

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

**FROM MARCH 25, 2010 (INCEPTION)
TO DECEMBER 31, 2010**

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
DECEMBER 31, 2010**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Suffolk County Economic Development Corporation
Hauppauge, New York

We have audited the accompanying basic financial statements and budgetary comparison schedules of the Suffolk County Economic Development Corporation (the Corporation), a component unit of the County of Suffolk, New York, as of December 31, 2010, and for the period March 25, 2010 (inception) to December 31, 2010, as listed in the table of contents. These financial statements and budgetary comparison schedules are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements and budgetary comparison schedules 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 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 audit provide 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 Corporation as of December 31, 2010, and the changes in its financial position and its cash flows for the period March 25, 2010 (inception) to December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated April 27, 2011 on our consideration of the Corporation's internal control over financial reporting and 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 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 audit.

The Management's Discussion and Analysis on pages I through II are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Fuoco Group, LLP

Hauppauge, New York
April 27, 2011

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MANAGEMENT'S DISCUSSION
AND ANALYSIS

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the Suffolk County Economic Development Corporation's (the Corporation) financial performance provides an overview of the Corporation's financial activities for the year ended December 31, 2010; its first year of existence. Please read this in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights:

The assets of the Corporation exceeded its liabilities at December 31, 2010 by \$30,345.

Basic Financial Statements:

The financial statements presented herein include all of the activities of the Corporation.

The financial statements present the financial picture of the Corporation, which is a proprietary type fund and, accordingly, reflects business-type activities. These statements include all assets of the Corporation.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the financial statements.

The balance sheet and statement of revenues, expenses and changes in net assets report information about the Corporation as a whole and about its activities. These statements include all assets of the Corporation using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are then taken into account regardless of when cash is received or paid. These two statements report the Corporation's net assets and change in net assets. A net asset is the difference between assets and liabilities, which is one way to measure the corporation's financial health, or financial position. Over time, increases or decreases in the Corporation's net assets are one indicator of whether its financial health is improving or deteriorating.

Condensed Financial Statements:

| | 2010 |
|----------------------------------|------------|
| Current assets | \$ - |
| Total assets | \$ - |
| Current liabilities | \$ 140,374 |
| Total liabilities | 140,374 |
| Net assets: | |
| Unrestricted | (23,350) |
| Total net assets | (23,350) |
| Total liabilities and net assets | \$ 117,024 |

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Basic Financial Statements (continued):

Condensed Financial Statements (continued):

**Condensed Statement of Revenues,
Expenses, and Change in Net Assets
for the Year Ended December 31,**

| | <u>2010</u> |
|-------------------------|--------------------|
| Total revenue | \$ - |
| Total expenses | <u>23,350</u> |
| Operating income (loss) | (23,350) |
| Net assets, January 1 | - |
| Net assets, December 31 | <u>\$ (23,350)</u> |

Analysis of Financial Position and Results of Operations:

The Corporation's net assets at December 31, 2010 was \$30,345.

Operating revenue was \$154,217 and expenses were \$123,871 as a result of closing two bond projects during 2010.

Analysis of Balances and Transactions:

The Corporation reported net assets of \$30,345 for the year ended December 31, 2010.

Budgetary Analysis:

There were no differences between the original adopted budget and the final budget.

Total revenue exceeded budgeted amounts by \$8,216.

Total expenses were under budget by \$2,371.

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
DECEMBER 31, 2010**

| | <u>2010</u> |
|---|-------------------------|
| ASSETS | |
| Cash and cash equivalents | <u>\$ 38,345</u> |
| Total assets | <u><u>\$ 38,345</u></u> |
| LIABILITIES AND NET ASSETS | |
| Liabilities: | |
| Accrued expenses | <u>\$ 8,000</u> |
| Total liabilities | <u>8,000</u> |
| Net assets: | |
| Unrestricted | <u>30,345</u> |
| Total net assets | <u>30,345</u> |
| Total liabilities and net assets | <u><u>\$ 38,345</u></u> |

See accompanying notes to financial statements.

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD MARCH 25, 2010 (INCEPTION) TO DECEMBER 31, 2010**

| | 2010 |
|---------------------------------|-------------|
| Operating Revenue | |
| Bond issuance fees | \$ 141,712 |
| Annual reporting compliance fee | 2,500 |
| Application fees | 10,000 |
| Total Operating Revenues | 154,212 |
| Interest income | 4 |
| Total revenue | 154,216 |
| Expenses | |
| Administrative fees | 115,659 |
| Accounting | 8,000 |
| Office expense | 212 |
| Total expenses | 123,871 |
| Change in net assets | 30,345 |
| Net Assets, Beginning of Year | - |
| Net Assets, End of Year | \$ 30,345 |

See accompanying notes to financial statements.

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE PERIOD MARCH 25, 2010 (INCEPTION) TO DECEMBER 31, 2010**

| | <u>2010</u> |
|---|-------------------------|
| Operating Income | \$ 30,345 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Increase in accrued expenses | <u>8,000</u> |
| Net cash provided by operating activities | <u>38,345</u> |
| Net increase in cash | 38,345 |
| Cash at beginning of year | <u>-</u> |
| Cash at end of year | <u><u>\$ 38,345</u></u> |

See accompanying notes to financial statements.

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 –NATURE OF ORGANIZATION

The Suffolk County Economic Development Corporation was formed on March 23, 2010 and is a corporation as defined in Subparagraph (a) (5) of Section 102 of the New York Not-for-Profit Corporation Law and is a local development corporation pursuant to Section 201 of said law, and has all the powers conferred by Section 1411(c) of said law.

The Corporation is governed by a seven member Board of Directors whose members are appointed by the Suffolk County Legislature and is considered a component unit of Suffolk County.

All governmental activities and functions performed for the Corporation are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes functions and activities over which appointed Corporation directors exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designations of management and ability to significantly influence operations and accountability for fiscal matters.

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Suffolk County Economic Development Corporation (the Corporation) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Basis of Accounting

The Corporation utilizes the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises and revenues are recorded when earned and expenses are recorded when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, investments with maturities of three months or less when purchased are considered cash equivalents.

Subsequent Events

The Corporation has evaluated subsequent events and transactions that occurred through April 27, 2011, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 3 – CASH AND CASH EQUIVALENTS

The Corporation's investment policies are governed by State statutes. In addition, the Corporation has its own written investment policy. The Corporation's monies must be deposited into Federal Deposit Insurance Corporation (FDIC) insured banks authorized to do business in New York State.

Collateral is required for accounts not fully secured by federal deposit insurance.

Periodically, the Corporation determines that the collateral or underlying securities have an adequate market value and have been segregated.

The Corporation's cash accounts at December 31, 2010 were entirely covered by federal deposit insurance or collateral held in the pledging bank's trust department, but not in the Corporation's name.

NOTE 4 – ADMINISTRATIVE FEES

On November 18, 2010, the Corporation signed an inter-municipal service agreement with the Suffolk County Industrial Development Agency (IDA). As per the agreement, the Corporation is authorized to utilize the services of employees, offices and necessary supplies of IDA. In return, an administrative fee equal to 75% of the revenue earned from the issuance of bonds shall be reimbursed to IDA. As of December 31, 2010, the Corporation reimbursed IDA \$115,659 for administrative fees.

SUFFOLK COUNTY ECONOMIC DEVELOPMENT CORPORATION
BUDGETARY COMPARISON SCHEDULE
FOR THE PERIOD MARCH 25, 2010 (INCEPTION) TO DECEMBER 31, 2010

| | Budgetary Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------------|---|---|
| | Original | Final | | |
| Revenues: | | | | |
| EDC Fee Income | \$ 146,000 | \$ 146,000 | \$ 154,212 | \$ 8,212 |
| Interest income | - | - | 4 | 4 |
| Total revenues | <u>146,000</u> | <u>146,000</u> | <u>154,216</u> | <u>8,216</u> |
| Expenses: | | | | |
| Contract for Services | 109,500 | 109,500 | 115,659 | (6,159) |
| Accounting | 5,000 | 5,000 | 8,000 | (3,000) |
| Legal Notices | 2,000 | 2,000 | - | 2,000 |
| Miscellaneous expenses | 5,000 | 5,000 | 212 | 4,788 |
| Total expenses | <u>121,500</u> | <u>121,500</u> | <u>123,871</u> | <u>(2,371)</u> |
| Excess of Revenues Over Expenses | <u><u>\$ 24,500</u></u> | <u><u>\$ 24,500</u></u> | <u><u>\$ 30,345</u></u> | <u><u>\$ 10,587</u></u> |

See accompanying notes to financial statements.