided (Used) by Investing Activities	1,007	111
Net Increase (Decrease) in Cash	(121,512)	327,548
Cash and Cash Equivalents, at Beginning of Year	598,660	271,112
Cash and Cash Equivalents, at End of Year	$ 477,148	$ 598,660
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net operating income (loss)	$ (11,680)	$ 312,094
(Increase) decrease in assets:		
Prepaid expenses	(5)	(1,542)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	(22,486)	29,986
Due to affiliate	(88,348)	(13,101)
Net Cash Provided (Used) by Operating Activities	$ (122,519)	$ 327,437

See notes to the financial statements.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

Note 1 – Summary of Significant Accounting Policies

Organization

The Nassau County Local Economic Assistance Corporation (the "Corporation") was created as a local development corporation. The Corporation was established on September 20, 2010 pursuant to Section 1411 of the New York Not-for-Profit Corporation Law. The mission of the Corporation is to serve as a core resource for new and existing philanthropic and charitable organizations within the County of Nassau, New York, to support the growth, expansion and ongoing operations of non-profit organizations that allow the community to thrive.

The Corporation provides the following major incentives:

- Federally tax-exempt and taxable revenue bonds or refinance of existing bonds
- Sales tax exemptions for construction materials and equipment
- Links organizations to applicable loans
- Explore expansion opportunities
- Connect organizations to workforce training
- Assist organizations with energy assistance

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles in the United States, as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

The Corporation's more significant accounting policies are described below.

Financial Reporting

The financial reporting entity includes all functions and activities over which the appointed officials exercise responsibility. No other governmental organization has been included or excluded from the reporting entity. The County of Nassau appoints the governing board of the Corporation which results in interdependency with the County of Nassau. Accordingly, the Corporation has been determined to be a component unit of the County of Nassau.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Corporation uses the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting (continued)

The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash equivalents are defined as short-term highly liquid investments including certificates of deposit. The statement of cash flows presented uses the direct method.

Due to Affiliate

Due to affiliate represents amounts due to Nassau County Industrial Development Agency for office space and administrative services provided by the Corporation.

Equity Classification

In the financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets — Consists of capital assets including, restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted — Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted— All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as needed.

Revenue Recognition

The Corporation's primary source of operating revenue is from bond issuance and straight lease fees, which are computed as a percentage of the total project. Fees are recorded as income when earned at the time of closing on the sale of bonds and straight lease agreements.

Advertising

The Corporation follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended December 31, 2013 and 2012 totaled approximately $8,000 and $4,000 respectively.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncement

The Corporation has adopted all of the current statements of the GASB that are applicable. Effective with the financial report for the year ended December 31, 2013, the Corporation implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in fiscal year ended December 31, 2013. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard had no impact on the Corporation's financial statements.

Subsequent Events

Management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in demand accounts and certificates of deposit with original maturities of less than three months.

The Corporation's investments are governed by a formal investment policy. The Corporation's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Corporation is authorized to use certificates of deposit and money market deposit accounts. Permissible investments include certificates of deposit, obligations of the United States, obligations of the State of New York, repurchase agreements, and obligations of agencies of the federal government where principal and interest are guaranteed by the United States.

Collateral is required for demand deposits and time deposits accounts at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. The Corporation's collateral agreements are based on the Corporation's available balance.

Custodial Credit Risk – Deposits / Investments – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside Corporation. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Note 2 – Cash and Cash Equivalents (continued)

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized,
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Corporation's name.

At December 31, 2013, the Corporation's cash and cash equivalents were insured by the Federal Depository Insurance Corporation or collateralized by securities held in the pledging bank's trust department in the Corporation's name.

Note 3 – Revenues

The Corporation collects one time administration fees from the issuance of taxable bonds, tax exempt bonds and other transactions as follows:

- Taxable Bond Issues and Straight Lease Fees - Six-tenths of one percent (.6%) for the first twenty million dollars ($20,000,000) of total project costs and, if applicable, two-tenths of one percent (.2%) for any additional amounts in excess of twenty million dollars ($20,000,000) of total project costs.
- Tax-Exempt Bond Issues – Six-tenths of one percent (.6%) of total project costs.
- General Counsel Fee – One-tenth of one percent (.1%) of total project costs, with a minimum fee of $2,000.
- The fees listed are subject to periodic review and may be adjusted from time to time with the authority of the Board.
- All Transactions – Two thousand five hundred dollars ($2,500) closing compliance fee payable at closing and one thousand dollars ($1,000) per year (or part thereof) administrative fee, payable in advance, as described below.

The Corporation collects one time administration fees from the issuance of taxable bonds, tax exempt bonds and other transactions as follows:

- The following amounts are payable to the Corporation at the time the application is submitted: (i) a $1,000 non-refundable application fee; (ii) a $3,500 expense deposit for the Corporation's Bond Counsel fees and expenses; (iii) a $2,500 expense deposit for the cost/benefit analysis with respect to the project contemplated by the application; and (iv) a $500 expense deposit for the real property tax valuation analysis, if applicable, with respect to the project contemplated by the application.
- The Corporation charges a non-refundable annual fee of $1,000 per applicant during the term of the bonds or straight lease. The fee covers the cost of annual reporting and monitoring of several transactions including the outstanding bonds.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

Note 3 – Revenues (continued)

The following is a detail of the fee and service income received for the years ended December 31:

	2013	2012
Closing Fee Income	$ 160,440	$ 605,144
Application Fee Income	5,000	5,000
Annual Fee Income	4,000	1,000
Total Fee and Service Income	$ 169,440	$ 611,144

Note 4 – Conduit Debt Obligations, Revenue Bonds and Note Transactions

The Corporation has issued Revenue Bonds to local non-profit organizations, which provides the organizations the opportunity to utilize tax-exempt financing for eligible projects. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the facilities transfers to the non-profit organization served by the bond issuance.

Neither the Corporation, the County of Nassau, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2013 and 2012, there were 19 and 10, series of Revenue Bonds and Notes outstanding, with an aggregate principal amount payable of $356,058,765 and $343,286,146, respectively.

Note 5 – Related Party Transactions

The Corporation entered into a sublicense and cooperation agreement with Nassau County Industrial Development Agency, to share office space and basement storage space in Mineola, New York, as well as to provide administrative services for the Corporation, as the Corporation has officers but no employees. The officers and some of the directors of the Corporation serve in similar positions for the Nassau County Industrial Development Agency. The term of the sublicense commenced on January 1, 2011 and will terminate at such time as either party gives the other at least thirty days' notice of revocation in writing. The fee for the sublicense is $500 per month. Rental expense totaled $6,000 for each of the years ended December 31, 2013 and 2012.

Administrative charges totaled $111,000 and $235,000 for the years ended December 31, 2013 and 2012, related to services provided for project management and closings, and are included in administrative expenses.

Note 6 – Litigation

The Corporation is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that if such litigation should occur, either individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the Corporation.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

Note 7 – Component Unit

On February 13, 2012 the Nassau Business Development Corporation was formed to further support and promote economic development efforts for the public purpose and charitable purpose of benefiting and furthering the activities of the County of Nassau, New York. The Nassau County Local Economic Assistance Corporation is the sole member of the Nassau Business Development Corporation. There was no activity during the years ended December 31, 2013 and 2012.

Note 8 – New Pronouncement

Governmental Accounting Standards Board ("GASB") issued authoritative guidance (GAS Statement No. 69) on *Government Combinations and Disposals of Government Operations*, which establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Corporation is required to implement this authoritative guidance for the year ended December 31, 2014.

The Corporation is currently evaluating the impact of this pronouncement.

OTHER REPORTS

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Nassau County Local Economic Assistance Corporation
Mineola, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Nassau County Local Economic Assistance Corporation (the "Corporation"), a component unit of the County of Nassau, New York, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 13, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

245 PARK AVENUE, 39TH FLOOR
NEW YORK, NY 10167
T: 212.792.4075

25 SUFFOLK COURT
HAUPPAUGE, NY 11788-3715
T: 631.434.9500 F: 631.434.9518

www.avz.com
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hauppauge, New York
March 13, 2014

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH CORPORATION INVESTMENT POLICY

To the Board of Directors
Nassau County Local Economic Assistance Corporation
Mineola, New York

We have examined the Nassau County Local Economic Assistance Corporation's (the "Corporation"), a component unit of the County of Nassau, New York, compliance with the Corporation's investment policy during the period January 1, 2013 through December 31, 2013. Management is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on the Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements during the period January 1, 2013 through December 31, 2013.

This report is intended solely for the information and use of the audit committee, management of the Corporation, and the County of Nassau and is not intended to be and should not be used by anyone other than these specified parties.

Albrecht, Viggiano, Zureck & Co., P.C.

Hauppauge, New York
March 13, 2014

ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

245 PARK AVENUE, 39TH FLOOR
NEW YORK, NY 10167
T: 212.792.4075

25 SUFFOLK COURT
HAUPPAUGE, NY 11788-3715
T: 631.434.9500 F: 631.434.9518

www.avz.com
INDEPENDENT MEMBER OF BKR INTERNATIONAL