

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

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

Years Ended December 31, 2010 and 2009

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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

We have audited the accompanying statements of financial position of the Town of North Hempstead Business and Tourism Development Corporation (a not-for-profit corporation) as of December 31, 2010 and 2009, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Town of North Hempstead Business and Tourism Development Corporation's management. 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2011, 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, 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 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* and should be considered in assessing the results of our audits.

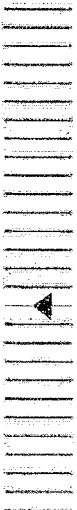
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Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements.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

*Abrecht, Vagano, Lunick & Co., P.C.*

Hauppauge, New York  
May 14, 2011

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash	\$ 60,605	\$ 66,721
Property and equipment	<u>1,698</u>	<u>2,861</u>
Total Assets	<u>\$ 62,303</u>	<u>\$ 69,582</u>
<b>Liabilities</b>		
Accrued expenses	<u>\$ 41,444</u>	<u>\$ 4,607</u>
<b>Net Assets (Deficit)</b>		
Unrestricted	(22,472)	20,854
Temporarily restricted	<u>43,331</u>	<u>44,121</u>
Total Net Assets	<u>20,859</u>	<u>64,975</u>
Total Liabilities and Net Assets	<u>\$ 62,303</u>	<u>\$ 69,582</u>

See notes to financial statements.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION  
STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Unrestricted Net Assets</b>		
Unrestricted revenues, gains and support		
Fees for services	\$ 300,000	\$ 75,000
Contributions	6,528	-0-
Vendor fees	-0-	1,000
Application fees	1,000	-0-
Interest	4	1,218
	<u>307,532</u>	<u>77,218</u>
Total Unrestricted Revenues, Gains and Support		
	307,532	77,218
Net assets released from restrictions	<u>17,714</u>	<u>16,886</u>
Total Unrestricted Revenues, Gains, Support and Reclassifications	325,246	94,104
Expenses		
Program expenses	299,785	113,035
Management and general	<u>68,787</u>	<u>45,122</u>
Total Expenses	<u>368,572</u>	<u>158,157</u>
Decrease in Unrestricted Net Assets	(43,326)	(64,053)
<b>Temporarily Restricted Net Assets</b>		
Contributions	16,300	37,214
Interest	624	-0-
Net assets released from restrictions	<u>(17,714)</u>	<u>(16,886)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(790)</u>	<u>20,328</u>
Decrease in Net Assets	(44,116)	(43,725)
Net Assets - Beginning of Year	<u>64,975</u>	<u>108,700</u>
Net Assets - End of Year	<u>\$ 20,859</u>	<u>\$ 64,975</u>

See notes to financial statements.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION  
STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (44,116)	\$ (43,725)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	1,163	1,164
Increase (Decrease) in accrued expenses	<u>36,837</u>	<u>(5,768)</u>
Net Cash Used by Operating Activities	(6,116)	(48,329)
<b>Cash at Beginning of Year</b>	<u>66,721</u>	<u>115,050</u>
Cash at End of Year	<u>\$ 60,605</u>	<u>\$ 66,721</u>

See notes to financial statements.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

**Note 1 - Nature of Activities**

The Town of North Hempstead Business and Tourism Development Corporation ("Corporation") 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 Corporation as it carries out its mission.

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

Cash Equivalents

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

Contributions

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

Net Assets

Net assets and 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 Corporation 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 Corporation to expend related assets as specified, or when time restrictions end.

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

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009**

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

Property and Equipment

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

Income Taxes

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

The Corporation 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 Corporation has identified its tax status as a tax exempt entity as a tax position; however, the Corporation has determined that such tax position does not result in an uncertainty requiring recognition.

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

Advertising

The Corporation follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended December 31, 2010 and 2009 was approximately \$-0- and \$1,200, respectively.

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. Indirect expenses have been allocated based on salary expenditures.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009**

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

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.

Subsequent Events

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

**Note 3 - Property and Equipment**

Property and equipment are recorded at cost and are summarized as follows:

	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 4,727	\$ 4,727
Equipment	<u>2,440</u>	<u>2,440</u>
	7,167	7,167
Less: Accumulated depreciation	<u>(5,469)</u>	<u>(4,306)</u>
	<u>\$ 1,698</u>	<u>\$ 2,861</u>

**Note 4 - Economic Dependency**

On March 16, 2005, the Corporation entered into a Local Development and Professional Services Agreement (the "Agreement") with the Town of North Hempstead in consideration of payment of an amount not to exceed \$300,000. The Town of North Hempstead is considered a related party since the board members of the Town are the same board members of the Corporation. There have been various amendments to the Agreement between 2006 and 2008. The amendments increasing the contracts during this period amounted to \$465,000. During 2009 an amendment was approved increasing the contract amount by \$75,000. During 2010, the Corporation signed additional amendments to the Agreement with the Town of North Hempstead. The contract amount was increased by issuing unsecured demand loans to the Corporation totaling \$650,000.

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009**

**Note 4 - Economic Dependency (continued)**

The Corporation drew \$300,000 from the loans in multiple advances throughout the year. In April 2011 the Board approved a resolution accepting the Town of North Hempstead's forgiveness of these loans and reclassified the loan payable as fee for service revenue as of December 31, 2010. This agreement does not have an expiration date and can be terminated by either party by serving a written notice.. The Corporation is currently investigating new revenue sources to fund its activities.

**Note 5 - Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2010 consist of contributions received for future Beach/Family Fest events.

**Note 6 – Restatement of Net Assets**

During 2009 the Corporation became aware that it was incorrectly reporting unrestricted and temporarily restricted net assets. Contributions received in previous years that were donor restricted were reported as part of unrestricted net assets. As a result unrestricted net assets were overstated and temporarily restricted net assets were understated by \$23,793.

	Net Assets	
	<u>Unrestricted</u>	<u>Temporarily</u>
January 1, 2009, as originally stated	\$ 108,700	\$ -0-
Reclassification of net assets at January 1, 2009	<u>(23,793)</u>	<u>23,793</u>
January 1, 2009, as restated	<u>\$ 84,907</u>	<u>\$ 23,793</u>

**Note 7 - Board Designations**

As of December 31, 2010, the Board of Directors has designated future amounts of unrestricted net assets as contributions to support various community inspired projects and or events with other entities. These amounts will be from internal designations and will not be donor-restricted, they will be classified and reported as unrestricted net assets. To achieve these objectives the Corporation will need to rely on funding committed to the Corporation by the Town of North Hempstead.

**SUPPLEMENTAL INFORMATION**

**TOWN OF NORTH HEMPSTEAD BUSINESS AND  
TOURISM DEVELOPMENT CORPORATION  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2010**

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Event expenses	\$ 20,567	\$ -0-	\$ 20,567
Salaries	102,515	38,238	140,753
Payroll taxes and fees	7,414	4,944	12,358
Legal and accounting	-0-	20,001	20,001
Consultant	56,000	-0-	56,000
Grants - BioPartners	4,400	-0-	4,400
Sponsorship	108,500	-0-	108,500
Public relations and marketing	-0-	26	26
Dues and subscriptions	39	-0-	39
Insurance	-0-	1,535	1,535
Filing fees	-0-	2,809	2,809
Telephone	-0-	54	54
Travel and entertainment	350	-0-	350
Office	-0-	17	17
	<u>299,785</u>	<u>67,624</u>	<u>367,409</u>
Depreciation	-0-	1,163	1,163
	<u>\$ 299,785</u>	<u>\$ 68,787</u>	<u>\$ 368,572</u>

See independent auditors' report.

**OTHER REPORT**



CERTIFIED PUBLIC ACCOUNTANTS

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 the financial statements of Town of North Hempstead Business and Tourism Development Corporation (a not-for-profit corporation) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 14, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of North Hempstead Business and Tourism Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures 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 Town of North Hempstead Business and Tourism Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

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.

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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

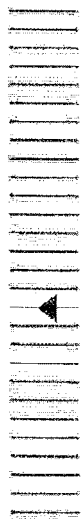
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of North Hempstead Business and Tourism Development 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*.

This report is intended solely for the information and use of management, others within the entity and the Audit Committee and is not intended to be and should not be used by anyone other than these specified parties.

*Albrecht, Vignano, Zurek & Co., P.C.*

Hauppauge, New York  
May 14, 2011