TOWN OF NORTH HEMPSTEAD BUSINESS AND TOURISM DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended December 31, 2014 and 2013

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of North Hempstead Business and Tourism Development Corporation ("BTDC") (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of North Hempstead Business and Tourism Development Corporation as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses on pages 9 and 10 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2015, on our consideration of the Town of North Hempstead Business and Tourism Development Corporation, internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BTDC's internal control over financial reporting and compliance.

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

Hauppauge, New York
March 13, 2015

TOWN OF NORTH HEMPSTEAD BUSINESS AND TOURISM DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 110,887	$ 53,913
Due from the Town of North Hempstead	-0-	25,000
Prepaid insurance	500	946
Total Assets	$ 111,387	$ 79,859
Liabilities		
Accrued expenses	$ 13,500	$ 16,175
Commitment		
Net Assets		
Unrestricted	97,887	53,433
Temporarily restricted	-0-	10,251
Total Net Assets	97,887	63,684
Total Liabilities and Net Assets	$ 111,387	$ 79,859

See notes to financial statements.

TOWN OF NORTH HEMPSTEAD BUSINESS AND TOURISM DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2014 and 2013

	2014	2013
Unrestricted Net Assets		
Revenues, gains and support		
Fees for services	$ 217,500	$ 280,000
Donated Services - Town of North Hempstead	158,000	-0-
Contributions	-0-	431
Vendor fees	-0-	800
Sponsorship	6,000	6,625
Advertising income	4,200	-0-
Interest	21	2
Total Unrestricted Revenues, Gains and Support	385,721	287,858
Net assets released from restrictions	-0-	18,239
Total Unrestricted Revenues, Gains, Support and Reclassifications	385,721	306,097
Expenses		
Program expenses	230,023	286,410
Management and general	111,244	55,747
Total Expenses	341,267	342,157
Increase (Decrease) in Unrestricted Net Assets	44,454	(36,060)
Temporarily Restricted Net Assets		
Contributions	-0-	4,500
Interest	-0-	177
Net assets released from restrictions	-0-	(18,239)
Net assets transferred to Town of North Hempstead	(10,251)	-0-
Decrease in Temporarily Restricted Net Assets	(10,251)	(13,562)
Increase (Decrease) in Net Assets	34,203	(49,622)
Net Assets - Beginning of Year	63,684	113,306
Net Assets - End of Year	$ 97,887	$ 63,684

See notes to financial statements.

TOWN OF NORTH HEMPSTEAD BUSINESS AND TOURISM DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Change in net assets	$ 34,203	$ (49,622)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	-0-	166
Decrease in due from the Town of North Hempstead	25,000	25,000
Decrease in prepaid insurance	446	684
Decrease in accrued expenses	(2,675)	(1,425)
Net Cash Provided (Used) by Operating Activities	56,974	(25,197)
Cash and Cash Equivalents at Beginning of Year	53,913	79,110
Cash and Cash Equivalents at End of Year	$ 110,887	$ 53,913
Supplemental Disclosure of Non-Cash Information:		
Donated services - Town of North Hempstead	$ 158,000	$ -0-
Salaries and benefits	(158,000)	-0-
	$ -0-	$ -0-

See notes to financial statements.

TOWN OF NORTH HEMPSTEAD BUSINESS AND TOURISM DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 1 - Nature of Activities

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

Note 2 - Summary of Significant Accounting Policies

Cash Equivalents

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

Contributions

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

Net Assets

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

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

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

TOWN OF NORTH HEMPSTEAD BUSINESS AND TOURISM DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (continued)

Net Assets (continued)

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

Income Taxes

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

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

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

Functional Expenses

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

Use of Estimates

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

TOWN OF NORTH HEMPSTEAD BUSINESS AND TOURISM DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (continued)

Subsequent Events

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

Note 3 - Commitment

Economic Dependency

In March 2014, the BTDC entered into a Local Development and Professional Services Agreement (the "Agreement") with the Town of North Hempstead. The Town of North Hempstead is considered a related party since the board members of the Town are the same board members of the BTDC. The contract amount for the year ended December 31, 2014, totaled $217,500. The contract amount for the year ended December 31, 2013, under the previous agreement, totaled $280,000. The current contract expired on December 31, 2014. As of December 31, 2014 $-0- is owed to the BTDC on this contract. As of December 31, 2013 $25,000 was owed to the BTDC on the previous agreement. In January 2015 The Town of North Hempstead amended the contract and committed support to the BTDC in the amount of $99,512 for 2015.

Note 4 – Donated Services

The current contract with the Town of North Hempstead provides for salaries and benefits of the Executive Director and Deputy Director of the BTDC who are Town employees that have been assigned to the BTDC. These donated services amounted to approximately $158,000 for the year ended December 31, 2014 and have been included in revenue as well as salary expense in the financial statements.

Note 5 - Temporarily Restricted Net Assets

During the year the BTDC transferred the balance of their temporarily restricted net assets, which consisted of contributions received for future Beach/Family Fest events, to the Town of North Hempstead to be used for the restricted purpose of the Beach/Family Fest events.

SUPPLEMENTAL INFORMATION

TOWN OF NORTH HEMPSTEAD BUSINESS AND TOURISM DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	Program	Management and General	Total
Event expenses	$ 5,324	$ -0-	$ 5,324
Salaries	83,742	82,162	165,904
Payroll taxes and fees	363	512	875
Unemployment benefits	-0-	10,537	10,537
Legal and accounting	-0-	13,500	13,500
Sponsorship	132,500	-0-	132,500
Advertising	1,580	-0-	1,580
Printing and reproduction	1,930	-0-	1,930
Dues and subscriptions	4,584	-0-	4,584
Insurance	-0-	3,062	3,062
Filing fees	-0-	75	75
Rent	-0-	1,200	1,200
Office	-0-	196	196
	$ 230,023	$ 111,244	$ 341,267

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

	Program	Management and General	Total
Event expenses	$ 22,900	$ -0-	$ 22,900
Salaries	41,100	27,400	68,500
Payroll taxes and fees	3,901	2,601	6,502
Legal and accounting	32,700	20,100	52,800
Consultant	52,975	-0-	52,975
Sponsorship	131,400	-0-	131,400
Public relations and marketing	-0-	563	563
Dues and subscriptions	1,434	-0-	1,434
Insurance	-0-	3,332	3,332
Filing fees	-0-	75	75
Rent	-0-	1,200	1,200
Office	-0-	310	310
	286,410	55,581	341,991
Depreciation	-0-	166	166
	$ 286,410	$ 55,747	$ 342,157

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Town of North Hempstead Business and Tourism Development Corporation ("BTDC") as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2015.

Internal Control over Financial Reporting

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

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

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Internal Control over Financial Reporting (continued)

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Hauppauge, New York
March 13, 2015

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have examined the Town of North Hempstead Business and Tourism Development Corporation's ("BTDC"), compliance with the BTDC's investment policy during the period January 1, 2014 through December 31, 2014. Management is responsible for the BTDC's compliance with those requirements. Our responsibility is to express an opinion on the BTDC's compliance based on our examination.

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

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

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

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

Hauppauge, New York
March 13, 2015

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