

**NASSAU COUNTY LOCAL ECONOMIC
ASSISTANCE CORPORATION**

**FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITORS' REPORT)**

Years Ended December 31, 2020 and 2019

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Independent Auditors' Report

To the Board of Directors
Nassau County Local Economic Assistance Corporation
Mineola, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Nassau County Local Economic Assistance Corporation (the "Corporation"), a component unit of the County of Nassau, New York, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 opinions 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 Corporation'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 Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation, as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2021, on our consideration of the Corporation'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 solely 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 effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of the audits performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP
Hauppauge, New York
March 18, 2021

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of the Nassau County Local Economic Assistance Corporation (the "Corporation") financial condition and activities for the years ended December 31, 2020 and 2019. Please read this information in conjunction with the financial statements. Management's Discussion and Analysis is Required Supplementary Information specified by the Governmental Accounting Standards Board in their Statement No. 34.

FINANCIAL HIGHLIGHTS

- The assets of the Corporation exceeded its liabilities at the close of 2020 by \$141,401 (net position).
- The Corporation's total net position decreased by \$430,333 (or 75%) in 2020.
- Unrestricted net position represents the portion available to maintain the Corporation's continuing obligations. As of December 31, 2020, the unrestricted net position for the Corporation totaled \$117,651.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements. The MD&A represents management's examination and analysis of the Corporation's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Corporation's strategic plan, operating plan, bond covenants and other management tools were used for this analysis.

The financial statements report information about the Corporation. The Corporation applies full accrual accounting methods as used by similar business activities in the private sector. The statements offer short and long-term financial information.

The financial statements include the statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows and notes to the financial statements. The statements of net position include all of the Corporation's assets and liabilities, and provide information about the nature and amount of investments.

The statements of revenues, expenses, and changes in net position presents the results of the Corporation's activities over the course of the year and information as to how net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. These statements also provide information about whether the Corporation has successfully recovered its costs through its user fees and other charges, profitability and credit worthiness.

The statements of cash flows present changes in cash and cash equivalents resulting from operating, and related financing and investing activities.

The notes to the financial statements provide required disclosures and other information that is essential to a full understanding of material data provided in the statements. The notes to the financial statements present information about the Corporation's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF THE CORPORATION

One of the most important objectives of the financial analysis is to determine if the Corporation, as a whole, is better or worse off as a result of the year's activities. The statements of net position and the statements of revenues, expenses, and changes in net position provide useful information in this regard. The statements report the net position of the Corporation and the changes in net position. The amount of net position, the difference between total assets and liabilities, is a significant measure of the financial health or financial position of the Corporation. Over time, increases or decreases in the Corporation's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors, such as changes in economic conditions, population growth, zoning and new or changed government legislation, should be considered in evaluating the financial condition of the Corporation.

The following comparative condensed financial statements and other selected information serve as the financial data and indicators for management's monitoring and planning.

Net Position

A summary of the Corporation's condensed statements of net position at December 31st for each of the years is presented as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets			
Current assets	\$ 174,886	\$ 598,484	\$ 588,110
Capital Assets	23,750	-0-	-0-
Total Assets	<u>198,636</u>	<u>598,484</u>	<u>588,110</u>
Liabilities			
Current liabilities	57,235	26,750	2,135
Total Current Liabilities	<u>57,235</u>	<u>26,750</u>	<u>2,135</u>
Net Position			
Net Investment in capital assets	23,750	-0-	-0-
Unrestricted	117,651	571,734	585,975
Total Net Position	<u>\$ 141,401</u>	<u>\$ 571,734</u>	<u>\$ 585,975</u>

Total assets as of December 31, 2020 were \$198,636 which exceeded liabilities by \$141,401 (net position). The Corporation's net position is comprised of the investment in capital assets of \$23,750 and unrestricted net position in the amount of \$117,651, which is available to support the Corporation's operations. Total assets decreased by \$399,848 between December 31, 2019 and 2020, due to a decrease in cash which was primarily due to cash payments for contractual services and cash payments related to program support outpacing cash received from providing services and cash received from grants. Total liabilities increased by \$30,485 as of December 31, 2020 as compared to 2019, primarily due to an increase in accounts payable and accrued expenses and amounts due to the Nassau County Industrial Development Agency (the "Agency"), the Corporation's affiliate, for re-branding and website development costs incurred by the Agency on behalf of the Corporation. The Corporation's net position decreased by \$430,333 in the current year primarily due to operating expenses exceeding revenue during 2020.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF THE CORPORATION (continued)

Net Position (continued)

Total assets as of December 31, 2019 were \$598,484 which exceeded liabilities by \$571,734 (net position). The Corporation's net position was comprised of unrestricted net position in the amount of \$571,734, which was available to support operations. Total assets increased by \$10,374 between December 31, 2018 and 2019, due to an increase in cash which was primarily due to cash received from providing services outpacing cash payments for contractual services. Total liabilities increased by \$24,615 as of December 31, 2019 as compared to 2018, primarily due to an increase in accounts payable and accrued expenses and administrative charges due to the Agency. The Corporation's net position decreased by \$14,241 in 2019, which was primarily due to operating expenses exceeding revenue during 2019.

Operating Results

The Corporation's condensed statements of revenues, expenses and changes in net position for the years ended December 31st are presented as follows:

	2020	2019	2018
Operating Revenues			
Fee and service income	\$ 104,100	\$ 75,269	\$ 42,040
Other income	3,320	-0-	-0-
Total Operating Revenues	107,420	75,269	42,040
Operating Expenses			
Contractual goods and services	151,472	92,453	123,219
Program services	2,787,019	-0-	-0-
Total Operating Expenses	2,938,491	92,453	123,219
Non-Operating Revenue			
Federal aid	2,400,000	-0-	-0-
Interest income	738	2,943	1,350
Total Non-Operating Revenues	2,400,738	2,943	1,350
Change in Net Position	(430,333)	(14,241)	(79,829)
Net Position at Beginning of Year	571,734	585,975	665,804
Net Position at End of Year	\$ 141,401	\$ 571,734	\$ 585,975

The Corporation's revenues increased \$2,432,151 from \$75,269 in 2019 to \$2,507,420 in 2020. The increase is due to more project closings in 2020 as compared to 2019, and due to grant revenues passed through by the Town of Hempstead's CARES Act funding and the Nassau County Office of Community Development for \$2,000,000 and \$400,000, respectively, to reimburse the Corporation for the purchase of Personal Protection Equipment ("PPE") kits, for donation and use by persons eligible for participation in the "Boost Nassau" Loan Program. The Corporation's expenses increased \$2,846,038 from \$92,453 in 2019 to \$2,938,491 in 2020. The increase is attributable to the purchase of PPE kits in accordance with grant terms, a \$250,000 contribution to the "Boost Nassau" Loan Program, and Economic development/marketing expenses during 2020. The purpose of the "Boost Nassau" Loan program is to provide access to working capital for small businesses and non-profit organizations in Nassau County. There were no such expenses in 2019.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF THE CORPORATION (continued)

Operating Results (continued)

The Corporation's revenues increased \$33,229 from \$42,040 in 2018 to \$75,269 in 2019. The increase was due to the Corporation closing on a larger project during 2019, compared to a smaller project closing in 2018; the 2019 operating revenues is made up of closing fee, consent fee, application fee, and annual fee income. The Corporation's expenses decreased \$30,766 from \$123,219 in 2018 to \$92,453 in 2019, a decrease of 25%. The decrease was attributable to the decrease in professional fees, administrative expenses and Economic development/marketing expenses during 2019.

ECONOMIC FACTORS AND NEXT YEAR'S PLAN

Since its inception in 2011, the Corporation has issued more than 50 bonds totaling nearly \$613,065,000 to local non-profit organizations within the County of Nassau.

As a result of the COVID-19 crisis, economic uncertainties have arisen which are likely to impact operating results. The financial impact of this matter cannot be estimated at this time. Although there was a significant increase in unemployment rates throughout the United States due to this crisis, the unemployment rate in the County of Nassau has continued to be somewhat lower than national and state of New York averages. At December 31, 2020, the United States unemployment rate was 6.7%, the New York State unemployment rate was 8.2%, and the County of Nassau had an unemployment rate of 5.5%.

The Corporation plans to continue and expand its assistance to the non-profit organizations located in the County of Nassau through:

- Federally tax-exempt and taxable revenue bonds or refinance of existing bonds
- Sales tax exemptions for construction materials and equipment
- Links organizations to applicable loans
- Explore expansion opportunities
- Connect organizations to workforce training
- Assist organizations with energy assistance

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Nassau County Local Economic Assistance Corporation at 1 West Street, 4th Floor, Mineola, New York 11501.

FINANCIAL STATEMENTS

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 170,901	\$ 597,616
Accounts receivable	3,117	-0-
Prepaid expenses	868	868
	<u>174,886</u>	<u>598,484</u>
Non-Current Assets:		
Capital assets, non-depreciable	23,750	-0-
Total Assets	<u>198,636</u>	<u>598,484</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	23,485	11,750
Due to affiliate	23,750	14,000
Unearned revenues	10,000	1,000
Total Current Liabilities	<u>57,235</u>	<u>26,750</u>
NET POSITION		
Net investment in capital assets	23,750	-0-
Unrestricted	117,651	571,734
Total Net Position	<u>\$ 141,401</u>	<u>\$ 571,734</u>

See notes to the financial statements.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
Fee and service income	\$ 104,100	\$ 75,269
Other income	3,320	-0-
Total Operating Revenues	<u>107,420</u>	<u>75,269</u>
OPERATING EXPENSES:		
Professional services	15,000	16,773
Administrative expense	75,573	69,680
Rent expense	6,000	6,000
Office supplies and equipment	244	-0-
Economic development/marketing	54,655	-0-
Business support services	2,787,019	-0-
Total Operating Expenses	<u>2,938,491</u>	<u>92,453</u>
Net Operating Loss	<u>(2,831,071)</u>	<u>(17,184)</u>
NON-OPERATING REVENUES:		
Federal aid	2,400,000	-0-
Interest income	738	2,943
Total Non-Operating Revenues	<u>2,400,738</u>	<u>2,943</u>
Change in Net Position	(430,333)	(14,241)
Net Position at Beginning of Year	<u>571,734</u>	<u>585,975</u>
Net Position at End of Year	<u>\$ 141,401</u>	<u>\$ 571,734</u>

See notes to the financial statements.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from providing services	\$ 113,303	\$ 76,269
Cash payments for contractual services	(2,917,006)	(66,088)
Net Cash (Used) Provided by Operating Activities	(2,803,703)	10,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	738	2,943
Net Cash Provided by Investing Activities	738	2,943
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal sources	2,400,000	-0-
Net Cash Provided by Noncapital Financing Activities	2,400,000	-0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Asset acquisition	(23,750)	-0-
Net Cash Provided by Noncapital Financing Activities	(23,750)	-0-
Net (Decrease) Increase in Cash and Cash Equivalents	(426,715)	13,124
Cash and Cash Equivalents, at Beginning of Year	597,616	584,492
Cash and Cash Equivalents, at End of Year	\$ 170,901	\$ 597,616
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net operating loss	\$ (2,831,071)	\$ (17,184)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Increase (decrease) in assets:		
Accounts receivable	(3,117)	-0-
Prepaid expenses	-0-	2,750
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	11,735	11,750
Due to affiliate	9,750	11,865
Unearned revenues	9,000	1,000
Net Cash Provided (Used) by Operating Activities	\$ (2,803,703)	\$ 10,181

See notes to the financial statements.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Organization

The Nassau County Local Economic Assistance Corporation (the "Corporation") was created as a local development corporation. The Corporation was established on September 20, 2010 pursuant to Section 1411 of the New York Not-for-Profit Corporation Law. The mission of the Corporation is to serve as a core resource for new and existing philanthropic and charitable organizations within the County of Nassau, New York, to support the growth, expansion and ongoing operations of non-profit organizations that allow the community to thrive.

The Corporation provides the following major incentives:

- Federally tax-exempt and taxable revenue bonds or refinance of existing bonds
- Sales tax exemptions for construction materials and equipment
- Links organizations to applicable loans
- Explore expansion opportunities
- Connect organizations to workforce training
- Assist organizations with energy assistance

Reporting Entity

The financial reporting entity includes all functions and activities over which the appointed officials exercise responsibility. No other governmental organization has been included or excluded from the reporting entity. The County of Nassau appoints the governing board of the Corporation which results in interdependency with the County of Nassau. Accordingly, the Corporation has been determined to be a component unit of the County of Nassau.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Corporation uses the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States, as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash equivalents are defined as short-term highly liquid investments including certificates of deposit. The statements of cash flows presented use the direct method.

Accounts Receivable

Accounts receivable include amounts due from businesses for annual project fees and for legal fees incurred by the project payable by the respective business. Accounts receivable are recorded, and revenues are recognized as earned or as specific expenditures are incurred. All accounts receivable are deemed collectible; therefore, no allowance account has been established.

Prepaid Expenses

Prepaid expenses represent Corporation expenses paid in advance, which generally consist of insurance.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives as follows:

Furniture and fixtures	5-7 years
Computer equipment/software	3-5 years
Machinery and equipment	5-7 years

Equity Classification

In the financial statements, equity is classified as net position and displayed in three components, as applicable:

Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as needed.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Corporation's primary source of operating revenue is from bond issuance and straight-lease fees, which are computed as a percentage of the total project. Fees are recorded as operating income when earned at the time of closing on the sale of bonds and straight-lease agreements. All other revenues are considered non-operating revenues.

Advertising

The Corporation follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the year ended December 31, 2020 was approximately \$55,000, which related to radio and social media ads to notify small businesses and non-profit organizations in Nassau County about the distribution of Personal Protection Equipment ("PPE") kits and the "Boost Nassau" Loan Program. There was no advertising expense for the year ended December 31, 2019.

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 and disclosures of contingent 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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition through the date of the report, which is the date the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in demand accounts and certificates of deposit with original maturities of less than three months.

The Corporation's investments are governed by a formal investment policy. The Corporation's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Corporation is authorized to use certificates of deposit and money market deposit accounts. Permissible investments include certificates of deposit, obligations of the United States, obligations of the State of New York, repurchase agreements, and obligations of agencies of the federal government where principal and interest are guaranteed by the United States.

Collateral is required for demand deposits and time deposits accounts at 102% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. The Corporation's collateral agreements are based on the Corporation's available balance.

Custodial Credit Risk - Deposits/Investments - Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, an organization may be unable to recover deposits, or recover collateral securities that are in possession of an outside Corporation. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, an organization will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 2 - Cash and Cash Equivalents (continued)

Custodial Credit Risk - Deposits/Investments (continued)

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized,
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Corporation's name.

At December 31, 2020, the Corporation's cash and cash equivalents were fully insured by the Federal Depository Insurance Corporation or collateralized by securities held in the pledging bank's trust department in the Corporation's name.

Note 3 - Revenues

The Corporation collects one time administration fees from the issuance of taxable bonds, tax exempt bonds and other transactions as follows:

1. Tax-Exempt or Taxable Bond Issues - Five-tenths of one percent (.5%) for the first twenty five million dollars (\$25,000,000) of total project costs and, if applicable, two-tenths of one percent (.2%) for any additional amounts in excess of twenty five million dollars (\$25,000,000) of total project costs.
2. General Counsel Fee - One-tenth of one percent (.1%) of total project costs, with a minimum fee of \$2,000.
3. All Transactions - Two thousand five hundred dollars (\$2,500) closing compliance fee payable at closing and one thousand dollars (\$1,000) per year (or part thereof) administrative fee, payable in advance, as described below.
4. Subsequent Transactions - The Corporation fee for a bond issuance (whether "new money" or a refunding) that closes on or before the twelve (12) month anniversary of the closing of a prior issuance for the same Applicant(s) shall be two-tenths (2/10) of one percent (.2%) of total project costs.
5. Refundings - The Corporation fee for a refunding that closes more than twelve (12) months after the issuance of the bonds being refunded shall be determined in accordance with subparagraphs 1, 2 and 3 above.

The Corporation collects one time administration fees from the issuance of taxable bonds and tax exempt bonds and other transactions as follows:

6. The following amounts are payable to the Corporation at the time the application is submitted: (i) a \$1,500 non-refundable application fee; (ii) a \$3,500 expense deposit for the Corporation's bond counsel fees and expenses; and (iii) a \$4,500 expense deposit for the cost/benefit analysis with respect to the project contemplated by the application.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 3 - Revenues (continued)

7. The Corporation charges a non-refundable annual fee of \$1,000 per applicant during the term of the bonds. The fee covers the cost of annual reporting and monitoring of transactions including the outstanding bonds.
8. The fees listed above are subject to periodic review and may be adjusted from time to time with the authority of the Board.

The following is a detail of the fee and service income received for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Closing Fee Income	\$ 79,100	\$ 62,269
Consent Fee Income	1,000	1,000
Application Fee Income	6,000	1,000
Annual Fee Income	16,000	11,000
Termination Fee Income	<u>2,000</u>	<u>-0-</u>
Total Fee and Service Income	<u>\$ 104,100</u>	<u>\$ 75,269</u>

Note 4 - Accounts Receivable

As of December 31, 2020 and 2019, the Corporation's receivables were \$3,117. The Corporation had no receivables for the year ended December 31, 2019. Amounts included in accounts receivable are costs the Corporation paid on behalf of open projects which will be reimbursed by the project applicant.

Note 5 - Capital Assets

As of December 31, 2020, the Corporation had Work in Progress of \$23,750 relating to website development costs incurred by the Nassau County Industrial Development Agency (the "Agency") on behalf of the Corporation (see Note 7). The website is expected to go live in April 2021, at which time the total costs associated with the website will start to be depreciated over 5 years. There was no Work-in-Progress for the year ended December 31, 2019.

Note 6 - Conduit Debt Obligations, Revenue Bonds and Note Transactions

The Corporation has issued Revenue Bonds to local non-profit organizations, which provides the organizations the opportunity to utilize tax-exempt financing for eligible projects. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the facilities transfers to the non-profit organization served by the bond issuance.

Neither the Corporation, the County of Nassau, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2020 and 2019, there were 47 and 52, series of Revenue Bonds and Notes outstanding, with an aggregate principal amount payable of \$439,015,948 and \$463,853,606, respectively.

NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 7 - Related Party Transactions

The Corporation entered into a sublicense and cooperation agreement with the Agency, to share office space and basement storage space in Mineola, New York, as well as to provide administrative services for the Corporation, as the Corporation has officers but no employees. The officers and some of the directors of the Corporation serve in similar positions for the Agency. The term of the sublicense commenced on January 1, 2011 and will terminate at such time as either party gives the other at least 30 days notice of revocation in writing. The fee for the sublicense is \$500 per month. Rental expense totaled \$6,000 for each of the years ended December 31, 2020 and 2019.

Administrative charges totaling \$67,675 and \$59,675 for the years ended December 31, 2020 and 2019, respectively, related to administrative services, accounting services, and services provided for project management and closings performed by the Agency employees on behalf of the Corporation, and are included in administrative expenses.

As of December 31, 2020, the Corporation had Work-in-Progress of \$23,750 relating to website development costs incurred by the Agency on behalf of the Corporation and are included in amounts due to affiliate. The Corporation expects to reimburse the Agency in 2021.

Note 8 - Litigation

The Corporation is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that if such litigation should occur, either individually or in the aggregate, it is likely to have a material adverse effect on the financial condition of the Corporation.

Note 9 - New Accounting Pronouncements

GASB Statement No. 87, "Leases", as amended by Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", establishes accounting and financial reporting of leases. It requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. For leases with terms in-excess of 12 months, the Statement requires the lessees to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is currently assessing the potential impact on the Corporation's financial statements.