

**Town of Huntington**  
**Local Development Corporation**  
Financial Statements  
with Independent Auditor's Report  
For the Years Ended December 31, 2013 and 2012

**TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION**  
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December 31, 2013

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## INDEPENDENT AUDITOR'S REPORT

To the Town Board Members of the  
Town of Huntington Local Development Corporation  
Huntington, New York

### **Report on Financial Statements**

We have audited the accompanying financial statements of the Town of Huntington Local Development Corporation (the Organization) a component unit of the Town of Huntington, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended and the related notes to the 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.

### ***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 the 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 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 Town of Huntington Local Development Corporation, as of December 31, 2013, and the changes in its net assets and its cash flow for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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 operations, 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.

## ***Prior Period Financial Statements***

The financial statements of Town of Huntington Local Development Corporation as of December 31, 2012, were audited by other auditors whose report dated April 1, 2013, expressed an unmodified opinion on those statements.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2014, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 the 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 Organization's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*

March 25, 2014

**TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION**  
**Management's Discussion and Analysis**

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This discussion and analysis of The Town of Huntington Local Development Corporation's (the Organization) financial performance provides an overview of the Organization's financial activities for the year ended December 31, 2013. Please read this in conjunction with the financial statements and the accompanying notes to those statements.

**1. FINANCIAL HIGHLIGHTS**

- The Organization's total assets decreased \$8,175 during the calendar year 2013.
- The Organization had a nominal amount of activity during 2013.
- As of December 31, 2013, the Organization reported net assets of \$191,739.

**2. BASIC FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the Organization.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes can be found immediately following the financial statements.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) on the accrual basis of accounting. Under that basis revenues are recognized when earned and expenses are recognized when incurred.

**3. FINANCIAL POSITION**

The following is a summary of the organizations financial position as of December 31,

	<u>2013</u>	<u>2012</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Assets - Cash	<u>\$ 191,739</u>	<u>\$ 199,914</u>	<u>\$ (8,175)</u>	(4.09)%
Net Assets	<u>\$ 191,739</u>	<u>\$ 199,914</u>	<u>\$ (8,175)</u>	(4.09)%

**TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION**  
**Management's Discussion and Analysis**

**4. ACTIVITIES**

The following is a summary of the organizations financial position as of December 31,

	<u>2013</u>	<u>2012</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b>Changes in Unrestricted Net Assets</b>				
Total Revenue	\$ 1,500	\$ 201,480	\$ (199,980)	(99.26)%
Total Expenses	<u>9,675</u>	<u>1,566</u>	<u>8,109</u>	517.82 %
Increase/(Decrease) in Unrestricted Net Assets	(8,175)	199,914	(191,871)	(95.91)%
Net Assets, Beginning of Year	<u>199,914</u>	<u>-</u>	<u>199,914</u>	100.00 %
Net Assets, End of Year	<u>\$ 191,739</u>	<u>\$ 199,914</u>	<u>\$ (8,175)</u>	(4.09)%

**TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION**  
**Statements of Financial Position**  
December 31, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash	<u>\$ 191,739</u>	<u>\$ 199,914</u>
Total Assets	<u>\$ 191,739</u>	<u>\$ 199,914</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Assets</b>		
Unrestricted	<u>\$ 191,739</u>	<u>\$ 199,914</u>
Total Liabilities and Net Assets	<u>\$ 191,739</u>	<u>\$ 199,914</u>

**TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION**  
**Statements of Activities**  
For the Years Ended December 31, 2013 and 2012

	2013	2012
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>Revenues</b>		
Fee Income	\$ 1,500	\$ 201,480
Total Revenues	1,500	201,480
<b>Program Service Expenses</b>		
Advertising	1,122	1,440
Professional Fees	8,553	-
Printing & Copying	-	126
Total Program Expenses	9,675	1,566
Increase/(Decrease) in Unrestricted Net Assets	(8,175)	199,914
Net Assets, Beginning of Year	199,914	-
Net Assets, End of Year	\$ 191,739	\$ 199,914

**TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (8,175)	\$ 199,914
Net Cash Provided by (Used in) Operating Activities	(8,175)	199,914
Cash and Cash Equivalents, Beginning of Year	<u>199,914</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 191,739</u>	<u>\$ 199,914</u>

**TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION**  
**Notes to Financial Statements**

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**1. ORGANIZATION AND PURPOSE**

**Organization**

The Town of Huntington Local Development Corporation (the Organization) was incorporated on April 7, 2010 under Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The mission of the Organization is to conduct activities that will relieve and reduce unemployment, promote and provide for additional maximum employment, improve and maintain job opportunities, lessen the burdens of governments and act in the public interest. The Town of Huntington Town Board members constitute the Organization's directors, and, accordingly, the Organization's management is designated by the Town Board sitting as directors of the Organization. The Town Board is completely accountable for fiscal matters. The Town of Huntington is not liable for the Organization's bonds or notes.

The Organization is a component unit of the Town of Huntington, New York. The financial activities of the Organization in this stand alone financial are combined with the financial activities of the Town of Huntington in those financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

**B. Basis of Presentation**

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board – Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205 the Organization 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. There were only unrestricted net assets as of December 31, 2013.

**C. Cash and Cash Equivalents**

For purposes of the financial statements, the Organization considers all highly liquid cash accounts and other temporary investments of three months or less as cash equivalents.

**D. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION**  
**Notes to Financial Statements**  
(Continued)

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**E. Income Taxes**

The Organization is a not-for-profit public benefit corporation and is exempt from income taxes under the Internal Revenue Code.

**F. Conduit Financing**

Conduit financing is a financing arrangement involving a government or other qualified agency using its name in an issuance of fixed-income securities for a non-profit organization's large capital project. The Organization may sponsor conduit financing for those activities (i.e., economic development, housing, health facilities, etc.) that have a general public purpose and are consistent with the Organization's overall service and policy objectives as determined by the Organization's Directors.

**3. REVENUE BOND TRANSACTION**

Bonds authorized by the Organization and issued through various lending institutions are designated as special obligations of the Organization and payable solely from the revenues and other assets pledged as collateral against the bonds. The Organization's right, title and interest to the property are assigned to a trustee until such point in time as the construction of property improvements has been completed or satisfaction of the obligation has been effected in full. The Organization does not act as a guarantor in the event of collateralized properties and revenues as specified in the applicable financing agreement are insufficient to meet debt service requirements. Additionally, in each of these financings, the Organization has assigned all rights to receive certain revenues derived with respect to the facilities it has financed to the holders of the revenue bonds. As a consequence, the Organization does not reflect such bonds or related properties on its financial statements. Local development revenue bonds authorized by the Organization and outstanding at December 31, 2013 total \$18,510,000.

**4. CONCENTRATION OF CREDIT RISK**

At December 31, 2013, the carrying amount of the Organization deposits was \$191,739 and the bank deposits were fully covered by FDIC insurance.

**5. RELATED PARTY**

The Organization is related through common management with the Town of Huntington. The Town Board serves as Directors of the Organization. The Town of Huntington provides certain administrative and management services to the Organization. The costs of these services are not reflected in the accompanying financial statements.

**6. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through March 25, 2014, the date the financial statements were available to be issued. The Organization has concluded that, no other subsequent events have occurred that require recognition or disclosure.

**INDEPENDENT AUDITOR'S 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**

Town Board Members  
Huntington Local Development Corporation  
Huntington, New York

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 Huntington Local Development Corporation (Organization), a component of the Town of Huntington, New York as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 25, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 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 entity'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 entity's internal control and compliance. According, this communication is not suitable for any other purpose.

*Cullen & Danowski, LLP*

March 25, 2014