RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2015

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Riverhead IDA Economic Job Development Corporation

Report on Financial Statements

We have audited the accompanying statement of Riverhead IDA Economic Job Development Corporation (a non-profit organization) (the LDC), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year 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 the 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 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.

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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 LDC as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 7, 2016, on our consideration of the LDC'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 LDC's internal control over financial reporting and compliance.

Jones Little & Co., CPAs LLP

Port Jefferson Station, New York
March 7, 2016

RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS	
Cash	$ 250
TOTAL ASSETS	$ 250
LIABILITIES AND NET ASSETS	
LIABILITIES	$ -
TOTAL LIABILITIES	-
NET ASSETS - Unrestricted	250
TOTAL LIABILITIES AND NET ASSETS	$ 250

See Notes to Financial Statements.

RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

REVENUES	
Processing fees	$ 250
EXPENSES	-
Total Expenses	-
CHANGES IN NET ASSETS	250
NET ASSETS - BEGINNING OF THE YEAR	-
NET ASSETS - END OF YEAR	$ 250

See Notes to Financial Statements.

RIVERHEAD IDA ECONOMIC JOB DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received related to collection agreement	$ 124,218
Cash disbursements related to collection agreement	(123,968)
NET CASH PROVIDED BY OPERATING ACTIVITIES	250
NET CHANGE IN CASH	250
CASH - BEGINNING OF THE YEAR	-
CASH - END OF THE YEAR	$ 250

See Notes to Financial Statements.

NOTE 1 - ORGANIZATION

The Riverhead IDA Economic Job Development Corporation is a not-for-profit corporation incorporated in 2011 under New York Law (the LDC). The LDC was created for the charitable and public purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing and training individuals to improve or develop their capabilities for such jobs, and carrying out scientific research for the purpose of aiding the Town of Riverhead (the Town) by attracting new industry to the Town and by encouraging the development of, or retention of, industries in the Town, thereby increasing economic activity in the Town, lessening the burdens of government, and acting in the public interest. The LDC facilities financing for entities so that they may acquire, improve, maintain, equip, and furnish such projects. Costs incurred for a LDC project, are paid directly from the applicant to the service professional.

The LDC is a component unit of the Town of Riverhead, New York, based on the criteria set forth in Governmental Accounting Standards Board Statements. Such criteria includes financial accountability and oversight responsibility. The LDC is considered a related entity of the Riverhead Industrial Development Agency (the Agency) as it shares a common Board of Directors. The LDC in furtherance of its mission pursuant to NYS Not for Profit Corporation Law Section 201(14) may authorize distributions to the Agency.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Statement Presentation
The LDC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the LDC is required to present a statement of cash flows. All of the LDC's activities are unrestricted net assets.

b. Basis of Accounting
Accounting for revenues and expenses are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

c. Income Taxes
The LDC is a not-for-profit corporation organized pursuant to sections 402 and 1411 of the New York State Not-for Profit Corporation law and is, therefore, exempt from income taxes. The LDC is also exempt from Federal reporting requirements under Internal Revenue Service Revenue Procedure 95-48, 1995-2 C.B. 418 as a governmental unit or affiliate of a governmental unit described in the procedure.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards Codification 740 "Accounting for Income Tax Uncertainties" (ASC 740), defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority. ASC 740 also provides guidance on the derecognition, measurement and classification of income tax uncertainties, along with any related interest and penalties. ASC 740 also includes guidance concerning accounting for income tax uncertainties in interim periods and increases the level of disclosures associated with any recorded tax uncertainties. ASC 740 has no effect on the LDC as it is exempt from filing tax returns as an affiliate of a governmental unit, described in Internal Revenue Service Procedure 95-48, 1995-2 C.B. 418.

NOTE 3 – COLLECTION AGENT AGREEMENT

The LDC entered into a collection agent agreement in August 2014 with an Education Facility, an LDC Project (the collection agent agreement). Under IRS regulations, the Education Facility may not be a direct payee of the Federal Subsidy. This Subsidy must be paid to an agent for payment to the Education Facility. The Education Facility elected to transfer to the LDC, as related to the LDC Project, the allocation of the semi-annual Federal Subsidy received in connection with the project's facility revenue bonds. The LDC in accordance with the terms of the collection agent agreement will receive the Federal Subsidy and disburse the collection amount to the Education Facility. The collection agent agreement provides a processing fee payment to be deducted from the Federal Subsidy of $250 for payments disbursed. The collection agent agreement fee is effective for the Federal Subsidy's received after the initial Federal Subsidy received by the LDC and disbursed in full to the Education Facility in the year ended December 31, 2014 of $226,597. During 2015, the LDC received $124,218 related to this agreement and disbursed $123,968 to the Education Facility. The collection agent agreement provides the LDC indemnification for any actions arising from this relationship. The collection agent agreement is to remain in effect until the project's facility revenue bonds are satisfied, or under other conditions as stated in the collection agent agreement.

NOTE 4 - SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, the LDC evaluated subsequent events after the balance sheet date of December 31, 2015 through March 7, 2016 which was the date the financial statements were available to be issued. No subsequent events were identified.

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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 of
Riverhead IDA Economic Job Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Riverhead IDA Economic Job Development Corporation (the LDC), which comprise the statement of net assets as of December 31, 2015, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 7, 2016.

Internal Control Over Financial Reporting

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

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Compliance and Other Matters

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

Jones Little & Co., CPAs LLP

Port Jefferson Station, New York
March 7, 2016