GLEN COVE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove, New York)

ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2014

Prepared by:
Anne L. LaMorte
Financial Manager, CFO

THE CITY OF GLEN COVE
INDUSTRIAL DEVELOPMENT AGENCY
GLEN COVE, NEW YORK

A COMPONENT UNIT OF
THE CITY OF GLEN COVE, NEW YORK

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

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ANNE L. LAMORTE
FINANCIAL MANAGER, CFO

Glen Cove Industrial Development Agency
(A Component Unit of the City of Glen Cove, New York)
Comprehensive Annual Financial Report
For The Years Ended December 31, 2014 and 2013

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INTRODUCTORY SECTION

Reginald A. Spinello
Chairman

Barbara A. Peebles
Executive Director

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GLEN COVE

INDUSTRIAL DEVELOPMENT AGENCY

City Hall, 9 Glen Street, Room 311, Glen Cove, NY 11452

March 27, 2015

Board of Directors of
Glen Cove Industrial Development Agency
Glen Cove, NY

State Law requires the Glen Cove Industrial Development Agency ("IDA", the "Agency") publish a complete set of financial statements presented in conformity with the accounting principles generally accepted in the United States of America (GAAP) applied to governmental entities. The financial statements are to be audited by a certified public accountant in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Pursuant to that requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Agency for the fiscal year ended December 31, 2014.

In addition to meeting legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, and employees, financial institutions, intergovernmental agencies, creditors, partners and Glen Cove Industrial Development Agency's Board of Directors.

This Agency has produced the CAFR in conformance with the Governmental Accounting Standards Board (GASB) Statement 34. This report consists of management's representations concerning the finances of the Agency. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Glen Cove Industrial Development Agency has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Agency's financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Agency's financial statements have been audited by Toski & Co., CPAs, P.C., a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended December 31, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Agency's financial statements for the year ended December 31, 2014 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report, which can be found on pages 11 through 13.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found in the financial section of this report immediately following the report of the independent auditors. The Agency's MD&A can be found in pages 14 through 18.

PROFILE OF THE AGENCY

The Agency is a public benefit corporation, which was created by New York State legislation on May 17, 1974 at the request of the City of Glen Cove (the "City"). The Glen Cove IDA has the authority to help not-for-profit and qualified businesses to relocate, expand and build in the City of Glen Cove. Although the Agency is an entity independent of the City of Glen Cove government, the Mayor is the Chairman of the Agency and appoints all members of the Agency's Board of Directors. He and the Executive Director annually direct the Agency to implement development projects on the City's behalf.

The Agency's Board of Directors is comprised of five members appointed by the Mayor. The Agency's Board is responsible for hiring the Agency's Executive Director, whose responsibility it is to carry out the policies of the Board, to oversee the day-to-day operations of the agency, and to hire the heads of the various departments.

The Agency is considered a discretely presented component unit of the City of Glen Cove, because the City of Glen Cove Mayor appoints the Agency's Board of Directors, and the City of Glen Cove is obligated for the indebtedness of the Agency.

The Agency's mission is to improve economic conditions in the City of Glen Cove. The Agency operates to attract, retain and expand businesses within its jurisdiction through the provision of financial incentives to private entities. The Agency is legally empowered to buy, sell or lease property and to provide tax exempt financing for approved projects. Real property owned or controlled by IDA is exempt from property and mortgage recording taxes, and the value of these exemptions can be passed through to assisted businesses. Moreover, purchases related to IDA projects can be exempt from State and local sales taxes. While IDA properties are tax exempt, businesses occupying IDA-owned properties typically make payments in-lieu-of-taxes (PILOTs) that are paid to the City of Glen Cove.

FACTORS AFFECTING FINANCIAL CONDITIONS

The City of Glen Cove is located in Nassau County, between Hempstead Harbor and Oyster Bay and faces the Long Island Sound. Glen Cove is accessible by the Long Island Expressway and Northern State Parkway via State Route 107 (Arterial Highway) and Glen Cove Road. The Long Island Rail Road and the Nice Bus System provide accessible public transportation to Glen Cove's residents. The City is currently interviewing Ferry Operators as another means of transportation to New York City. Glen Cove is an attractive waterfront community with a variety of housing opportunities and excellent natural resources.

Population

The following table presents population trends for the City of Glen Cove and other cities and towns in the Nassau County:

NASSAU COUNTY POPULATION TRENDS

	Est. 2014	2012	2010	2000
City of Glen Cove	27,191	27,100	26,964	26,622
City of Long Beach	33552	33,480	33,275	35,462
Town of Hempstead	55361	54,833	53,891	52,582
Town of Oyster Bay	294910	294,548	293,214	295,405
Total Nassau County	1,352,146	1,349,233	1,339,532	1,334,544

The population data is based upon the US Census data.

The population of the City increased by 91 (1%) from 2012 to 2014 and 136 (1%) and 99(0%), from the 2012 to 2010, respectively. The population increases for the entire county was 2,913 (1%) from 2012 to 2014 and 9,701 (1%) and 4,988 (4%), from the 2012 to 2010, respectively. The City had relatively similar population increase as the City of Long Beach and less than the towns of Hempstead and Oyster Bay.

A new wave of immigration has made Glen Cove's population increasingly diverse. Racially and ethnically, 74% of Glen Cove's residents are White, 28% Hispanic, 7% Black, and 5% Asian and the balance is other, according to 2010 Population Census. At 28%, the proportion of Glen Cove's Hispanic population to its total population is almost two times greater than the proportion in Nassau County in general. Regionally, roughly one-half of new immigrants to the United States are moving directly to the suburbs, rather than the traditional mode of moving first to the inner city. This is spurred by the fact that the suburbs are now major employment centers in their own right.

School enrollment can be used to indicate how Glen Cove's demographic profile is evolving. As of November 2007, there were slightly more than 2,900 Glen Cove youngsters enrolled in the Glen Cove school system (excluding pre-kindergarten, out-of-district, and Special Education students). Of these students, 400 students were born outside of the United States, representing 14 percent of the total. These figures would be higher if the American-born children of immigrants were also considered.

Income

According to the US Census, estimates for 2013, the number of households, persons per household, median household income, per capita income and percentage of persons below the poverty line for the City of Glen Cove, Nassau County and New York State, were as follows:

NEW YORK STATE AND CITY OF GLEN COVE DEMOGRAPHIC COMPARISON

	Glen Cove	State of New York
Households	9,445	8,105,103
Persons per household	2.78	2.61
Median household income	$68,221	$58,003
Per capita money income	$36,185	$32,382
Persons below poverty, percent	13.7%	16.0%

The median income for a household in the Census Designated area of the City was $68,221. The per capita income for the City was $36,185. About 13.7% of the people were below the poverty line in the City of Glen Cove.

Economy of the City of Glen Cove

The City has begun a campaign to attract new retail tenants, particularly in the downtown business district. A wide variety of national and regional retailers and service providers have been contacted. The two programs are "Glen Cove is open for business," and "Glen Cove a sound investment begins here." In 2014, Panera Bread, a National chain store began construction in Glen Cove. It is anticipated to open in the second half of 2015.

The Agency, the City and County officials are working closely with the management team from Photo Circuits and Konica to identify new tenants and new uses for these facilities.

The Agency has considered the national market trends in various industries and has acted proactively to protect and bolster Glen Cove's economic base. Mindful that industry will not return to the heyday of the Industrial Revolution, the Agency has also recognized the need to embrace the rebirth of the Glen Cove Creek waterfront with new forms of development.

The Glen Cove Industrial Development Agency, the City of Glen Cove and the Glen Cove Community Development Agency have worked to promote mixed-use development on the north side of Glen Cove Creek, mindful that luxury and workforce housing can provide and support significant public parks and amenities.

Tourism is stimulated by the use of Glen Cove Creek and Hempstead Harbor by pleasure crafts. Several estates have been re-envisioned as bases for institutions and a conference center. Industry and offices have flourished in the south of Glen Cove, which is accessible to the major highways. The land at Glen Cove Creek is undergoing remediation at vacant and contaminated industrial sites in preparation for mixed-use redevelopment.

Industry in that area has proven durable and includes public maintenance yards and the sewage treatment plant.

EMPLOYMENT STATISTICS FOR VARIOUS AREAS IN LONG ISLAND

	February 2014				February 2013			
	Civilian Labor	Number	Unemployed		Civilian Labor	Number	Unemployed	
Area	Force	Employed	Number	Rate	Force	Employed	Number	Rate
Nassau-Suffolk	1,442,100	1,354,400	87,700	6.1%	1,469,700	1,361,800	107,900	7.30%
Nassau County	679,400	641,000	38,400	5.7%	686,700	639,100	47,600	6.90%
Glen Cove City	13,800	12,900	1,000	7.0%	13,500	12,300	1,100	8.30%
Hempstead Village	27,300	25,000	2,300	8.4%	26,600	23,900	2,700	10.10%
Long Beach City	19,100	18,100	1,000	5.1%	18,800	17,000	1,800	9.50%
Oyster Bay Town	149,200	141,500	7,700	5.2%	151,200	141,900	9,300	6.10%

The 2000 Census job and income statistics indicate that Glen Cove's average and median household income levels ($68,454 and $55,500, respectively) are substantially lower than those of Nassau County ($95,000 and $72,000, respectively. The number of service workers in Glen Cove exceeds that of Nassau County (20 percent and 13 percent), which is also indicative of the percentage of white collar workers Glen Cove and Nassau County (61 percent and 71 percent). The State of New York Department of labor provides the following information concerning impact of the recession on employment and unemployment in the City of Glen Cove, Nassau County and Nassau and Suffolk Counties.

The average unemployment rate in the City of Glen Cove was 7.0% as of February 2014 compared to 7.5% in NY Sate. The number of employed persons was 12,427 and 12,337 in 2014 and 2013, respectively.

The decrease in the civilian labor force in the Nassau - Suffolk area and Oyster Bay Town from 2013 to 2014 is a result of baby boomers retiring and more young people going to college instead of directly into the workforce.

Prices

The annual rate of increase in consumer price index in New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, not seasonally adjusted was as follows:

INCREASE IN CONSUMER PRICE INDEX (CPI)	
Year	Average Percentage Increase
2010	2.0
2011	2.3
2012	2.3
2013	1.5
2014	1.0

Housing

According to a November 3, 2014 report of Association of realtors the US existing home sales which are completed transactions that include single-family, townhomes, co-ops, and condominiums dropped 4.9 percent to a seasonally adjusted annual rate of 4.82 million in January from an upwardly revised 5.7 million in December. Despite January's decline, sales are higher by 3.2 percent than a year ago.

In the Northeast region, existing-home sales increased 2 percent to an annual rate of $670,000 from $660,000 in 2013. The median price in the Northeast was $242,900 in 2014, down from $249,100 in 2013, down 3 percent from the previous year.

Glen Cove's landscape is suburban with over 90 percent of the dwelling units in detached housing. Glen Cove shows greater diversity than Nassau County does (where over 75 percent of the units are single-family detached homes). The scale of housing is low, with a preponderance of two-family dwellings (20 percent) and three-family dwellings (18 percent), as opposed to apartment buildings of four or more units (7 percent). In comparison to Nassau County, Glen Cove contains a smaller percentage of owner-occupied units (58 percent and 80 percent) and a larger percentage of renter-occupied units (41 percent and 19 percent).

Though the rental formats are generally in low density two- and three-family formats, there appears to be a significant absence of owners on premises. Currently, there is 58 percent owner occupancy, whereas the total owner occupancy would have been 71 percent, if all of the single-family homes were owner-occupied, one-half of the two-family units were owner-occupied and one-third of the three-family units were owner occupied.

While Glen Cove's economic and racial diversity are reflected in population and housing data, home valuation numbers point to the wealth of some Glen Cove residents, as well as the potential difficulties many Glen Cove residents face in finding affordable housing. In 2014, the median value of owner-occupied housing units in Glen Cove exceeded that of Nassau County ($434,000 and $416,100) as well as the United States median value of $170,100.

While the market value of housing in Glen Cove may be out of reach for a number of residents, Glen Cove also happens to contain a larger share of affordable units than other communities on the North Shore. Glen Cove is currently home to 340 federally subsidized (Section 8) units and 250 affordable units administered by the City of Glen Cove Housing Authority; there are a total of 590 units.

MAJOR INITIATIVES

Glen Cove Waterfront Revitalization Project

The City, the Glen Cove CDA, and the IDA have been working together to reclaim the properties surrounding Glen Cove Creek and restore them for enhanced uses. The Glen Cove Waterfront is located in Glen Cove's Urban Renewal Area and in a Nassau County Empire Zone.

The City and its federal, state and local partners have remediated over 40 acres along Glen Cove Creek including the Captain's Cove Superfund site and a portion of the LI Tungsten Superfund site. Special economic development funding is a necessary component for the completion of this Urban Renewal Project. CDA manages the activities which prepare the redevelopment area for disposition and redevelopment. Such activities include further site investigation and cleanup support, surveying, professional engineering, appraisal services, legal services, and payment of interest on a Section 108 Loan used to purchase the properties along the waterfront.

In 2003, the Glen Cove IDA signed a Land Disposition Agreement with a private developer for the redevelopment of more than 46 acres along the north side of Glen Cove Creek. This development will reclaim the area for Glen Cove residents and allow much-needed public access to the waterfront.

The developer has designed a plan that will incorporate sound environmental practices with commercial, residential and recreational elements. This plan has been approved by the IDA and CDA boards and the City of Glen Cove and the Nassau County Planning Boards.

ANTICIPATED ACCOMPLISHMENTS

Waterfront Development Project

The project is in the final phase. It began when an amended Conceptual Site Plan, ("CSP") was submitted to the Glen Cove Planning Board in October 2008. In 2009, the Planning Board approved the Final Scope for the Draft Generic Environmental Impact Statement ("DGEIS") which is now the Final Environmental Impact Statement ("FEIS") that governs this billion dollar effort. The FEIS was approved by the Planning Board on December 18, 2011. The revised plan was the result of several months of joint efforts of the developer, the CDA, IDA and their consultants.

The FEIS allows for a redevelopment program that includes 860 residential units, including 180 rental apartments and 86 units of workforce housing; 50,000 sq. ft. of office space; 25,000 sq. ft. of retail space and restaurants, including outdoor dining at the head of the creek overlooking Hempstead Harbor; 85 new boat slips; and nearly 20 acres of accessible public open space along the waterfront and adjacent to the Garvies Point Preserve.

The FEIS answered all questions raised on environmental and other impacts of the proposed project including traffic, utilities, municipal services, and fiscal impacts of the CDA and IDA approved DEIS.

Phase I of the Public Use Development, (PUD) Site Plan was approved by the planning board in 2014. The redeveloper will build 387 multi-family rental units, 646 parking spaces, a Renaissance Park and esplanade to the Ferry Terminal, the relocation of the Angler's Club and a marina.

In January 2014, the City awarded the contract for the construction of the ferry terminal building that is anticipated to be complete in the second half of 2015. A ferry operator consultant was retained in 2014 to assist the City in the selection of a ferry operator. The ferry service will commence once the building is operational.

In 2014 the city appraised the deminimus parcels of IDA property at Captain's Cove, Doxey and Li Tungsten (parcels A, B and C) and the CDA property at Gladsky in preparation to transfer them to the City for the road project. The City's road consultants have been working to complete the road design and will be submitting final design to NYSDOT and the Federal Highway Administration (FHWA) in January 2015. Construction will begin in the second half of 2015.

Construction on Phase I of the Waterfront is anticipated to begin in the second half of 2015. This will include rental units, a marina and greenspace. This project estimates that 9,500 construction jobs will be created and 600 full time jobs upon the completion of the project along with $17M in annual tax revenues for the various authorities.

Other Projects

The Agency is currently working with GCVS, LLC on the redevelopment of the Downtown Village Square known as the "Piazza". Phase I was approved by the planning board. Demolition is anticipated to begin in the first half of 2015. The project will bring additional revenues for the Agency while improving employment conditions and increase the City's tax base. Panera Bread began construction in 2014 and is anticipated to open in the second half of 2015. This project will create approximately 25 construction jobs during construction, and 15-18 full time equivalents.

The Agency issued a PILOT in December 2013 to National Healthplex, The Regency at Glen Cove, for their expansion from 96 to 121 units including a secure 22 room Memory Care Unit. Construction was delayed due to financing and is expected to begin in 2015.

In December 2014, The IDA closed on a PILOT agreement with Stanley Park, an existing Low Income Housing project in Glen Cove. Stanley Park completed a 40 year HUD PILOT in 2013 and requested a PILOT for 7 years from the IDA to allow Stanley Park to repay real estate taxes owed to the City of Glen Cove as well as preventing a substantial rent increase to the existing tenants. The IDA received a $5K admin fee. The Pilot will begin in 2015.

Budgetary Controls

The objective of budgetary controls maintained by the Agency is to ensure compliance with the budgets approved by the Board of Directors. Activities of the Agency are included in the Agency's annual budgeting process. The annual budget is proposed by the Executive Director and submitted to the Board of Directors for approval.

The budgets can be amended during the year. The Executive Director is authorized to make transfers within administrative budget lines.

All other amendments require approval from the Agency's Board of Directors. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

The Agency's Board of Directors also adopts and uses program budgets, which in total comprise the Agency's financial plan. The program budgets do not expire at the year end and are extended until the programs are completed. The completion of the programs may require several years. The Board may amend the budget as necessary.

Acknowledgements

We would like to commend the staff of the Agency for their efficient and dedicated service in helping to prepare this report. We would also like to thank the Board of Directors and Executive Director for their support in planning and conducting the financial operations of the Agency in a responsible and progressive manner. We would like to express our thanks to our auditors, Toski and Co., P.C., for their most valuable assistance in preparation of this report.

Respectfully submitted,

Anne LaMorte, CFO
Financial Manager
Glen Cove Industrial Development Agency

BOARD MEMBERS

CHAIRMAN

Mayor Reginald A. Spinello

BOARD OF DIRECTORS

Vincent Hartley, CPA
Vice Chairman/Treasurer
Michael DeLuise
David Zatlin

GOVERNANCE COMMITTEE

Chairman Reginald A. Spinello
Michael DeLuise

AUDIT /FINANCE COMMITTEE

Vincent Hartley, CPA- Vice Chairman
David Zatlin

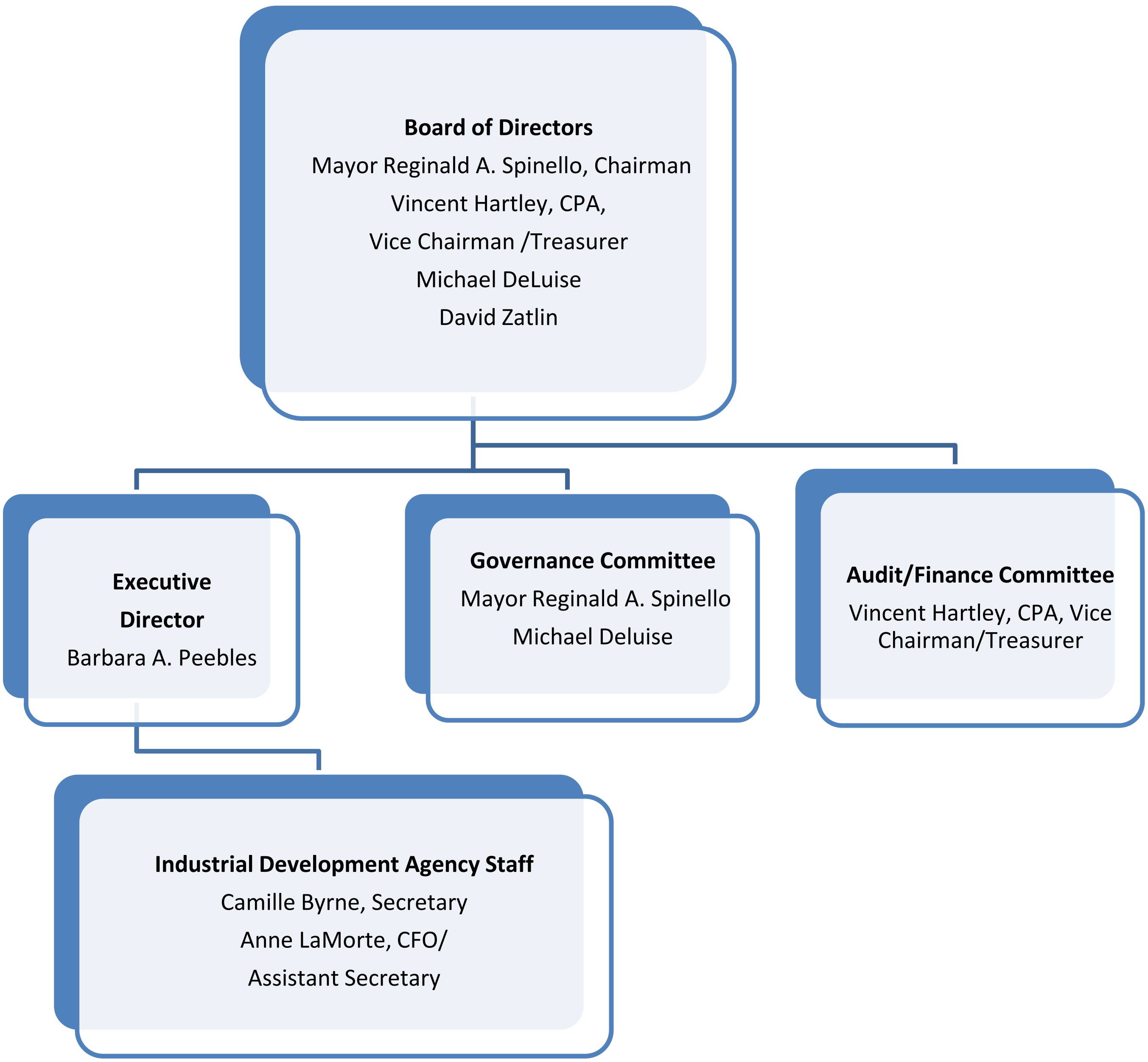
EXECUTIVE DIRECTOR

Barbara A. Peebles

INDUSTRIAL DEVELOPMENT AGENCY STAFF

Camille Byrne, Secretary
Anne LaMorte, Financial Manager, CFO/Assistant Secretary

CITY OF GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY ORGANIZATIONAL CHART



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members
Glen Cove Industrial Development Agency
Glen Cove, New York:

We have audited the accompanying financial statements of the Glen Cove Industrial Development Agency (the IDA), a component unit of the City of Glen Cove, New York, which consist of the statement of net position as of December 31, 2014 and 2013 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits 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 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 on the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the IDA as of December 31, 2014 and 2013, and the related statements of revenues and expenses and changes in net position and cash flows for the years then ended in accordance 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 and budgetary comparison information on pages 14 through 18 and 35 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Glen Cove Industrial Development Agency's basic financial statements. Other supplementary information required under General Municipal Law 859, which is included on pages 36 to 45 is presented for the purpose of additional analysis and is not a required part of the basic 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 basic financial statements. The information included on pages 36 to 45 has not been subjected to the auditing procedure applied in the audit of the basic financials statements and we express no opinion on it.

The introductory section has not been subject to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2015, on our consideration of the IDA'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 IDA's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
March 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Glen Cove Industrial Development Agency, we offer readers of the Agency's basic financial statements this narrative analysis of the Agency's financial performance and an overview of the Agency's financial activities for the years ended December 31, 2014 and 2013. Please read this information in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

The Agency's financial condition was affected by the adverse impact of a decline in real estate prices in the area on the value of the Waterfont properties being developed. The following are financial highlights:

- Total assets as of December 31, 2014 were $15,354,256 and were less than liabilities by $971,983 (i.e. net position.) Net position is comprised of Net Investment in Capital Assets of $3,653, restricted net position of $2,360,000 and unrestricted net position of $(3,335,636). Total assets decreased by $583,689 from December 31, 2013 to 2014. This is primarily due to the decrease in accounts receivable. In 2013 the IDA recorded the balance of the redeveloper advance of $491,667.

- Net position decreased from 2013 to 2014, by $1,138,934. This was due to recognition of an impairment loss on the waterfront property. Due to the decline in the real estate market values in the area, based on the appraisal done in October 2012 and the Agreement Letter of Sale, dated December 6, 2012, the Waterfront property was revalued at $15M, resulting in recognition of a $1.3M impairment loss in 2014. The utilization of the net position that will be received from sale of the Waterfront land is restricted for the contingent reimbursement of the amounts owed to the CDA, the City and the Enviromental Protection Agency (EPA) for remediation expenditures.

- Operating revenues increased by $588,297 (89%) from $664,956 in 2013 to $1,253,253 in 2014. The increase is primarily due to an increase of $135,811 of administrative fee revenues and an increase of $452,486 in Brownfield grant revenue in 2014.

- Total operating expenses decreased by 710,021 (23%) from $3,102,615 in 2013 to $2,392,594 in 2014. The decrease was primarily due to a decrease in impairment loss of $789,056 on the Waterfront property from what was recognized in 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of revenues, expenses and changes in net position presents the results of the business activities over the course of the year and information as to how the 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. This statement also provides information about whether the Agency 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, financing and investing activities. The statements present cash receipts and cash disbursements information, without consideration of the earning events, when an obligation arises or depreciation of capital assets occurs.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of information presented in the statements. The notes present information about the Agency's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information has been included as required for statutory filing under General Municipal Law 859.

FINANCIAL ANALYSIS OF THE AGENCY

One of the most important objectives of financial analysis is to determine if the Agency as a whole is better or worse off as a result of the year's activities. 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 Agency and changes in net position. The amount of net position, the difference between total assets and deferred outflows and liabilities and deferred inflows, is a significant measure of financial health or financial position. Over time, increases or decreases in the Agency's net position are indicators 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 Agency.

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 Agency's net position at December 31, 2014, 2013, and 2012 is presented in the following table and Charts 1 and 2 on the following page.

NET POSITION
December 31,

	2014	2013	2012
Assets			
Current and other assets	$15,350,603	$15,933,187	$17,082,290
Capital assets, net	3,653	4,758	1,992
Total assets	15,354,256	15,937,945	17,084,282
Liabilities			
Long-term liabilities	14,902,473	15,695,411	14,078,852
Other liabilities	308,766	75,583	401,280
Total liabilities	15,211,239	15,770,994	14,480,132
Deferred Inflows	1,115,000	--	--
Net position			
Net investment in capital assets	3,653	4,758	1,992
Restricted net assets	2,360,000	2,600,000	2,602,158
Unrestricted net position	(3,335,636)	(2,437,807)	--
Total net position	$(971,983)	$ 166,951	$ 2,604,150

The amount of current and other assets decreased by $582,584 (4%) from $15,933,187 in 2013 to $15,350,603, in 2014.

The decrease in 2013 was $1,149,103 (7%), from $17,082,290 in 2012 to $15,933,187 in 2013. The development costs of the Waterfront land held for sale and the impairment of the land were the primary reasons for the decreases of the current and other assets.

The land held for sale is the major asset owned by the Agency and accounts for $15,031,650 (98%) of the total assets. A $1,291,915 impairment loss was recognized in 2014 to adjust the carrying value of the property to the sales price agreed to in late 2012.

Total liabilities decreased in 2014 by $559,755 (4%) and increased in 2013 by $1,290,862 (9%). The IDA's current liabilities increased by $233,183, (309%) from $75,583, on December 31, 2013, to $308,766, on December 31, 2014. The increase reflected the amount owed for the Waterfront development costs. The non-current liabilities decreased by $792,938 (5%) from $15,695,411, on December 31, 2013, to $14,902,473, on December 31, 2014. Deferred inflows increased from 2013 due to additional advances of $1,115,000 from the redeveloper resulting in a decrease of $1,110,766 in what the IDA owed the CDA. Non-current liabilities decreased from 2013 due primarily to a decrease of $12,538 of OPEB and compensated absences and an increase of $295,012 of expenses owed to the City.

In 2007, the IDA entered into an agreement with the City regarding the interest on the amounts it owed to the City. The agreement provided for a payment of annual interest on the net amount "due to the City" at the end of each year. All amounts due to the CDA and the City are to be reimbursed upon the sale of the Waterfront Property. For the years ended December 31, 2014 and 2013, the interest rates used to compute the annual interest costs were 0.4391% and 0.4336% and the amounts of accrued interest, during construction, were $31,066 and $36,252, respectively.

During 2008, the CDA, HUD and Nassau County, closed on a new Section 108 loan totaling $1.5 million. The proceeds of the loan were used to purchase and remediate the Doxey property included in the Waterfront Development. This agreement was amended in 2009 to include an additional $850,000 for an aggregate 108 loan amount of $7,095,000.

CHART 1

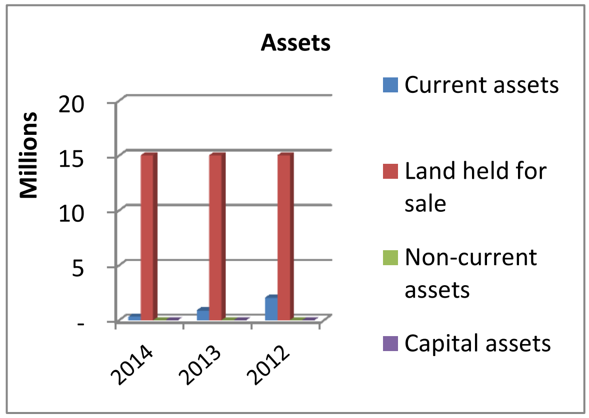
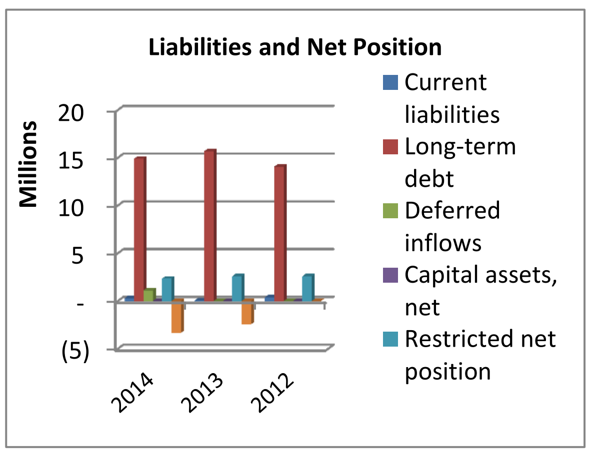


CHART 2



OPERATING RESULTS

The Agency's condensed statements of revenues, expenses and changes in net position are presented in the table below and Chart 3.

REVENUES, EXPENSES AND CHANGES IN NET POSITION	2014	2013	2012
Operating Revenues			
Revenues- from Developer	$ -	$ -	$2,570,333
Fees and other income	1,253,253	664,956	381,817
Non-operating revenues			
Gain on forgiveness CDA	-	-	4,989,225
Interest	407	460	291
Total revenues	1,253,660	665,416	7,941,666
Operating Expenses			
Salaries and benefits	190,717	206,161	177,485
Impairment of land held For development and sale	1,291,915	2,080,971	6,029,980
Contractual and other	909,962	815,483	598,931
Total operating expenses	2,392,594	3,102,615	6,806,396
Total expenditures	2,392,594	3,102,615	6,806,396
Increase (decrease) in net position	(1,138,934)	(2,437,199)	1,135,270
Net position, January 1	166,951	2,604,150	1,468,880
Net position, December 31	($971,983)	$166,951	$2,604,150

The majority of the Agency's revenues are derived from one time administrative fees on taxable bonds funded through the Agency, and a straight lease fee. Additionally, the Agency imposes a counsel fee and a closing fee on bond issuances.

Operating revenues increased by $588,297 (89%) from $664,956 in 2013 to $1,253,253 in 2014. The increase is primarily due to the administration fees of $363,000 and grant funds from the BRLF of $877,824.

CHART 3

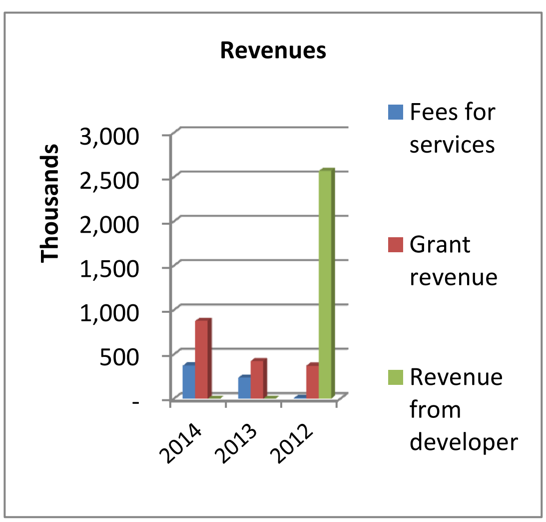
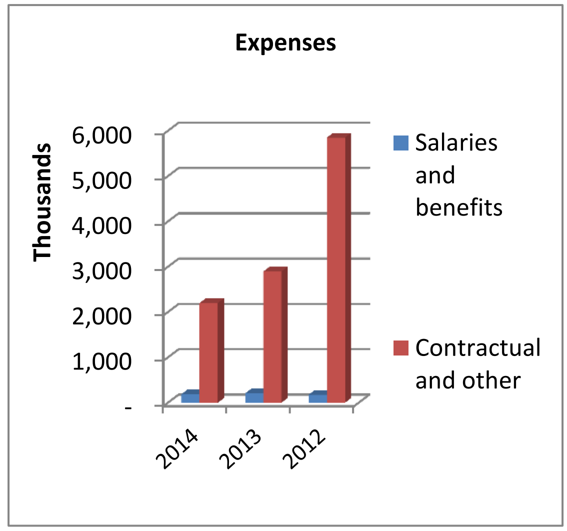


CHART 4



The net position decreased by $1,138,934, (686%) for 2014 and $2,437,199, (94%) for 2013.

Debt Management

At year end, the Agency had $21,292,660 of industrial development revenue bonds that are secured by property, which is leased to companies who had received the bond proceeds. The bonds are retired by lease payments collected from these companies.

The bonds are not obligations of the Agency and the Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts. Its primary function is to arrange financing between the borrowing companies and the bond and note holders. Trustees or banks acting as fiscal agents control funds arising from these transactions. The Agency monitors the compliance of the organizations with the provisions of the bond contracts.

At the year end the Agency owed $9,751,596 to the CDA and $4,512,449 to the City of Glen Cove. The CDA pays payroll expenses on behalf of the Agency Waterfront Development Project Costs and then charges the Agency. The CDA funds are obtained from Community Development Block Grant (CDBG) and Section

108 loans. Also, the City may provide loans to the Agency, and pay for personnel and interest expenses pertaining to the waterfront on behalf of the Agency, and charges the Agency for these payments.

The indebtedness to the City and CDA is to be paid from the proceeds of the sale of Waterfront properties. More information on long-term debt activity can be found in Note 7, "Amounts due to or from the City and CDA."

In December 2014, the New York State Department of Labor's Index of Coincident Economic Indicators (ICEI) for New York State decreased at an annual rate of 0.8%. This follows an annual rate of decrease of 0.9% in November 2014. Over the past year, the ICEI has increased by 1.4%.

The ICEI model combines and weights four key indicators of statewide economic activity, which have historically moved in conjunction with the state's business cycles that are private sector employment; unemployment rate; average weekly hours of manufacturing workers; and sales tax collections.

Since 1970, there have been seven distinct recessions in the U.S. and New York State. Recessions in New York have tended to be significantly longer than their national counterparts. This trend has become more pronounced over the past 30 years. The last four recessions in New York State (dating back to 1981) have averaged just under 2½ years in length, while the last four national recessions have averaged just over one year in duration.

On December 2014, the unemployment rate in the City of Glen Cove was 4.6% as compared to 4.1% in the Nassau County, 5.7% in New York State and 6.6% nationally. The price decreases in the Northeastern United States, as measured by the Consumer Price Index for all urban consumers, was 1% over the last 12 months.

The Agency has considered the above and other factors in developing its plan for the next year. The IDA, in cooperation with the City of Glen Cove and the Glen Cove Community Development Agency, plans to continue its efforts in redevelopment of the Waterfront Property. In addition, the IDA plans to expand its assistance to the businesses located in the City through federal tax exempt revenue bonds, local property tax abatement, sales tax exemptions for construction materials and mortgage recording tax exemptions.

Contacting the IDA's Financial Management

This financial report is designed to provide the reader with a general overview of the IDA's finances and to demonstrate the IDA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Industrial Development Agency, Executive Director at (516) 676-2144.

BASIC FINANCIAL STATEMENTS

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
STATEMENTS OF NET POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 263,219	$ 355,489
Accounts receivable	54,014	544,328
Total current assets	317,233	899,817
Noncurrent assets		
Land held for resale	15,031,650	15,031,650
Restricted cash	1,720	1,720
Equipment, net	3,653	4,758
Total non-current assets	15,037,023	15,038,128
Total assets	15,354,256	15,937,945
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	308,766	75,583
Total current liabilities	308,766	75,583
Noncurrent liabilities		
Escrow deposits	1,720	1,720
Compensated absences	8,259	16,438
Other post-retirement benefits	267,325	246,608
Due to Nassau County	361,124	350,846
Due to the City of Glen Cove Community Development Agency	9,751,596	10,862,362
Due to the City of Glen Cove	4,512,449	4,217,437
Total non-current liabilities	14,902,473	15,695,411
Total liabilities	15,211,239	15,770,994
Deferred inflows	1,115,000	-
Net position		
Net investment in capital assets	3,653	4,758
Restricted to repayment of the debt	2,360,000	2,600,000
Unrestricted net position	(3,335,636)	(2,437,807)
Total net position	$ (971,983)	$ 166,951

The notes to the financial statements are an integral part of this statement.

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Operating Revenues:		
Fees and other income	$ 375,429	$ 239,618
Grant revenue	877,824	425,338
Total operating revenues	1,253,253	664,956
Operating Expenses:		
Salaries and benefits	190,717	206,161
Contractual expenses	908,857	814,978
Depreciation expense	1,105	505
Impairment loss on waterfront property	1,291,915	2,080,971
Total operating expenditures	2,392,594	3,102,615
Operating loss	(1,139,341)	(2,437,659)
Interest income	407	460
Changes in net position	(1,138,934)	(2,437,199)
Net position, January 1	166,951	2,604,150
Net position, December 31	$ (971,983)	$ 166,951

The notes to the financial statement are an integral part of this statement.

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Fees received for services and other income	$ 865,743	$ 239,618
Grant income	877,924	425,338
Revenues from developer	-	1,308,758
Payment of salaries and benefits	(178,179)	(161,853)
Cash payments to suppliers of goods and services	(2,773,165)	(1,649,395)
Net cash provided by (used in) operating activities	(1,207,677)	162,466
Cash flows from noncapital financing activities:		
Advance from developer	1,115,000	-
Cash provided by noncapital financing activities	1,115,000	-
Cash flows from investing activities:		
Increase in restricted cash	-	(1,720)
Purchase of equipment	-	(3,271)
Interest	407	460
Net cash provided by (used in) investing activities	407	(4,531)
Net change in cash and cash equivalents	(92,270)	157,935
Cash and cash equivalents, beginning of year	355,489	197,554
Cash and cash equivalents, end of year	$ 263,219	$ 355,489

The notes to the financial statements are an integral part of this statement.

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

	2014	2013
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	$ (1,139,341)	$ (2,437,659)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	1,105	505
Impairment loss (non-cash)	1,291,915	2,080,971
Accounts receivable	490,314	1,308,758
Accounts payable and accrued expense	233,183	(325,697)
Other post-employment benefits	20,717	38,427
Compensated absences	(8,179)	4,704
Due to component unit of City-CDA	(2,402,681)	(1,050,837)
Due to Nassau County	10,278	350,846
Due to the City of Glen Cove	295,012	192,448
Net cash provided by (used in) operating activities	$ (1,207,677)	$ 162,466

The notes to the financial statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Glen Cove Industrial Development Agency's (the "IDA, "Agency") accompanying financial statements are prepared on the accrual basis in accordance with U.S. generally accepted accounting principles, as set forth by the Governmental Accounting Standards Board (GASB). Revenues and expenses are recognized when earned and incurred, not when received or paid.

Capital assets, except land and construction in process, are depreciated over their estimated useful lives.

A. Reporting Entity

The Agency was created by a special act of the New York State Legislature on May 17, 1974. Under the provisions of Chapter 374 of the 1974 Laws of New York State, the purpose of the Agency is to encourage economic growth in the City of Glen Cove. The Agency is exempt from federal, state and local income taxes. The Agency's principal activity and source of revenue has been the issuance of Industrial and Civic Revenue Bonds and Straight Lease Agreements. The fees received from the issuance of the bonds and straight lease agreements have been expended for legal services, the development of the Glen Cove Waterfront, and infrastructure.

All significant activities have been included in the Agency's general-purpose financial statements for the years ended December 31, 2014 and 2013. The City of Glen Cove exercises oversight responsibility over the Agency. As such, the Agency is a component unit of the City of Glen Cove. The following criteria regarding the manifestation of oversight were considered by the Agency in its evaluation of the Agency activities:

- Financial interdependency - The Agency is responsible for its debts and is entitled to surpluses. The City of Glen Cove is not responsible for the Agency's debt or entitled to surplus. The Agency does not receive financial benefit nor does it impose financial burden on the City of Glen Cove with the exception that the IDA is covered against personal injury, workers' compensation and other risks under the City's self-insurance program.

- Appointment of Government Authority - the City of Glen Cove, the primary government, appoints all members of the organization's governing body, the Board of Directors. The governing board is exclusively responsible for all decisions.

- Appointment of management - The officers of the Agency are appointed by the Board of Directors. The activities under the purview of management are within the scope of the reporting entity and management is responsible to the Board of Directors.

- The ability to significantly influence operations - The City of Glen Cove can significantly influence the Agency's operations. This authority includes, but is not limited to, adoption of program budgets, control over assets, including facilities and properties, short term borrowing, signing contracts, and developing new programs.

- Accountability for fiscal matters - The responsibility and accountability over the the Agency's fund is vested in the Agency's management and Board of Directors.

B. Basis of Accounting and Measurement Focus

The Glen Cove Industrial Development Agency uses an enterprise fund (proprietary fund) to account for its activities. The measurement focus of the proprietary fund is the flow of economic resources. With this measurement focus, all assets and liabilities associated with the operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

As a proprietary fund, the Agency uses the accrual basis of accounting, and economic resources measurement focus. Under this method, revenues are recognized when earned and expenses are recognized when incurred. The Agency's unbilled receivables are recognized as revenues at year-end.

During 2013, the IDA adopted the provisions of Governmental Accounting Standards Board (GASB) statement No. 62- "Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."

C. Cash and Cash Equivalents

The Agency has adopted GASB statement 9 "*Reporting Cash Flows of Proprietary and Nonexpendable Trust funds and Governmental Entities that Use Proprietary Fund Accounting*." For purposes of reporting cash flows, all liquid investments (including restricted assets) with original maturity of three months or less are considered cash equivalents.

D. Accounts Receivable

Accounts receivable balances are reflected net of allowance for doubtful accounts. The allowance for doubtful accounts is the Agency's best estimate of the probable losses in the existing accounts receivable balance. The Agency did not have any doubtful accounts at December 31, 2014 or 2013.

E. Capital Assets and Long-Term Liabilities

Capital Assets

As a proprietary fund, the capital assets and long-term liabilities of the Agency are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with its activities are included in net position. As a proprietary fund, the operating statements of the Agency present increases (revenues) and decreases (expenses) in net position.

Capital assets acquired by the Agency are stated at cost (or estimated historical cost) including interest capitalized during construction, where applicable. Contributed assets are recorded at fair market value at the date received. There are no reversionary interests by the grantor in any of the assets, the date of donation in the case of gifts. The Agency capitalizes assets whose cost exceeds $500.

Depreciation of all exhaustible fixed assets used by the Agency is charged as an expense against its operations. Accumulated depreciation is reported in net position. Depreciation is provided over the estimated useful lives of the assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 25-40 years for buildings, 10-17 years for improvements other than buildings, and 3-5 years for equipment.

The Agency's measurement focus on income determination and capital maintenance requires the net amount of interest cost for qualifying assets to be capitalized during the period of construction. The Agency has capitalized the interest expenses related to amounts owed to the City of Glen Cove for the Waterfront Development Project. These were considered in connection with the evaluation of the impairment of the property.

F. Net Position

Restricted net position

Restricted net position represent only the amounts with externally imposed restrictions (e.g. through debt covenants or by grantors) or restrictions imposed by the law. The Agency's restricted net position includes the net excess of the cost of land held for sale over the Agency's long term debt and other liabilities of the Agency. Agency agreements with the Environmental Protection Agency, the City, and the CDA restrict the use of these funds (Note 7).

Unrestricted Net position

Unrestricted net position represents the amounts available for general use.

G. Operating and Non-operating Revenues and Expenses

Operating revenues generally result from providing goods and services to individuals or entities separate from the Agency. Operating revenues and expenses are related to operating transactions. The operating transactions are those other than capital and related financing activities, noncapital financing activities, investing activities and non-exchange revenues. Operating revenues of the Agency includes administrative fees charged by the Agency and reimbursement of operating expenses.

Non-operating revenues – Non-operating revenues are those revenues that do not meet the definition of operating revenues. Non-operating revenues include gifts, investment income and insurance reimbursement revenue. Grants, entitlements, or shared revenues received for operations and/or operations or capital acquisitions or construction are reported as "non-operating" revenues. Operating expenses include depreciation on all fixed assets.

H. Compensated Absences - Accumulated Unpaid Vacation and Sick Pay

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are accrued when incurred. On December 31, 2014, the Agency had a deferred compensation liability for accumulated unpaid vacation and sick pay of $8,259. During 2014, the changes in liabilities for compensated absences were as follows:

COMPENSATED ABSENCES	
Liability for compensated absences, January 1	$16,438
Additions	10,960
Reductions	(19,139)
Liability for compensated absences, December 31	$ 8,259

I. Land held for Development and Resale

The Agency has acquired several parcels of land as part of its primary purpose to develop or redevelop properties. The property is being carried at the lower of cost or estimated net realizable value. The properties are periodically reviewed for impairment and carrying values are adjusted as necessary.

J. Debt Issuance Costs

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, requires debt issuance title costs, except any portion related to prepaid title insurance costs, be recognized as an expense in the period incurred.

The IDA has recognized Section 108 loan proceeds of $2,103,000, as of December 31, 2014 and has reported them as a long-term debt due to the CDA. In 2014, the CDA used $43,495.70 of the Section 108 loan to pay the Waterfront Project development costs and interest of the IDA. The IDA made a principal payment in July 2014 of $247,000.

K. Application of Restricted and Unrestricted Resources

The Agency's policy is to first apply an expense against restricted resources then towards unrestricted resources, when both restricted and unrestricted resources are available to pay an expense.

L. Post-Retirement Benefits

In addition to providing pension benefits, the Agency provides health insurance coverage and survivor benefits for employees and their survivors. Substantially all of the Agency's employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. The Agency does not have any retired employees. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

During the year, the Agency provided health care coverage for four active employees covered under the City of Glen Cove Community Development Agency.

Prior to the issuance of the Government Accounting Standards Board Statement 45 (GASB 45), the Agency followed a "pay-as-you-go" approach in accounting for health care costs in which the cost of benefits is not reported until after employees retire. However, this approach is not comprehensive by failing to account for costs and obligations incurred as the Agency receives employee services each year for which they have promised future benefit payments in exchange.

In prior years, the Agency implemented the provisions of the Statement 45.

Statement 45 does not require immediate recognition of the unfunded actuarial accrued liability (UAAL) as a financial-statement liability. The Agency accumulates a liability called the *net OPEB obligation,* if and to the extent its actual OPEB contributions are less than its annual OPEB cost, or expense. The net OPEB obligation (not the same as the UAAL) may increase rapidly over time if, for example, a government's OPEB financing policy is pay-as-you-go, and the amounts paid for current premiums are much less than the annual OPEB cost.

Statement 45 requires the *disclosure* of information about the *funded status* of the plan, including the UAAL, in the notes to the financial statements and the presentation of multi-year funding progress trend information as a required supplementary schedule.

M. Accounting Pronouncements

GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The statements establish standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. The requirements of these statements are effective for periods beginning after June 15, 2014, which is the fiscal year beginning January 1, 2015 for the Agency. These statements are being evaluated for their effect on the financial statements of the Agency.

GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" supplements guidance provided in GASB Statement No. 68. This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for the same period that the Agency implements GASB Statement No. 68.

Management is in the process of evaluating the potential impact due to the implementation of this statement of the financial statements of the Agency.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2014 and 2013, the carrying amount of the Agency's deposits with financial institutions was $264,939 and $355,489, and the bank balances were $327,688 and $371,385, respectively.

The bank balance are covered by deposit insurance provided by the FDIC of $250,000 for checking and money market accounts; and with securities held by the pledging financial institution's trust department or agent in the Agency's name.

The Agency's cash management and investment policy are as follows:

State statutes govern the Agency's investment policies. In addition, the Agency has its own written investment policy that incorporates the State regulations. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The investment officer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, and obligations of New York State or its localities.

Interest rate risk. It is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the fair values of investments with longer maturities are more sensitive to changes in market interest rates. In accordance with its cash management and investment policy, the Agency manages its exposure to declines in fair values by investing its excess cash in money market accounts or certificate of deposits with maturities of less than one year.

Custodial and credit risk. The Agency's bank balances of deposits were either entirely insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities pledged in third party custodial accounts of the pledging financial institutions in the Agency's name.

The collateral amounts are as required to be held according to the Agency's custodial bank agreement at 102.0%. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Periodically, the Agency determines that the collateral or underlying securities have an adequate market value and have been segregated.

NOTE 3. ACCOUNTS RECEIVABLE

At December 31, 2014, the IDA had $54,014 in accounts receivable. This is comprised of $1,000 owed from a straight lease and $53,014 invoiced to Nassau County for reimbursement of remediation work done on 10 Garvies Point Road. At December 31, 2013, the IDA had $544,328 in accounts receivable, $491,667 of which was due from the Redeveloper and $52,661 was due from Nassau County.

NOTE 4. LAND HELD FOR SALE

In prior years, the IDA acquired certain waterfront land for commercial development. The City and the US Environmental Protection Agency incurred substantial expenditures to decontaminate the waterfront land. The IDA has incurred liabilities for legal costs, planning and interest on loans incurred for land improvements. As of December 31, 2014, the cost of the waterfront land and improvements, net of impairment reserve of $23,533,747, was $15,000,000.

The principal source of funds for the development of the Waterfront Property has been Section 108 loans. In October 1999, the City, the CDA, the IDA and the County of Nassau ("the County") entered into loan agreements, pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974. The purpose of the loan was to develop the waterfront properties. The agreements included the following provisions:

1. The County and the United States Department of Housing and Urban Development ("HUD") agreed to make the Section 108 loan to the CDA based on guarantees from the City, the CDA, and the IDA regarding the repayment of the loan and indemnification for all hazardous materials.

2. The CDA agreed to sign a note ("the Note") payable to the County and advance the loan proceeds to the IDA for the acquisition and improvement of the waterfront properties. The Note is secured by a mortgage on the properties being developed. Interest rate for each advance was set on the date of such advance and was equal to 0.2% above the three-month London Interbank Offered Rate (LIBOR). Interest was paid quarterly and the maturity date of the loan was August 1, 2004. This date was originally extended to August 1, 2010 and was subsequently extended to July 31, 2014. At which time, the IDA made a principal payment of $360,000 to HUD reducing Note B-95 by $247K and Note B-98 by $113K. The following chart represents the repayment schedule for the 108 loan to HUD due on July 31 per an agreement with Nassau County and HUD on July 12, 2015.

Due Date	**Note B-95**	**Note B-98**	**Amount Due**
8/1/2015	263,000	113,000	376,000
8/1/2016	279,000	4,519,000	4,798,000
8/1/2017	296,000	-	296,000
8/1/2018	313,000	-	313,000
8/1/2019	334,000		334,000
8/1/2020	355,000	-	355,000
8/1/2021	263,000	-	263,000
Total	$2,103,000	$4,632,000	$6,735,000

3. The IDA agreed to use the program income expected to be obtained from the sale of properties to repay the Section 108 loan.

4. In 2001, proceeds of a loan of $1,255,000 from Environmental Facilities Corporation loan were used to pay-down a portion of the Section 108 loan. The IDA made a principal payment of $113,000 on this loan in July 2014. The outstanding balance of the Section 108 loan was $4,632,000, as of December 31, 2014.

Initial interest payments on the loan were made from funds obtained from a Brownfield Economic Development Initiative Grant (Grant No. B-98-BD-36-0020) in the amount of $600,000. The CDA has been paying the interest on Section 108 loan and recording related receivables from the IDA. The interest is added to the land improvement cost and recorded as a liability due to CDA.

During 2008, the City, the CDA, the IDA and the County executed an agreement to borrow an additional $2,350,000, 108 loans, pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974. The Agency closed on $1,500,000 in 2008 and closed on the additional $850,000 in 2009. The purpose of the loan was to purchase, develop and remediate the Doxey Property. The agreements included the following provisions:

1. The County and the United States Department of Housing and Urban Development ("HUD") agreed to make the Section 108 loan to the CDA based on guarantees from the City, the CDA, and the IDA regarding the repayment of the loan and indemnification for all hazardous materials.

2. The CDA agreed to sign a $2,350,000 note ("the Note") payable to the County and advance the loan proceeds to the IDA for the acquisition and improvement of the Waterfront properties. The Note is secured by a mortgage on the properties being developed. The interest rate for each advance was set on the date of such advance and was equal to 0.2% above the three-month London Interbank Offered Rate (LIBOR). Interest is to be paid quarterly until the maturity date of the loan on July 31, 2021.

3. The IDA agreed to use the program income expected to be obtained from the sale of properties to repay the Section 108 loan. As of December 31, 2014, the IDA has borrowed $2,347,327 from the CDA on the Section 108 loan. The balance of $2,673 has been used to pay January 2015 interest.

During 2006, the Agency was awarded a petition by the Supreme Court of Nassau County, to acquire the Doxey Property by Eminent Domain. Three appraisals were conducted. The Agency selected the highest appraisal of $980,000. During 2008, the Doxey property was acquired and the appraised value of $980,000 was subsequently paid. In 2011, the Agency commenced legal actions against the previous owner of the Doxey property for contaminating the property, subsequent to acquisition by the IDA. In 2014, all litigation relating to the Doxey property and previous owner for both the IDA and the City was settled. In July 2014, The IDA received $330,000 from prior responsible parties and paid attorney fees of $82,541 in the cost recovery matter. Early in 2014, a judgment was awarded to Doxey for $849,529 plus 9% interest for the valuation of fixtures on the property. The Agency settled this matter for $650,000, in August of 2014. The IDA spent $456,785 in legal fees for this matter from 2011 to 2014.

Principal and interest paid by the City during the years ended December 31, 2014 and 2013 totaled $170,626 and $183,866, respectively. Over the life of the loan, $2,357,285 in interest cost has been paid by and is included in the amount of $4,512,449 owed to the City, at December 31, 2014. The interest on the Waterfront Project Section 108 loan was $31,067 and $36,252, for the years ended December 31, 2014 and December 31, 2013, respectively.

In addition to the Waterfront Property, the Agency owns sidewalks, driveways, parking lots, walkways, and a landscaped area located in the Village Square, Section 31, Block 85, and Lot 35. The carrying value of these assets is $31,650.

NOTE 5. CAPITAL ASSETS

As of December 31, 2014 and 2013, the capital assets of the IDA were as follows:

CAPITAL ASSETS	2014	2013
Equipment	$ 7,492	$ 12,591
Less: accumulated depreciation	(3,839)	(7,833)
Total capital assets	$ 3,653	$ 4,758

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

For the year ended December 31, 2014, accounts payable and accrued expenses totaled $308,766 and were composed of professional fees for the remediation of 10 Garvies Point Road totaling $300,434 and accrued expenses for payroll, taxes escrow accounts and audit services totaling $8,332.

NOTE 7. AMOUNTS DUE TO OR FROM THE CITY AND CDA

During 2004, the City of Glen Cove, CDA and IDA entered a Tri-party Municipal Cooperation Agreement, regarding sharing of resources and revitalization of the Waterfront properties, (Garvies Point Urban Renewal Area). The Agreement formalized the long standing understanding among the parties and included the following provisions:

1. The City agreed to provide office space to CDA and IDA in return for rental payments that did not exceed market rents.

2. IDA agreed to reimburse the City for costs incurred for revitalization of the Waterfront Property.

3. The reimbursements among the parties were to be made either periodically or at prescheduled times or upon the sale of Waterfront Property as the parties decided.

As of December 31, 2014 and 2013, the following amounts were due to the City of Glen Cove and the Community Development Agency:

AMOUNTS DUE TO THE CITY AND CDA

	2014	2013
Due to the CDA for the Waterfront Development expenditures financed by:		
First Section108 loan	$4,632,000	$4,745,000
EFC Loan	-	755,000
Second Section 108 Loan	2,103,000	2,303,831
CDA's CDBG and other grants	3,016,596	3,058,531
Less: Forgiveness of debt	-	-
Total due to the CDA	9,751,596	10,862,362
Due to the City for the Waterfront development expenditures financed by:		
City's Environmental Facilities Corporation loan	4,512,449	4,217,437
Total due to the CDA and City	$14,264,045	$15,079,799

The amount due to CDA was reduced by $1,110,766 and $0 for the years ending December 31, 2014 and December 31, 2013, respectively. The reductions were made in repayment of the EFC and 108 loans of $755K and $360K, respectively as well as repayment of $75,816 of payroll and benefits, expenses were increased by $80,051 for waterfront related professional fees. (See Note 8)

The amounts due to the City and the CDA are payable upon the sale of the Waterfront Property.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Settlement Agreement

In 1999, the United States Environmental Protection Agency (USEPA) informed the City about its potential responsibility for the cost of remediating the contamination at two parcels of land; a 26-acre parcel known as the LI Tungsten property on Herbhill Road; and a 23-acre parcel of land known as the Captain's Cove property. USEPA's examination of environmental contamination indicated that waste materials from Tungsten processing and other operations had been deposited on certain parcels while the City owned them.

In 2000, USEPA responded favorably to the City's settlement proposal. The City settled its liability for $5.2 million. Pursuant to the settlement agreement, the City obtained a $3,000,000 loan from the Environmental Facilities Corporation (a New York State Agency) to pay part of its liability to USEPA.

Agreement Regarding Sales Proceeds

On March 30, 1999, the Glen Cove Industrial Development Agency and the United States Environmental Protection Agency- Region 2 entered a prospective purchase agreement regarding LI Tungsten Superfund and Captain's Cove sites. The Agency acquired these sites for commercial waterfront development. The EPA indemnified the Agency against existing contaminates.

A total of approximately $74 million in encumbrances, including more than $26 million in underlying mortgage principal, was attached to these properties. EPA has an unperfected Federal lien against the properties. Under the contract, IDA agreed:

1. To expend in excess of $9 million for economic revitalization of the sites and surrounding area.

2. In exchange for the US covenant not to sue, to pay the EPA $100,000.

3. Upon disposal of the sites, through sales or lease, to pay one of the following amounts to the EPA, respectively:

    a. 50% of any amount of sales proceeds received in excess of $9 million, up to $12.2 million.

    b. 40% of any amount received in excess of $12.2 million, up to $14.2 million, plus $1.6 million.

    c. 25% of the sales proceeds over $14.2 plus $2.4 million.

4. Not to sell the sites for less than $13.0 million.

5. Not to reduce the sales proceeds to account for any costs including redevelopment remediation, negotiating, brokerage, and closing costs.

    As of December 31, 2014, the amount that is due to EPA, upon sale of the Waterfront property, is recorded as restricted net position of $2.36 million. This was reduced from prior years as the PPA refers only to Captain's Cove and Li Tungsten properties. The formula reduces the sales price of $15M by 6% which represents the other waterfront properties.

Development of Waterfront Properties

Pursuant to an order of consent, the City of Glen Cove had remediated the Captain's Cove State Inactive Hazardous Waste Site with the assistance and oversight of New York State Department of Environmental Conservation. The City had also contributed to the remediation of the LI Tungsten Superfund site. The City was recognized as one of the sixteen original Brownfield Showcase communities for its remediation efforts and received a Brownfield Economic Development Initiative grant.

Contract for Sale of Land for Private Redevelopment

On May 14, 2003, the IDA, the CDA, and Glen Isle Development Company, LLC, a limited liability company organized under the laws of the State of New York, entered into an agreement for IDA to sell the Waterfront Property to Glen Isle for a price to be determined upon obtaining independent appraisals.

Initially, the minimum agreed upon price was $12.5 million and the maximum was $26 million. The projected sales price was approximately $20.5 million dollars. The purchase price was to be adjusted for any offsite infrastructure costs imposed on Glen Isle by IDA and the estimated costs of any additional environmental investigation and remediation.

Glen Isle also delivered $1,000,000 good faith Line of Credit to an escrow agent to secure their obligation to purchase the property. They also deposited $150,000 to pay engineering consulting fees expended for the review of construction plans.

On April 15, 2005, the second amendment to the agreement raised the minimum purchase price to $25 million.

In March 2008, Rexcorp-Glen Isles-Partners, LLC and the IDA entered into an escrow agreement for consulting services. Rexcorp-Glen Isles-Partners, LLC agreed to give $75,000 to the IDA to pay or reimburse the cost of its consultants on the Waterfront project for the period from March 10 thru 90 days thereafter. The date of the escrow was extended and was used for planning services related to the Waterfront properties. The total deposits from the developer were $253,415.

On October 13, 2009, in accordance with the third amendment to the Agreement, the Redeveloper would advance $500,000 to the IDA to pay for legal and professional fees to keep the project advancing. The developer obtained a $950,000 mortgage on the property, to ensure the reimbursement of its advances, in the event the IDA defaults on the agreement.

On June 29, 2012, Glen Cove Industrial Development Agency, Glen Cove Community Development Agency, and RXR Glen Isle Partners entered into the fourth amendment to the LDA and modified the purchase price of the waterfront property based on recent estimates of its market value. The parties agreed that the Redeveloper will purchase the Property from the Agencies for not less than $15M. On October 27, 2012, the waterfront property was appraised at $12.7M and on December 6, 2012, the IDA and RXR-GI signed a letter of agreement on the Final Fair Market Value and agreed upon purchase price of $15M.

In addition to bearing the costs for environmental insurance and other development costs pertaining to infrastructure and public amenities, in consideration for the Agency's good faith efforts to facilitate project efforts, the Redeveloper agreed to make the following advance payments:

1. To reimburse the Agencies $1,475,000, for expenses incurred by the Agencies through the closing for Phase One.

2. To reimburse $325,000 representing expenses incurred by the Agencies related to the Project since the signing of the Third Amendment.

3. To make an additional $175,000 payment to the Agencies to be used only for legal and appraisal fees.

4. These advances will be secured by a new mortgage and will only have to be repaid if the IDA defaults on the contract.

Pursuant to a letter of agreement, the Redeveloper agreed to pay the $1,475,000 in six quarterly installments until March 1, 2014 or at the close date of the project if earlier. All payments were received.

In the years ended December 31, 2014 and 2013, the developer made advances of $1,465,000 and $1,023,333, respectively. $1,115,000 of the developer advances received during 2014 have been recognized as deferred inflows as they will be credited against the sales price when the sale closes. The additional $350,000 was an advance for professional fees.

Development of the Downtown Village Square

In November 2010, the IDA received a $1,000 deposit check accompanied by an Application for Financial Assistance from GCVS, LLC for the redevelopment of the Downtown Village Square into a mixed use development. This project should begin development in 2015.

Men on the Move-Glen Cove Storage, LLC/PR Glen Cove Storage, LLC

On August 17, 2012, the IDA entered into a straight-lease agreement with Men on the Move-Glen Cove Storage, LLC. Men on the Move opened its newest location in Glen Cove, N.Y. on May 17, 2012. Per the agreement with the IDA, Men on the Move must create and retain three full time jobs. MOTM reported 3 full time jobs created in 2012 and 25 construction jobs during construction. On December 12, 2013, MOTM sold to PR Glen Cove Storage LLC, ("PRGC"). The IDA received and admin fee of $70,375 for this project during 2013.

NOTE 9. PERSONNEL COSTS AND PENSION PLAN

The Industrial Development Agency does not have any employees or retirees. The management and staff requirements of IDA are contractually provided by the CDA on a cost basis. The salary and benefits of the CDA personnel who work on IDA projects are recorded as expenses of the IDA and amounts due to the CDA.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The City of Glen Cove Industrial Development Agency's retiree medical/drug and dental insurance plans are fully insured with the Empire Plan offered through New York State Health Insurance program and Group Health Incorporated. Employees are eligible for these benefits, once they have reached the age of 55 and are hired before July 1, 1973 or either have reached the age of 55 and have 5 years of qualified employment or have 30 years of qualified employment if hired after July 1, 1973. The Agency has agreed to pay the full cost of coverage for such retirees as well as the retiree's spouse and unmarried children. Survivors are covered at full cost for 10 years after the death of the retiree.

There were no premiums paid for any retirees of the IDA, as there were none.

The net OPEB obligation was calculated as follows:

Actuarial Methods and Assumptions

The actuarial valuation was performed as of January 1, 2014 and will be performed bi-annually thereafter. In the interim years, the Actuarial service will provide the IDA with an estimate. For the year ended December 31, 2014, the actual expense was $20,717 and for the year ended December 31, 2013, the estimate was $ 38,427. An Actuarial Cost Method, used herein is referred to as the projected unit credit method.

OPEB OBLIGATION

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	$20,717	8%	$ 267,325
12/31/2013	$38,427	16%	$ 246,608

The Agency's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and 2013 are as follows:

ANNUAL OPEB COST AND NET OPEB OBLIGATION FISCAL YEAR ENDING

	2014	2013
1.Normal Cost	$18,485	$33,306
2.Amortization of Unfunded AAL	25,968	31,834
3.Interest	1,098	1,608
4. Normal Cost (ARC)	45,551	66,748
5. Interest	12,330	10,409
6. Adjustment to Annual Required Contributions	(15,655)	(13,216)
7.Annual Required Contribution - ARC (1+2+3)	42,226	63,941
8. Less Contribution made	(21,509)	(25,514)
9. Annual OPEB Cost (Expense)	20,717	38,427
10. Net OPEB Obligation-beginning of year	246,608	208,181
11. Net OPEB Obligation end of year	$ 267,325	$246,608

The funding status of other post-employment benefit obligations is described in the table below.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2014	$-0-	$661,512	$(661,512)	0%	$130,778	506%
12/31/2013	$-0-	$524,398	$(524,398)	0%	$102,421	512%

FUNDING STATUS AND FUNDING PROGRESS

The amortization method used in the valuation is referred to as the 30-year level dollar. It develops an orderly allocation of the actuarial present value of benefit payments over the working lifetime of participants in the plan. The actuarial assumptions included: a funding interest rate of 5.0%; A 2014 Medical trend rate of 8.0%; An ultimate trend rate, estimated to be reached in 2020, of 5.0%; dental trend rate of 5.0%; and that the remaining amortization period (closed) at December 31, 2014, is 25 years. The annual amortization is computed using the discounted present value method. No salary scale assumptions were used because benefits are not dependent on participant compensation.

NOTE 11. ESCROW ACCOUNTS

During 2008, the Agency entered into an escrow agreement for consulting services with The Wharf at Jude Thaddeus Landing, Inc. to reimburse the cost of its consultants in connection with the Gateway Project and a proposed Office/Restaurant Complex at the Wharf at Jude Thaddeus Landing. For the year, ended December 31, 2014, the Agency held deposits totaling $1,720 in connection with this project.

NOTE 12. RISK FINANCING

The Agency is exposed to various risks of losses related to torts; theft, damages to and destruction of assets; omissions; injuries to employees, and natural disasters. The Agency had no such losses in 2014 and 2013. The potential losses in excess of the Agency's resources are covered under the City of Glen Cove policy of self-insurance. The Agency reports claims, expenditures and liabilities when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

NOTE 13. SUBSEQUENT EVENTS

The Agency has evaluated the subsequent events and transaction from December 31, 2014 through the date that the financial statements were available to be issued.

NOTE 14. GOING CONCERN

The City of Glen Cove is committed to ensuring the long-term viability of the Agency. As such, it will continue to provide sufficient resources to ensure that the Agency maintains the ability to honor its obligations as they become due, thus ensuring its ability to continue as a going concern.

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

Other Supplementary	Adopted Budget	Amended Budget	Actual	Over (Under)
Revenues				
Admin fees	$206,000	$375,429	$375,429	-
Interest	150	407	407	-
Revenues from developer	605,833	-	-	-
Gain on forgiveness of CDA	-	-	-	-
Grants	815,000	877,824	877,824	-
Total Revenues	1,626,983	1,253,660	1,253,660	-
Expenses				
Program costs				
Waterfront Debt Expenses	588,533	-	-	-
Salaries and Benefits				
Salaries	124,532	124,849	124,849	-
Benefits	50,435	65,868	65,868	-
Total Salaries and Benefits	174,967	190,717	190,717	-
Professional Fees:				
Audit services	7,500	7,200	7,200	-
Engineering and other consultants	950,550	886,253	886,253	-
Legal fees	181,250	1,259	1,259	-
Total Professional fees	1,139,300	894,712	894,712	
Administrative expense				
Office expense	13,230	11,105	11,105	-
Rent expense to the City	3,040	3,040	3,040	-
Due to city interest	31,525	-	-	-
Impairment of property	-	1,291,915	1,291,915	-
Depreciation	-	1,105	1,105	-
Total administration	47,795	1,307,165	1,307,165	-
Total Expenses	1,950,595	2,392,594	2,392,594	-
Total surplus of funds	(323,612)	(1,138,934)	(1,138,934)	-
Other sources/transfer of funds	297,995	-	-	-
Change in net position	(25,617)	(1,138,934)	(1,138,934)	-
Net position, January 1, 2014	166,951	166,951	166,951	-
Net position, December 31, 2014	$141,334	$(971,983)	$(971,983)	$ -

OTHER SUPPLEMENTARY INFORMATION

The following are not required supplementary information (RSI), under the generally accepted accounting principles in the United States and are provided for the purpose of additional analysis as required by required for statutory filing, under State of New York General Municipal Law 859.

This other supplementary information is provided to meet the General Municipal Law 859, the disclosures regarding the Agency's Straight-lease and industrial and civic facilities revenue bonds and notes projects.

REVENUE BONDS

Certain industrial development revenue bonds issued by the Agency are secured by property, which is leased to companies and is retired by lease payments. The bonds are not obligations of the Agency, City or State. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts. Its primary function is to arrange financing between the borrowing companies and the bond and note holders. Trustees or banks acting as fiscal agents control funds arising from these transactions.

The Agency receives bond administration fees from the borrowing companies for providing this service. Such administrative fee income is recognized immediately upon the issuance of the bonds and notes.

A. National Healthplex (Regency of Glen Cove) - Bonds

1992 Series A Bonds

The aggregate principal amount of Series A Bonds is $17,181,850, which consists of $1,000,000 Series A Serial Bonds, $14,500,000 Series A Term Bonds (Code Number 2801-92-01) and $1,681,850 Series A Deferred Interest Bonds (2801-92-01). The Series A Serial Bonds have a stated interest rate of 9.5%, issued to yield 10%. The Series A Term Bonds have a stated interest rate of 9.5%, issued to yield 10%. The Series A Deferred Interest Bonds have a stated rate of 9% issued to yield 10.5%.

The Series A Bonds and Taxable Series C Bonds are secured by a first mortgage and have a first lien on, and security interest in, the Regency and the land. The mortgage is evidenced by a promissory note requiring the Organization to make payments to the Trustee on a monthly basis to satisfy the semi-annual obligations of the Series A Bonds.

The obligations of National Healthplex, Inc. (a.k.a. Regency of Glen Cove (Regency) to make payments are limited obligations of the Organization, and holders of the bonds will have recourse only to the Regency, the land, pledged property and Regency equipment to satisfy the obligations of the Organization with respect to the Bonds. No other revenues or assets of the Organization will be available for payments of, or as security for, the Bonds.

Pursuant to the sale agreement, the Organization is required to maintain a ratio of net earnings to debt service, as defined in the Trust Agreement, on the Series A Bonds, Taxable Series C (Code Number 2801-92-01) Bonds and other indebtedness of 1.15. If a ratio deficiency exists, the Organization is required to retain a management consultant to provide recommendations regarding the operations of the Regency. In previous years, the organization failed to achieve the required ratio of net earnings to debt service and accordingly, retained a management consultant. The consultant subsequently reviewed the Organization's operations and submitted a report of their findings and recommendations.

On March 6, 2002, the Trustee declared an event of default under the Trust Indenture and installment Sale Agreement for the Regency's failure to remit full debt service payments when due to the Trustee. The Trustee also declared other events of default on September 10, 2002 and November 29, 2002. The Trustee has the right to make but has not made demand for the full payment of all outstanding bonds. In confirmation of the bonds for the year ending December 31, 2008, the Trustee reported that the Regency was in default due to failure to remit full debt service payments. The Trustee also reported that interest payments of $919,600 were made for the same year.

In October of 2002, the Organization and certain Series A Bondholders mutually agreed that the Organization would limit its administration fee for management of the Regency to a base amount of $5,000 per month plus a monthly incentive amount of 5% of the previous month's revenues of the Regency in excess of $385,000.

Amendment of Original Indenture-Civic Facilities Revenue Bonds

Effective February 1, 2003, The Company requested and obtained an amendment to the original indenture and installment contract, from the IDA. The amendment is to correct the default. The holders of Series A Bonds have to consent to the amendment. The bondholders whose consent is required include (1) the holders of Series A Term Bonds and (2) Series A Deferred Interest Bonds, issued in 1992. Series A Term Bonds were issued originally in the aggregate principal amount of $14,500,000. The principal amount of $12,490,000 remained outstanding, as of July 1, 2002. Series A Deferred Interest Bonds were issued in the original appreciated amount of $1,681,850. As of July 1, 2002, the appreciated amount was $4,238,650. Deferred Interest Bonds mature at various dates, commencing on January 1, 2013, in the aggregate appreciated amount of $11,912,600.

The amendment required the following:

1. The funds on deposit in the Debt Service Reserve Fund should be applied to partial optional redemption of series A Term Bonds and the payment of transaction costs relating to obtaining the amendment. By April 1, 2003, Bonds with the principal amount of $1,890,000 should be redeemed at 102% and all accrued interest on those bonds should be paid. The redemption and interest payment will be funded through transfer of $1,927,800 from Debt Service Fund to the Bond Trustee.

2. The mandatory sinking fund payments for the Series A Term Bonds will be re-amortized so that annual debt service payable will not be reduced until the Series A Bonds are paid in full.

3. As long as any series A Bonds are outstanding, no debt service reserve fund or requirement shall be established for any additional bonds without the prior written consent of the holders of majority interest of the Series A Bonds.

On March 17, 2003, the Organization redeemed by optional redemption $1,890,000 in principal amount of the Series A Term Bonds at a redemption price of 102% of the principal amount thereof plus accrued interest to the redemption date.

The Serial and Term Bonds pay interest on a semi-annual basis and provide for principal payments in accordance with a mandatory sinking fund redemption schedule, as amended. The Deferred Interest Bonds accrue interest, compounded semi-annually, and commenced principal payments in January 2003. The final maturity date on all Series A Bonds is July 1, 2019. The interest paid on these bonds is exempt from federal and state income taxes.

On July 1, 2003, trust funds were insufficient for the Trustee to remit the entire scheduled principal payment due certificate holders of the Series A Term Bonds. The amount of the unpaid portion of principal due Series A Term certificate holders was $4,858,857, on June 30, 2008.

The current period and cumulative interest charges due on the Series A Deferred Interest Bonds were $862,040 and $9,380,000 for the year ending June 30, 2014, respectively, and the obligation for accrued interest has been classified as long-term liabilities in the financial statements.

The outstanding balance of the Series A Term Bonds as of June 30, 2014 was as follows:

OUTSTANDING BALANCE OF THE SERIES A TERM BONDS AS OF JUNE 30, 2014			
	Amount	Discount	Net
Series A Term Bonds	$9,380,000	$148,192	$9,231,808
Series A Deferred Interest Bonds	1,681,850	26,151	1,655,699
Total	$11,061,850	$174,343	10,887,507
Less current maturity			9,380,000
Total Long term debt			$1,507,507

As of July 1, 2014, $21,292,660 of term Bonds that would otherwise be required to be redeemed under the Indenture remain outstanding under the terms of the Forbearance Agreement. Current maturities of long-term debt, net of discounts are as follows:

CURRENT MATURITIES OF LONG-TERM DEBT	
2015	$9,688,100
2016	90,000
2017	1,681,850
Total	$11,459,950

Note Payable - Series B Bonds

The Regency was financed by the issuance of bonds by the Glen Cove Industrial Development Agency. Specifically, Series B Bonds were issued and secured by a second mortgage and had a second lien on, and security interest in, the Regency and the land. The Series B Bonds were subsequently defeased. However, the promissory note remains outstanding and is secured by a mortgage subordinate to the rights of payment of the holders of the Series A Bonds, Taxable Series C Bonds, and certain other indebtedness of the Regency.

The aggregate principal amount of the Series B Note (Code Number 2801-92-01) is $4,122,350, which accrues and compounds interest semi-annually at 13.25% until October 15, 2019 and at 0%, until their maturity on October 15, 2031. The outstanding principal balance of the Series B Note as of June 30, 2014, was $73,575,900.

Series B Note

The Series B notes which are defeased had the current period and cumulative interest charges were not paid, as of June 30, 2014.

Forbearance Agreement

The Trustee declared Events of Default under the Trust Indenture and Installment Sale Agreement for, among other things, the Regency's failure to remit full debt service payments when due to the Trustee. During the year, the Organization obtained a bridge loan and paid all current and unpaid interest to date and entered into a Forbearance Agreement dated February 14, 2008, with the sole Bondholder. The sole Bondholder has directed the Trustee to forbear from exercising any remedies until February 1, 2012, or the date that a refunding is consummated providing that there is no breach or violation of any term or condition imposed upon the borrower during forbearance period. The fourth amendment to this agreement was extended until the earlier of February 1, 2013 or the date of refunding or breach of any term of condition imposed on the Borrowing. Any surplus cash flow must be paid to the trustee during the term of the agreement. On December 20, 2013, the Regency obtained a construction and permanent mortgage up to a maximum of $15.5M from Municipal Capital Appreciation Partners III (VA), LP. The loan is secured by a first lien mortgage on the Regency and the land on which the Regency is situated and an assignment if leases and rents.

On December 15, 2013, the IDA entered into a PILOT agreement with the Regency. (Project code 2801-13-02) The term is for 40 years beginning in 2014 and expires December 31, 2049. The IDA received an admin fee of $118,750. The total projects costs are $15,500,000 for a new Alzheimer unit. The Regency paid a total PILOT of $361,198 for 2014.

The following chart depicts the PILOT payments from 2015-2019.

PILOT PAYMENTS	
Tax Year	Amount
2015	$350,678
2016	350,678
2017	366,809
2018	383,682
2019	401,793

STRAIGHT LEASE AGREEMENTS

A. Avalon Bay Communities, Inc.

In June 2001, the IDA and Avalon Bay Communities, Inc. ("the Company") entered a straight lease agreement (Code Number 2801-01-01). Through the lease agreement, the Agency takes title to the property and the machinery and equipment and provides property and sales tax relief to the Company. Under the lease contract, the Company agreed to acquire an approximately 3.5 acre site located at Pratt Boulevard, in the City of Glen Cove to construct an approximately 333,000 square foot luxury rental building together with 188,000 square foot enclosed parking facility. The IDA agreed to buy the building from the Company and lease it back to the Company. Thus, the Company was exempt from sales and use taxes, real property transfer taxes, and real estate taxes. The Company agreed to make payments in lieu of taxes.

The cost of the planning, development, acquisition, construction, and installation of the project facilities is estimated to be about $50,170,000. The Company paid an administrative fee of $303,000 to the IDA.

As a part of the agreement, the Company, purchased from the City a property located at Glen Street for $1,100,000 and paid an option premium of $900,000. The Company has exercised the option. Nonpayment of fees constitutes default under the agreement.

In June 2003, Avalon Bay Communities, Inc. exercised its option and purchased the Glen Street Parcel for $2,000,000, (2801-06-1). Avalon Bay had already paid $900,000 and agreed to pay the balance by December 31, 2003. It was further agreed that:

1. The construction plan had to be completed by March 30, 2004; construction had to commence by October 1, 2004 and be completed by June 30, 2006.

2. All building permits and other fees had to be paid by the later of June 1, 2004 or ten days after the invoices are submitted.

3. Payment in lieu of taxes should begin on January 1, 2006.

4. In lieu of $50,000 payment required by the Preliminary Agreement, Avalon Bay shall pay the IDA, $107,224. The Agency will use these funds in cooperation with the City of Glen Cove to upgrade Pratt Boulevard Municipal Parking lot.

In 2014, the payments made by Avalon Bay South, in lieu of taxes (PILOT) and the amount of tax exemptions were as follows:

PAYMENTS MADE BY AVALONBAY SOUTH		
	PILOT	Exemptions
County	$218,949	$208,433
Local	437,900	973,064
School	1,027,380	1,928,409
Total	$1,684,229	$3,109,906

Avalon Bay North's (PILOT) began January 1, 2008. The tax exemptions were as follows for 2014:

PAYMENTS MADE BY AVALONBAY NORTH		
	PILOT	Exemptions
County	$84,882	$73,988
Local	163,701	345,410
School	357,719	684,530
Total	$606,302	$1,103,928

The IDA receives an aggregate of $4,000 each year for administration fees for both buildings.

B. Straight Lease Agreement with Safavieh – 18 School Street, LLC ("Safavieh") – ("Swezey")

On March 3, 2000, the Agency and Swezey entered a straight lease agreement regarding the property located at 16-24 School Street, Glen-Cove, New York. In order to finance a portion of the costs of the project Swezey obtained a mortgage loan in the amount of $5,000,000 from the Citibank, N.A. On July 24, 2003, Swezey obtained another loan of $1,600,000 by issuing a mortgage note payable to a subordinated lender. The Agency approved to grant exemption from mortgage recording tax in an amount not to exceed $16,000 and Swezey agreed to reimburse the Agency for all related costs to the Agency.

On May 1, 2005, Swezey reacquired the properties located at 16-18 and 24 School Street from the Agency and conveyed it to 18 School St, LLC ("Safavieh") (Code Number 2801-05-01). At the same time, Safavieh has conveyed the property to and entered into a lease agreement ("Pilots Agreement") with the Agency. As of May 1, 2005, Safavieh is required under the lease contract and payments in lieu of taxes agreement to make the following future real property taxes payments:

REAL PROPERTY TAXES PAYMENTS	
Year ended June 30,	Amount
2013	$194,310
2014	209,151

The lease payment for the year ended June 30, 2014 was $209,151. 2014 was the last year of the PILOT.

C. Straight Lease Agreement with Men on the Move–Glen Cove Storage, LLC ("MOTM") PHR Glen Cove Storage, LLC

On August 1, 2011, the Glen Cove IDA entered into a straight Lease Agreement, ("Pilot Agreement") with Men on The Move-Glen Cove Storage LLC. Code # (2801-11-01), regarding the property located at 88-90 Hazel Street, City of Glen Cove. The total cost of the project was approximately $7,553,000. MOTM/PRGC is required by the contract to create at least 3 new full time jobs within one year after the scheduled completion date and maintain these jobs throughout the term of the lease. The IDA collects a $1,000 annual admin fee from MOTM/PRGC.

MOTM paid an administrative fee of $60,148 to the IDA. The PILOT commenced in the tax year 2012-2013 and will last for 10 years. In December 2013, MOTH sold to PR Glen Cove Storage LLC, ("PRGC") Code # (2801-13-01. The IDA received and admin fee of $70,375. PRGC assumed MOTM's PILOT for nine years beginning in 2014 and are also required to employee 3 full time equivalents. The total purchase price was $18,100,000. PRGC in is required under the lease contract and payments in lieu of taxes agreement to make the following future real property taxes payments. PRGC paid $164,453 in 2014.

REAL PROPERTY TAXES PAYMENTS	
Tax Year	Amount
2014-2015	184,009
2015-2016	204,193
2016-2017	225,005
2017-2018	246,446

D. Straight Lease Agreement with TDG Glen Cove LLC ("TDG") "Glen Cove Movie Theatre"

On December 27, 2013, the IDA entered into a PILOT Agreement with TDG Glen Cove, LLC. (Project code # 2801-12-03) The purchase price was $5,523,135. The PILOT term is for 15 years and began in 2014. During construction 25 jobs were created and 8 full time positions post construction in the first year. In the second and third years 6 and 7 full time positions, are required respectively, per the lease agreement. The Movie theatre opened in April 2014. TDG paid $154,831 in tax payments for 2014. The following are the real property tax payments.

REAL PROPERTY TAXES PAYMENTS	
Tax Year	Amount
January 2015	$65,000
January 2016	66,300
January 2017	67,626
January 2018	68,979

In December 2014, the IDA closed on a PILOT agreement with Stanley Park. Project Code (2801-01-2014). Stanley Park, an existing Low Income Housing project in Glen Cove, completed a 40 year HUD PILOT in 2013 and requested a PILOT for 7 years from the IDA to allow it to repay real estate taxes owed to the City of Glen Cove as well as to prevent a substantial rent increase to its existing tenants. The IDA received a $5,000 administrative fee. The following are the future payments negotiated under this PILOT:

Year	Amount
2015	$50,000
2016	50,000
2017	52,000
2018	54,000
2019	56,000
2020	58,000
2021	58,000

SCHEDULE OF SUPPLEMENTARY INFORMATION

BONDS AND STRAIGHT LEASES

	BONDS	STRAIGHT LEASES				
	Regency	Safavieh	Avalon Bay 1 (North)	Avalon Bay 2 (South)	PHR GC Storage, LLC	TDG Glen Cove, LLC
Project Code	2801-92-01	2801-05-01	2801-01-01	2801-06-01	2801-13-01	2801-13-03
Name of Project:	National Healthplex - Civic Facilities Regency	Safavieh	Avalon Bay	Avalon Bay	PR Glen Cove Storage, LLC	TDG Glen Cove, LLC
Project Address:	94 School Street Glen Cove, NY 11542	24 School Street Glen Cove, NY 11542	135 Pine Lawn Lawn Road Glen Cove, NY 11542	135 Pine Lawn Lawn Road Glen Cove, NY 11542	89-90 Hazel Avenue Glen Cove, NY 11542	6 School Street Glen Cove, NY 11542

SCHEDULE OF SUPPLEMENTARY INFORMATION

BONDS AND STRAIGHT LEASES
(Continued)

Bond and Purpose	Issue Date	Interest Rate Fixed	Outstanding Balances	Issued During The Year	Paid During The year	Outstanding 6/30/2014	Final Maturity Date
National Healthplex			June 30, 2013				
Civic Facilities - Series A	Jan-92	9.50%	9,380,000		-	9,380,000	Jul-2019
Civic Facilities - Series A	Jan-92	9.50%	1,647,482		-	1,647,482	Jul-2019
Civic Facilities - Series B	Jan-92	13.25%	4,122,350		-	4,122,350	Oct-2031
Total			15,149,832		-	15,149,832	

SCHEDULE OF SUPPLEMENTARY INFORMATION
BONDS AND STRAIGHT LEASES
(Continued)

	BONDS	STRAIGHT LEASES				
	National Healthplex	Safavieh	Avalon Bay 1	Avalon Bay 2	PHR GC Storage, LLC	TDG Glen Cove, LLC
Project Code	2801-92-01	2801-05-01	2801-01-1	2801-06-1	2801-13-01	2801-13-03
Project Purpose:	Construction	Retail Trade	Construction	Construction	Self-Storage	Retail Trade
Total amount of lease	$ N/A	$ 5,000,000	$ 67,836,474	$ 25,864,145	$ 7,553,000	$ 5,523,135
Benefited Project Amount:	$ 21,800,000	$ N/A	$ N/A	$ N/A	$ 7,553,000	$ 5,523,135
Total Project Amount:	$ 21,800,000	$ N/A	$ 25,854,145	$ 5,397,577	$ 7,553,000	$ 5,523,135
Original-Bond/ Note Amount:	$ 17,181,850	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Organization: Nonprofit	Yes	No	No	No	No	No
Federal tax Status	Tax exempt	Taxpaying	Taxpaying	Taxpaying	Taxpaying	Taxpaying
New tax revenues if no						
Exemption granted	-0-	-0-	-0-	-0-	-0-	-0 -
Method of financial assistance						
Other than tax exemption:						
Type	None	None	None	None	None	None
Amount	None	None	None	None	None	None
Exemptions:						
Sales tax –						
State	-0-	-0-	-0-	-0-	-0-	-0-
Local	-0-	-0-	-0-	-0-	-0-	-0-
Real property tax –						
County	$ 34,111	$ 18,499	$ 208,433	$ 73,988	$ 7,247	$ 10,263
Local	$ 159,248	$ 86,360	$ 973,064	$ 345,410	$ 33,833	$ 47,912
School	$ 315,596	$ 171,148	$ 1,928,409	$ 684,530	$ 67,050	$ 94,951
Mortgage recording	-0-	-0-	-0-	-0-	-0-	-0-
Total exemptions	$ 508,955	$ 276,007	$ 3,109,906	$ 1,103,928	$ 108,130	$ 153,126

SCHEDULE OF SUPPLEMENTARY INFORMATION

BONDS AND STRAIGHT LEASES
(Continued)

	BONDS	STRAIGHT LEASES				
	National Healthplex	Safavieh	Avalon Bay 1	Avalon Bay 2	PHR GC Storage, LLC	TDG Glen Cove, LLC
Project Code	2801-92-01	2801-05-01	2801-01-01	2801-06-01	2801-13-01	2801-13-03
Payment in lieu of taxes						
To all eligible governments						
County	$ 39,732	$ 27,189	$ 218,950	$ 84,882	$ 9,899	$ 13,843
Local	93,911	54,379	437,900	163,702	42,564	44,525
School	227,555	127,582	1,027,380	357,718	111,990	96,463
Total	$ 361,198	$ 209,151	$ 1,684,230	$ 606,302	$ 164,453	$ 154,831
Total exemptions net of RPTI						
Section 485 Exemptions	-0-	-0-	-0-	-0-	-0-	-0-
Full-Time Equivalent Jobs created & retained						
Full-Time Equivalent Employees at						
Project Location- prior to IDA Status	42	-0-	-0-	-0-	-0-	-0-
Original estimate of jobs to be created	-0-	25	8/150*	6/100*	3/25*	5
Original estimates of jobs to be retained	-0-	-0-	-0-	-0-	3	5
Number of current full-time						
Equivalent employees	47	31	21	9	-0-	15
Number of FTE Jobs Created	47	31	21	9/75 *	3	5
Number of jobs retained during						
The fiscal year	47	31	21	9	3	5
Number of construction jobs created						
During the fiscal year	-0-	-0-	-0-	-0-	-0-	-0-

* During construction.

COMPLIANCE SECTION

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

Board of Directors and Members
Glen Cove Industrial Development Agency
Glen Cove, 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 Glen Cove Industrial Development Agency (the IDA), as of and for the year ended December 31, 2014, and the related notes to financial statements, which collectively comprise the IDA's basic financial statements, and have issued our report thereon dated March 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the IDA'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 IDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the IDA'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 IDA'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 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. Accordingly, this communication is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
March 27, 2015