

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

Years Ended December 31, 2013 and 2012

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## INDEPENDENT AUDITORS' REPORT

To the Audit Committee  
Town of North Hempstead Business and  
Tourism Development Corporation  
Manhasset, New York

### **Report on Financial Statements**

We have audited the accompanying statements of financial position of the Town of North Hempstead Business and Tourism Development Corporation ("BTDC") (a not-for-profit corporation) which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statement.

### **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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with accounting principles 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. Those standards require that we plan and perform the audits 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 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 BTDC'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 BTDC's internal control. Accordingly, we express on such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of North Hempstead Business and Tourism Development Corporation as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 9 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.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2014, on our consideration of the Town of North Hempstead Business and Tourism Development Corporation, internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, 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 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 BTDC's internal control over financial reporting and compliance.

*Albrecht, Veggiaro, Zwick & Co., P.C.*

Hauppauge, New York  
March 6, 2014

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION**  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash	\$ 53,913	\$ 79,110
Due from the Town of North Hempstead	25,000	50,000
Prepaid insurance	946	1,630
Property and equipment	<u>-0-</u>	<u>166</u>
Total Assets	<u>\$ 79,859</u>	<u>\$ 130,906</u>
<b>Liabilities</b>		
Accrued expenses	<u>\$ 16,175</u>	<u>\$ 17,600</u>
<b>Commitment</b>		
<b>Net Assets</b>		
Unrestricted	53,433	89,493
Temporarily restricted	<u>10,251</u>	<u>23,813</u>
Total Net Assets	<u>63,684</u>	<u>113,306</u>
Total Liabilities and Net Assets	<u>\$ 79,859</u>	<u>\$ 130,906</u>

See notes to financial statements.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION**  
STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2013 and 2012

	2013	2012
<b>Unrestricted Net Assets</b>		
Revenues, gains and support		
Fees for services	\$ 280,000	\$ 315,000
Contributions	431	7,557
Vendor fees	800	800
Sponsorship	6,625	-0-
Interest	2	2
	287,858	323,359
Total Unrestricted Revenues, Gains and Support		
Net assets released from restrictions	18,239	18,766
Total Unrestricted Revenues, Gains, Support and Reclassifications	306,097	342,125
Expenses		
Program expenses	286,410	227,866
Management and general	55,747	57,849
Total Expenses	342,157	285,715
(Decrease) Increase in Unrestricted Net Assets	(36,060)	56,410
<b>Temporarily Restricted Net Assets</b>		
Contributions	4,500	8,500
Interest	177	285
Net assets released from restrictions	(18,239)	(18,766)
Decrease in Temporarily Restricted Net Assets	(13,562)	(9,981)
(Decrease) Increase in Net Assets	(49,622)	46,429
Net Assets - Beginning of Year	113,306	66,877
Net Assets - End of Year	\$ 63,684	\$ 113,306

See notes to financial statements.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION**  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (49,622)	\$ 46,429
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	166	613
Increase (Decrease) in due from the Town of North Hempstead	25,000	(50,000)
Increase in prepaid insurance	684	-0-
Increase (Decrease) in accrued expenses	<u>(1,425)</u>	<u>1,442</u>
Net Cash Used by Operating Activities	(25,197)	(1,516)
<b>Cash at Beginning of Year</b>	<u>79,110</u>	<u>80,626</u>
Cash at End of Year	<u>\$ 53,913</u>	<u>\$ 79,110</u>

See notes to financial statements.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 2012

**Note 1 - Nature of Activities**

The Town of North Hempstead Business and Tourism Development Corporation ("BTDC") (a component unit of the Town of North Hempstead) is a not-for-profit corporation organized pursuant to Section 1411 of the New York Not-for-Profit Corporation Law. Its purposes and objectives are the exclusively charitable or public purposes of: (i) relieving and reducing unemployment; (ii) promoting, facilitating and providing for additional and maximum employment for individuals; (iii) expanding, bettering and maintaining job opportunities for individuals; (iv) instructing or training individuals to improve or develop their capabilities for such jobs; (v) carrying on scientific research for the purpose of aiding the Town of North Hempstead by attracting new industry to the Town of North Hempstead or by encouraging the development, or retention, of industry in the Town of North Hempstead; (vi) lessening the burdens of government and acting in the public interest, thus performing an essential governmental function; and (vii) enhancing business development and economic opportunities. These functions are considered to be one program for the BTDC as it carries out its mission.

**Note 2 - Summary of Significant Accounting Policies**

Cash Equivalents

The BTDC considers all cash investments with an original maturity of three months or less to be cash equivalents. Cash equivalents consist solely of money market funds.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

Net Assets

Net assets, income, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly net assets are classified and reported as follows:

Unrestricted - Unrestricted net assets consist of resources available for the various programs and administration of the BTDC which have not been restricted by a donor or other outside party.

Temporarily Restricted – Temporarily restricted net assets reflect donor-imposed restrictions that require the BTDC to expend related assets as specified, or when time restrictions end.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 2012

**Note 2 - Summary of Significant Accounting Policies** (continued)

Net Assets (continued)

Permanently Restricted – Permanently restricted net assets are contributions that require the corpus of the gift to remain in perpetuity.

Property and Equipment

Acquisitions of property and equipment are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of five years.

Income Taxes

The BTDC has been approved as an exempt organization under the Internal Revenue Code Section 501(c) (4). This status exempts the BTDC from federal and state income taxes.

The BTDC accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense. The BTDC has identified its tax status as a tax exempt entity as a tax position; however, the BTDC has determined that such tax position does not result in an uncertainty requiring recognition.

The BTDC is not currently under examination by any taxing jurisdiction. The federal and state information returns are generally open for examination for three years.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses are charged directly to program or management and general categories based on specific identification.

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 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.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013 and 2012

**Note 2 - Summary of Significant Accounting Policies** (continued)

Subsequent Events

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

**Note 3 - Property and Equipment**

Property and equipment at December 31 consist of the following:

	<u>2013</u>	<u>2012</u>
Furniture and fixtures	\$ 4,727	\$ 4,727
Equipment	<u>2,440</u>	<u>2,440</u>
	7,167	7,167
Less: Accumulated depreciation	<u>(7,167)</u>	<u>(7,001)</u>
	<u>\$ -0-</u>	<u>\$ 166</u>

**Note 4 - Commitment**

Economic Dependency

On March 16, 2005, the BTDC entered into a Local Development and Professional Services Agreement (the "Agreement") with the Town of North Hempstead. The Town of North Hempstead is considered a related party since the board members of the Town are the same board members of the BTDC. This agreement has been amended several times increasing the contract amount each year. The contract amount for the years ended December 31, 2013 and 2012 was \$280,000 and \$315,000, respectively. This agreement does not have an expiration date and can be terminated by either party by serving a written notice. As of December 31, 2013 and 2012 \$25,000 and \$50,000, respectively is owed to the BTDC on this contract. The Town of North Hempstead has committed support to the BTDC in the amount of \$217,500 for 2014.

**Note 5 - Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2013 and 2012 consist of contributions received for future Beach/Family Fest events and are relieved annually through costs of the event.

**SUPPLEMENTAL INFORMATION**

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION**  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2013

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Event expenses	\$ 22,900	\$ -0-	\$ 22,900
Salaries	41,100	27,400	68,500
Payroll taxes and fees	3,901	2,601	6,502
Legal and accounting	32,700	20,100	52,800
Consultant	54,250	-0-	54,250
Sponsorship	131,400	-0-	131,400
Public relations and marketing	-0-	563	563
Dues and subscriptions	159	-0-	159
Insurance	-0-	3,332	3,332
Filing fees	-0-	75	75
Rent	-0-	1,200	1,200
Office	-0-	310	310
	<u>286,410</u>	<u>55,581</u>	<u>341,991</u>
Depreciation	<u>-0-</u>	<u>166</u>	<u>166</u>
	<u><u>\$ 286,410</u></u>	<u><u>\$ 55,747</u></u>	<u><u>\$ 342,157</u></u>

See independent auditors' report.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION**  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2012

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Event expenses	\$ 25,349	\$ -0-	\$ 25,349
Salaries	41,100	27,400	68,500
Payroll taxes and fees	3,917	2,625	6,542
Legal and accounting	-0-	21,150	21,150
Consultant	26,000	-0-	26,000
Sponsorship	131,500	-0-	131,500
Public relations and marketing	-0-	430	430
Insurance	-0-	3,574	3,574
Filing fees	-0-	75	75
Rent	-0-	1,200	1,200
Office	-0-	782	782
	<u>227,866</u>	<u>57,236</u>	<u>285,102</u>
Depreciation	<u>-0-</u>	<u>613</u>	<u>613</u>
	<u><u>\$ 227,866</u></u>	<u><u>\$ 57,849</u></u>	<u><u>\$ 285,715</u></u>

See independent auditors' report.

## **OTHER REPORTS**



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 Audit Committee  
Town of North Hempstead Business and  
Tourism Development Corporation  
Manhasset, NY

We have audited, 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, the financial statements of the Town of North Hempstead Business and Tourism Development Corporation ("BTDC") as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the BTDC'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 BTDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the BTDC'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 BTDC'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.

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## **Internal Control over Financial Reporting** (continued)

Our consideration of internal control over financial reporting 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 BTDC'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 BTDC'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 BTDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Albrecht, Viggiano, Zuercher & Co., P.C.*

Hauppauge, New York  
March 6, 2014



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH THE TOWN OF NORTH HEMPSTEAD BUSINESS AND TOURISM DEVELOPMENT  
CORPORATION'S INVESTMENT POLICY

To the Audit Committee  
Town of North Hempstead Business and  
Tourism Development Corporation  
Manhasset, NY

We have examined the Town of North Hempstead Business and Tourism Development Corporation's ("BTDC"), compliance with the BTDC's investment policy during the period January 1, 2013 through December 31, 2013. Management is responsible for the BTDC's compliance with those requirements. Our responsibility is to express an opinion on the BTDC'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 BTDC'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 BTDC's compliance with specified requirements.

In our opinion, the BTDC 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 Board, audit committee and the management of the BTDC 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 6, 2014

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