

**TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**ALBANESE SINI & REEVES, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS



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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of the  
Town of Brookhaven Local Development Corporation:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Town of Brookhaven Local Development Corporation (a nonprofit organization) (the Corporation), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets, and cash flows for the year 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 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 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 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 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 Corporation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2014, on our consideration of the Corporation's internal control over financial reporting 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

*Albanese Sini & Reeves LLP*

East Setauket, New York  
March 12, 2014

**TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013**

**ASSETS**

Cash \$ 194,119

Prepaid expenses 10,215

**TOTAL ASSETS** \$ 204,334

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable \$ 1,663

**TOTAL LIABILITIES** 1,663

**NET ASSETS - UNRESTRICTED** 202,671

**TOTAL LIABILITIES AND  
NET ASSETS** \$ 204,334

See Notes to the Financial Statements.

**TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>REVENUES</b>	
Administration fees	\$ 30,594
Application fees	<u>55,718</u>
Total Revenues	<u>86,312</u>
 <b>EXPENSES</b>	
Bank Fees	199
Computer consulting and fees	975
Insurance expense	3,405
Legal fees	8,540
Legal notices	1,800
Other expenses	61
Professional fees	1,550
Sponsorship	<u>49,500</u>
Total Expenses	<u>66,030</u>
 <b>CHANGES IN NET ASSETS</b>	 20,282
 <b>NET ASSETS - UNRESTRICTED - BEGINNING OF YEAR</b>	 <u>182,389</u>
 <b>NET ASSETS - UNRESTRICTED - END OF YEAR</b>	 <u><u>\$ 202,671</u></u>

See Notes to the Financial Statements.

**TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>CASH FLOWS FROM</b>	
<b>OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 20,282
Adjustments to Reconcile Change in Net Assets to Cash provided by Operating Activities:	
Prepaid expenses	(10,215)
Accounts Payable	<u>(712)</u>
<b>NET CASH PROVIDED BY</b>	
<b>OPERATING ACTIVITIES</b>	<u>9,355</u>
<b>NET INCREASE IN CASH</b>	9,355
<b>CASH - BEGINNING OF YEAR</b>	<u>184,764</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 194,119</u></u>

See Notes to the Financial Statements

**TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1 - ORGANIZATION**

The Town of Brookhaven Local Development Corporation (the Corporation) is a not-for-profit corporation incorporated on June 11, 2010 under New York Law. The Corporation's purpose is to promote and conduct economic development activities in the Town of Brookhaven and to finance facilities for not-for-profit corporations so that they may acquire, improve, maintain, equip and furnish such projects. Although the Town of Brookhaven is not financially accountable for the Corporation, it does appoint the Board and as such is considered a related-party to the Corporation.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Financial Statement Presentation

The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows. All of the Corporations activities are unrestricted net assets.

b. Basis of Accounting

Accounting for revenues and expenses are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

c. Income Taxes

The Corporation is a not-for-profit corporation organized pursuant to sections 402 and 1411 of the New York State Not-for Profit Corporation law and is, therefore, exempt from income taxes. The Corporation is also exempt from Federal reporting requirements under Internal Revenue Service Revenue Procedure 95-48, 1995-2 C.B. 418 as a governmental unit of affiliate of a governmental unit described in the procedure.

**NOTE 3 – DUE TO TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY**

The Town of Brookhaven Industrial Development Agency (the Agency) by resolution had loaned the Corporation \$7,500 which was repaid during the year ended December 31, 2012. The amount did not accrue interest and there was no written agreement between the Agency and the Corporation for this loan.

The Corporation uses the Town of Brookhaven (the Town) facilities, there is no written agreement for this arrangement. On their own time, the Town employees volunteer their services for the Corporation.

*continued*

**TOWN OF BROOKHAVEN LOCAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 4 - SUBSEQUENT EVENTS**

In connection with the preparation of the financial statements, the Corporation evaluated subsequent events after the balance sheet date of December 31, 2013 through March 12, 2014 which was the date the financial statements were available to be issued. No subsequent events were identified.

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

To the Board of Directors of the  
Town of Brookhaven Local Development Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Town of Brookhaven Local Development Corporation (the Corporation), which comprise the statement of net assets as of December 31, 2013, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 12, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity'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 would not necessarily 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from 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 an 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.

*Albanese Sini & Reeves LLP*

East Setauket, New York  
March 12, 2014