

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
CASH BASIS
DECEMBER 31, 2010 AND 2009**

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INDEPENDENT AUDITORS' REPORT

To the Board of the
Huntington Economic Development Corporation
100 Main Street
Huntington, New York

We have audited the accompanying statements of Assets, Liabilities and Net Assets – cash basis of the Huntington Economic Development Corporation a non-profit organization and a component unit of the Town of Huntington, New York, as of December 31, 2010 and 2009 and the related statements of Revenues and Expenses – cash basis for the years then ended. These financial statements are the responsibility of the Huntington Economic Development Corporation's management. 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 *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 provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Huntington Economic Development Corporation as of December 31, 2010 and 2009, and its statements of activities and change in net assets for the years then ended on the basis of accounting described in Note 2.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hauppauge, New York
April 5, 2011



**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 7,943	\$ 17,551
Donated Land	<u>300,000</u>	<u>-</u>
Total assets	<u>\$ 307,943</u>	<u>\$ 17,551</u>
LIABILITIES AND NET ASSETS		
Program advance	<u>\$ -</u>	<u>\$ 4,820</u>
Total liabilities	<u>-</u>	<u>4,820</u>
Net assets:		
Unrestricted	<u>307,943</u>	<u>12,731</u>
Total net assets	<u>307,943</u>	<u>12,731</u>
Total liabilities and net assets	<u>\$ 307,943</u>	<u>\$ 17,551</u>

See accompanying notes and independent auditors' report.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES AND EXPENSES - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
REVENUES		
HUD grant - Plaza planning activities	\$ 49,910	\$ 15,490
Town of Huntington allocation for operations/programs	<u>34,370</u>	<u>14,188</u>
Total revenues	<u>84,280</u>	<u>29,678</u>
EXPENSES		
Program services	74,361	20,585
Supporting services	<u>14,707</u>	<u>7,325</u>
Total expense	<u>89,068</u>	<u>27,910</u>
Change in net assets	(4,788)	1,768
NET ASSETS, BEGINNING OF YEAR		
As previously reported	12,731	10,963
Prior period adjustment	<u>300,000</u>	<u>-</u>
Balance at beginning of year, as restated	<u>312,731</u>	<u>10,963</u>
NET ASSETS, END OF YEAR	<u><u>\$ 307,943</u></u>	<u><u>\$ 12,731</u></u>

See accompanying notes and independent auditors' report.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,788)	\$ 1,768
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Repayment of program advance	(4,820)	-
Net cash (used) provided by operating activities	(9,608)	1,768
 NET (DECREASE) INCREASE IN CASH	 (9,608)	 1,768
CASH AT BEGINNING OF YEAR	17,551	15,783
CASH AT END OF YEAR	\$ 7,943	\$ 17,551

See accompanying notes and independent auditors' report.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 1 - Organization and Nature of Activities:

Organization

The Town of Huntington Economic Development Corporation (the "Organization") was incorporated on July 3, 2003 and is a corporation as defined in Subparagraph (a) (5) of Section 102 (Definition) of the New York Not-for-Profit Corporation Law and is a local development corporation pursuant to Section 1411 of said law. The Organization's support is provided from grants from the Federal Department of Housing and Urban Development and Town of Huntington funding.

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting. Under that basis of accounting, revenues are generally recognized as received and expenses are generally recognized as paid. The cash basis differs from accounting principles generally accepted in the United States of America primarily because accounts receivable and accounts payable as of the reporting date are not recorded.

Basis of Presentation

The financial statements have been prepared on the cash basis of accounting. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) No. 958, "Not-for-Profit Entities." Under FASB ASC No. 958, the organization reports information regarding its financial position and activities within three classes: unrestricted net assets temporarily restricted net assets and permanently restricted net assets.

Unrestricted - net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.

Temporarily restricted – net assets of the Organization which have been limited by donor-imposed stipulations or by law, that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

Permanently restricted – net assets of the Organization which have been restricted by donors to be maintained in perpetuity by the Organization.

The Organization does not possess any temporarily or permanently restricted net assets.

Expenses are allocated into functional categories depending upon the ultimate purpose of the expenditure. The Organization also presents a statement of cash flows in accordance with FASB ASC 958.

Revenue and Expense Recognition

Revenues are recognized when received and expenses are recognized when paid.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

Cash and Cash Equivalents

All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents for financial statement purposes.

Income Taxes

The Organization is qualified as a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for federal or state income tax is required.

Additional Support

The Organization, pursuant to arrangements with the Town of Huntington, has certain board members on the Town of Huntington payroll who perform services for the Organization. In addition, the Town of Huntington provides resources on behalf of the Organization for occupancy, legal and other administrative expenses. The total amount of this support is not reasonably determinable.

Subsequent Events

The Organization has evaluated subsequent events and transactions that occurred through April 5, 2011, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Note 3 - Concentration of Credit Risk:

The Organization maintains a single bank account in Huntington, New York. The account at the institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at the 2010 and 2009 years end did not exceed federally insured limits. .

Note 4 – Commitments:

The Organization has a one year renewable agreement for a fee not to exceed \$35,000 which expires annually on December 31 with the Town of Huntington for services related to assisting the Town in the enhancement of economic development and business opportunities. The agreement was renewed until December 2011.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Note 4 – Commitments (continued):

Northridge project

In September 2005, the Organization issued requests for proposals for development of a parcel of land in Huntington Station. In 2007, the Organization was conveyed the land from the Town of Huntington valued at \$300,000. Negotiations between the Organization and a developer to build a structure on this site was started however in 2009, because they could not reach agreement, the project was halted.

In 2011, the Organization plans to obtain a re-appraisal on the land and based on this, the Organization will determine how it will proceed.

Plaza planning activities

The Organization is in the process of transforming an intersection on New York Avenue in Huntington Station owned by the Town of Huntington, into a pedestrian friendly, aesthetically pleasing public plaza. The project is estimated to be completed by December 2011. Currently, the project is in the planning stage and is awaiting approval from the New York Department of Transportation. Once the project is approved, the town will send out requests for proposals.

In relation to this, the Organization has been approved for a Housing and Urban Development grant of \$150,000 for the planning stage and \$800,000 is from the Town of Huntington open space bond under the bonds neighborhood bonds earmark. The total grant reimbursement will not exceed the actual costs incurred.

Note 5 – Prior Period Adjustment

An adjustment was made in 2010 to record a parcel of land donated in 2007 by the Town of Huntington. The land has an independently appraised value of \$300,000 and will be used in connection with the Organization's Northridge project described in Note 4.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>Program Services</u>				<u>Supporting Services</u>	<u>2010 Total</u>
	<u>Northridge Feasibility</u>	<u>Plaza Design</u>	<u>Huntington Station General Advisory</u>	<u>Total</u>		
Bank fees	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 4
Construction	-	5,000	-	5,000	-	5,000
Engineer	-	47,844	-	47,844	-	47,844
Insurance	821	-	326	1,147	7,791	8,938
Office supplies	-	-	-	-	127	127
Printing	-	-	1,420	1,420	-	1,420
Professional fees	-	-	-	-	4,750	4,750
Registration fees	-	-	-	-	35	35
Site development	15,000	-	-	15,000	-	15,000
Sponsorship	-	-	-	-	2,000	2,000
Survey	-	3,950	-	3,950	-	3,950
Total expenses	\$ 15,821	\$ 56,794	\$ 1,746	\$ 74,361	\$ 14,707	\$ 89,068

	<u>Program Services</u>				<u>Supporting Services</u>	<u>2009 Total</u>
	<u>Northridge Feasibility</u>	<u>Plaza Design</u>	<u>Huntington Station General Advisory</u>	<u>Total</u>		
Architect	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000
Bank fees	-	-	-	-	62	62
Consulting	-	-	640	640	-	640
Engineer	-	2,156	-	2,156	-	2,156
Insurance	821	-	5,489	6,310	2,578	8,888
Professional fees	-	-	-	-	4,650	4,650
Registration fees	-	-	-	-	35	35
Site development	-	6,479	-	6,479	-	6,479
Total expenses	\$ 821	\$ 13,635	\$ 6,129	\$ 20,585	\$ 7,325	\$ 27,910

See accompanying notes to the financial statements.



Government Auditing Standards Report with No Reportable Instances of Noncompliance or Other Matters and No Material Weaknesses or Significant Deficiencies

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 the
Huntington Economic Development Corporation
100 Main Street
Huntington, New York

We have audited the financial statements of the Huntington Economic Development Corporation (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated April 5, 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 Huntington Economic Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures 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 Huntington Economic Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Huntington Economic Development Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Huntington Economic Development Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Huntington Economic Development Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Huntington Economic Development Corporation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Huntington Economic Development Corporation's internal control.

Our consideration of internal control over financial reporting 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Huntington Economic 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, Town Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fuoco Group, LLP

Hauppauge, New York
April 5, 2011