TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2014

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Town of Islip Economic Development Corporation
Islip, New York

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Town of Islip Economic Development Corporation (the "Corporation"), a component unit of the Town of Islip, New York, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

www.avz.com
INDEPENDENT MEMBER OF BKR INTERNATIONAL

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation, as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2015, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

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

Hauppauge, New York
April 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

This section presents management's analysis of the Town of Islip Economic Development Corporation's (the "Corporation"), a component unit of the Town of Islip, New York (the "Town") financial condition and activities for the year ended December 31, 2014. Please read this information in conjunction with the financial statements.

The Corporation is a component unit of the Town of Islip and its personnel are employees of the Town. All salaries and fringe benefits for corporate personnel are paid by the Town. Additionally, office space is provided to the Corporation by the Town.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of revenues, expenses, and changes in net position presents the results of the Corporation's activities over the course of the year and information as to how 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 Corporation has successfully recovered its costs through its user fees and other charges, profitability and credit worthiness.

The statement of cash flows presents changes in cash and cash equivalents resulting from operating, investing and financing activities.

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

FINANCIAL ANALYSIS OF THE CORPORATION

One of the most important objectives of the financial analysis is to determine if the Corporation, as a whole, is better or worse off as a result of the year's activities. The statement of net position and the statement of revenues, expenses, and changes in net position provide useful information in this regard. The statement reports the net position of the Corporation and the changes in net position. The amount of net position, the difference between total assets and liabilities, is a significant measure of the financial health or financial position of the Corporation.

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

FINANCIAL ANALYSIS OF THE CORPORATION (continued)

Over time, increases or decreases in the Corporation's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors, such as changes in economic conditions, population growth, zoning and new government legislation or changes to existing government legislation should be considered in evaluating the financial condition of the Corporation.

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

Net Position

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

	2014	2013
Assets		
Current and other assets	$ 94,808	$ 109,502
Total Current Assets	94,808	109,502
Net Position		
Unrestricted	94,808	109,502
Total Net Position	$ 94,808	$ 109,502

Total assets as of December 31, 2014 were $94,808 which were comprised of cash and cash equivalents. Net position is unrestricted in the amount of $94.808, which is available to support operations. The net position decreased by $14,694 for the current year.

Operating Results

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

	2014	2013
Operating Revenues		
Charges for services	$ -0-	$ 109,430
Total Operating Revenues	-0-	109,430
Operating Expenses		
Contractual goods and services	15,000	-0-
Total Operating Expenses	15,000	-0-
Operating Income (Loss)	(15,000)	109,430
Non-Operating Income	306	72
Change in Net Position	(14,694)	109,502
Net Position at Beginning of Year	109,502	-0-
Net Position at End of Year	$ 94,808	$ 109,502

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

FINANCIAL ANALYSIS OF THE CORPORATION (continued)

Operating Results (continued)

The Corporation's revenues decreased $109,430 from $109,430 in 2013 to $-0- in 2014. The decrease is due to no project closings this year as compared to the prior year. The Corporation's expenses increased $15,000 from $-0- in 2013 to $15,000 in 2014. The increase in expense is due to professional fees and program support made during 2014.

ECONOMIC FACTORS AND NEXT YEAR'S PLAN

The overall mission of the Corporation is to conduct activities that will relieve and reduce unemployment, promote and provide for additional and maximum employment; better and maintain job opportunities; instruct and train individuals to improve or develop their capabilities for such jobs; carry on scientific research for the purpose of aiding the Town by attracting new industry to the Town; or by encouraging the development of, or retention of, an industry in the Town; and lessening the burdens of government and acting in the public interest.

The Corporation plans to continue and expand its assistance to finance facilities for the local not-for-profits corporations through:

- Federally tax-exempt and taxable revenue bonds.
- Sales tax exemptions for construction materials and equipment.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Islip Economic Development Corporation at 40 Nassau Avenue, Islip, New York 11751.

BASIC FINANCIAL STATEMENTS

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
December 31, 2014

ASSETS		
Current Assets:		
Cash and cash equivalents	$	94,808
Total Current Assets		94,808
NET POSITION		
Unrestricted		94,808
Total Net Position	$	94,808

See notes to the financial statements.

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2014

OPERATING EXPENSES:		
Professional fees	$	5,000
Promotional donations		10,000
Total Operating Expenses		15,000
Loss from Operations		(15,000)
NON-OPERATING REVENUES:		
Interest and investment income		306
Total Non-Operating Revenues		306
Change in Net Position		(14,694)
Net Position at Beginning of Year		109,502
Net Position at End of Year	$	94,808

See notes to the financial statements.

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments for contractual expenses	$	(15,000)
Net Cash Used by Operating Activities		(15,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income		306
Net Cash Provided by Investing Activities		306
Net Decrease in Cash		(14,694)
Cash and Cash Equivalents at Beginning of Year		109,502
Cash and Cash Equivalents at End of Year	$	94,808

RECONCILIATION OF INCOME FROM OPERATING TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Loss from operations	$	(15,000)
Net Cash Used by Operating Activities	$	(15,000)

See notes to the financial statements.

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2014

A. Summary of Significant Accounting Policies

The Town of Islip Economic Development Corporation (the "Corporation") was created as a local development corporation. The Corporation was established on May 18, 2010 pursuant to Section 402 of the New York Not-for-Profit Corporation Law. The mission of the Corporation is to operate exclusively for the public purpose and charitable purpose of benefiting and furthering the activities of the Town of Islip, New York, by serving as a conduit financing entity issuing taxable and tax-exempt revenue debt and providing other assistance to support the growth, expansion, on-going operations and continued viability of the non-profit sector in the Town. The Corporation provides the following incentives:

- Federally tax-exempt and taxable revenue bonds
- Sales tax exemptions for construction materials and equipment

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

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

1. Financial Reporting

The financial reporting entity includes all functions and activities over which the elected officials of the Town of Islip exercise responsibility. No other governmental organization has been included or excluded from the reporting entity. Accordingly, the Corporation has been determined to be a component unit of the Town of Islip.

2. Measurement Focus/Basis of Accounting

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

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

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

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2014

A. Summary of Significant Accounting Policies (continued)

3. Cash and Cash Equivalents

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

4. Capital Assets

Capital assets purchased or acquired (if applicable) with an original cost of $5,000 or more and an estimated useful life in excess of one year, are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except donated capital assets, which are recorded at their estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided over the assets' estimated useful lives using the straight-line method of depreciation. There was no capital asset as of December 31, 2014.

5. Net Position Classification

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

a. Net investment in capital assets — Consists of capital assets including, restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

b. Restricted component of net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constrains placed on net position use are either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted component of net position - is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

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

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2014

A. Summary of Significant Accounting Policies (continued)

6. Revenue Recognition

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

7. Use of Estimates

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

8. New Pronouncement

The Corporation has adopted all of the current statements of the GASB that are applicable, including GASB Statement No. 67 and GASB Statement No. 69. The implementation of these GASBs had no impact on the financial statements.

9. Subsequent Events

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

B. Cash and Cash Equivalents

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

The Corporation's investments are governed by a formal investment policy. The Corporation's monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State.

The Corporation is authorized to use certificates of deposit, and money market deposit accounts. Permissible investments include certificates of deposits, obligations of the United States, obligations of the State of New York, repurchase agreements, and obligations of agencies of the federal government where principal and interest are guaranteed by the United States.

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

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2014

B. Cash and Cash Equivalents (continued)

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

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

- Uncollateralized,

- Collateralized with securities held by the pledging financial institution, or

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

At December 31, 2014, the Corporation's cash and cash equivalents have been combined with other funds in the Town's consolidated cash account, which were insured by the Federal Depository Insurance Corporation or collateralized by securities held in the pledging bank's trust department in the Town's name.

C. Revenues

Corporation Fee Structure

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

- Taxable and Tax-Exempt Bond Issues - Five-tenths of one percent (.5%) of the final bond amount.

- Straight-Lease Transactions - Five-tenths of one percent (.5%) of the projected total costs.

The Corporation collects other fees as follows:

- Application Fee – An application for Corporation assistance must be accompanied by a non-refundable fee of $500 plus a $500 fee for Town of Islip review of Environmental Assessment Form as required by the State Environmental Quality Review Act (SEQRA).

- Processing Fee – During the course of Corporation ownership/involvement, the Corporation may occasionally be required, by the company, to consent to a variety of items, i.e. pre-payment of bonds, second mortgages, additional secured financing, etc. The Corporation will charge a $250 processing fee for each of these requests.

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2014

C. Revenues (continued)

- Assignments and Assumptions – Occasionally, the Corporation is asked to transfer benefits that were assigned to the original company, i.e. PILOT or mortgage recording tax benefits, to a different company typically upon a sale of the Corporation property. The new company often wishes to continue Corporation involvement with the property in order to retain Corporation incentives. The Corporation will charge a $1,500 fee for each of these transactions.

- Corporation and Bond/Transactions Counseling Fees- Corporation counseling fee is $150 per hour and Bond/Transaction counseling fees are negotiated separately.

D. Conduit Debt Obligations, Revenue Bonds and Note Transactions

The Corporation has issued Revenue Bonds to provide financial assistance to not-for-profit corporations for the acquisition of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the not-for profit organizations served by the bond issuance.

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

As of December 31, 2014 there were 5 series of Revenue Bonds outstanding, with an aggregate principal amount payable of $21,064,000.

E. Litigation

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

F. Related Party Transactions

The Corporation is a component unit of the Town of Islip and its personnel are employees of the Town. All salaries and fringe benefits for the Corporation personnel are paid by the Town Additionally, office space is provided to the Corporation by the Town on a rent free basis.

G. New Pronouncements

Governmental Accounting Standards Board ("GASB") issued authoritative guidance (GASB Statement No. 68) on *Accounting and Financial Reporting for Pensions*, which amends GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. The objective of the statement is to improve financial reporting by state and local governmental pension plans. The Corporation is required to implement this authoritative guidance for the year ended December 31, 2015.

TOWN OF ISLIP ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2014

G. New Pronouncements (continued)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 71 *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*—an amendment of GASB Statement No. 68. The primary objective of this Statement is to address an issue regarding amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Corporation is required to implement this authoritative guidance for the year ended December 31, 2015.

The Corporation is currently evaluating the impact of the above pronouncements.

OTHER REPORTS

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Town of Islip Economic Development Corporation
Islip, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Town of Islip Economic Development Corporation (the "Corporation"), a component unit of the Town of Islip, New York, as of and for the year ended December, 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated April 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

PERSONAL SERVICE. TRUSTED ADVICE.

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

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

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

www.avz.com
INDEPENDENT MEMBER OF BKR INTERNATIONAL

Compliance and Other Matters

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

Purpose of this Report

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

Alfred, Viggiano, Jurech & Co. P.C.

Hauppauge, New York
April 30, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH CORPORATION INVESTMENT POLICY

To the Board of Directors
Town of Islip Economic Development Corporation
Islip, New York

We have examined the Town of Islip Economic Development Corporation's (the "Corporation"), a component unit of the Town of Islip, New York, compliance with the Corporation's investment policy during the period January 1, 2014 through December 31, 2014. Management is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on the Corporation's compliance based on our examination.

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

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements during the period January 1, 2014 through December 31, 2014.

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

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

Hauppauge, New York
April 30, 2015

PERSONAL SERVICE. TRUSTED ADVICE.

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

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

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

www.avz.com
INDEPENDENT MEMBER OF BKR INTERNATIONAL