

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
CASH BASIS
DECEMBER 31, 2011 AND 2010**

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**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of The Town of Huntington Economic Development Corporation's (the Organization) financial performance provides an overview of the Organization's financial activities for the year ended December 31, 2011. Please read this in conjunction with the basic financial statements and the accompanying notes to those statements.

Financial Highlights

The assets of the Organization exceeded its liabilities at December 31, 2011 by \$309,944.

The Organization's total assets increased by \$2,001 during 2011. The Organization had no increase in liabilities. The increase in assets is primarily due to an increase in project activity.

The Organization's operating revenues increased by \$41,266 during 2011.

As of December 31, 2011, the Organization reported net assets of \$309,944, an increase of \$2,001 for the year then ended.

Basic Financial Statements

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

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

The 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 of accounting generally differs from accounting principles accepted in the United States of America because accounts receivable and accounts payable as of the reporting date are not recorded.

Analysis of Financial Position and Results of Operations

The Organization's net assets at December 31, 2011 were \$309,944.

Operating revenue increased by \$41,266 and expenses increased by \$34,477. The revenue increases were primarily due to the Organization's receipt of a New York State Main Street Grant during 2011 which was passed onto the Town of Huntington Community Development Agency for their construction projects.

Analysis of Balances and Transactions

The Organization reported net assets of \$309,944 for the year ended December 31, 2011.

Budgetary Analysis

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

Total revenue exceeded budgeted amounts by \$60,546.

Total expenses exceeded budget by \$58,545.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Condensed Financial Statements

Condensed Statements of Assets, Liabilities and
Net Assets-Cash Basis as of December 31:

| | <u>2011</u> | <u>2010</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|-------------------------------------|------------------|------------------|--------------------------|---------------------------|
| Current Assets | \$ 9,944 | \$ 7,943 | \$2,001 | 25.19% |
| Fixed Assets | <u>300,000</u> | <u>300,000</u> | <u>-0-</u> | 0.00% |
| Total Assets | <u>\$309,944</u> | <u>\$307,943</u> | <u>\$2,001</u> | 0.65% |
| Current Liabilities | \$ <u>-0-</u> | \$ <u>-0-</u> | \$ <u>-0-</u> | 0.00% |
| Total Liabilities | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | 0.00% |
| Net Assets Unrestricted | | | | |
| Total Net Assets | <u>309,944</u> | <u>307,943</u> | <u>2,001</u> | 0.65% |
| Total Liabilities and Net Assets | <u>\$309,944</u> | <u>\$307,943</u> | <u>\$2,001</u> | 0.65% |

Condensed Statements of Revenues,
Expenses-Cash Basis
For the Years Ended December 31:

| | <u>2011</u> | <u>2010</u> | <u>Dollar Change</u> | <u>Percent Change</u> |
|-------------------------|------------------|------------------|--------------------------|---------------------------|
| Total Revenue | \$125,546 | \$ 84,280 | \$ 41,266 | 48.96% |
| Total Expenses | <u>123,545</u> | <u>89,068</u> | <u>34,477</u> | 38.71% |
| Net Income | 2,001 | (4,788) | 6,789 | 141.79% |
| Net Assets, January 1 | <u>307,943</u> | <u>312,731</u> | <u>4,788</u> | |
| Net Assets, December 31 | <u>\$309,944</u> | <u>\$307,943</u> | <u>\$2,001</u> | 0.65% |

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the Town of Huntington Economic Development Corporation, a component unit of the Town of Huntington, New York, as of December 31, 2011 and 2010 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Town of 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 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 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 Town of Huntington Economic Development Corporation as of December 31, 2011 and 2010, and the changes in its financial position and its cash flows for the year then ended 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 June 18, 2012 on our consideration of the Town of Huntington Economic Development 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *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 audit 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 evidence sufficient to express an opinion or provide any assurance.

Fuoco Group, LLP

Hauppauge, New York
June 18, 2012

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ASSETS AND NET ASSETS - CASH BASIS
DECEMBER 31, 2011 AND 2010**

| | <u>2011</u> | <u>2010</u> |
|---------------------------|--------------------------|--------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 9,944 | \$ 7,943 |
| Donated Land | <u>300,000</u> | <u>300,000</u> |
| Total assets | <u><u>\$ 309,944</u></u> | <u><u>\$ 307,943</u></u> |
| NET ASSETS | | |
| Net assets: | | |
| Unrestricted | <u>309,944</u> | <u>307,943</u> |
| Total net assets | <u><u>\$ 309,944</u></u> | <u><u>\$ 307,943</u></u> |

See accompanying notes and independent auditors' report.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES AND EXPENSES - CASH BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

| | 2011 | 2010 |
|---|-------------------|-------------------|
| REVENUES | | |
| HUD grant - Plaza planning activities | \$ 2,599 | \$ 49,910 |
| Town of Huntington allocation for operations/programs | 22,897 | 34,370 |
| New York State grant - Main Street | 100,000 | - |
| Bid request deposits - 1000 New York Avenue | 50 | - |
| | 125,546 | 84,280 |
| EXPENSES | | |
| Program services | 107,019 | 74,361 |
| Supporting services | 16,526 | 14,707 |
| | 123,545 | 89,068 |
| Change in net assets | 2,001 | (4,788) |
| NET ASSETS, BEGINNING OF YEAR | | |
| As previously reported | 307,943 | 12,731 |
| Prior period adjustment | - | 300,000 |
| | 307,943 | 312,731 |
| Balance at beginning of year, as restated | 307,943 | 312,731 |
| NET ASSETS, END OF YEAR | \$ 309,944 | \$ 307,943 |

See accompanying notes and independent auditors' report.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

| | 2011 | 2010 |
|---|--------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 2,001 | \$ (4,788) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Decrease in repayment of program advance | - | (4,820) |
| Net cash provided (used) by operating activities | 2,001 | (9,608) |
| NET INCREASE (DECREASE) IN CASH | 2,001 | (9,608) |
| CASH AT BEGINNING OF YEAR | 7,943 | 17,551 |
| CASH AT END OF YEAR | \$ 9,944 | \$ 7,943 |

See accompanying notes and independent auditors' report.

THE TOWN OF HUNTINGTON ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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.

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.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

Revenue and Expense Recognition

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

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.

There was no tax expense for the year ended December 31, 2011 and 2010.

The Organization has not taken an unsubstantiated tax position that would require provision of a liability under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10 (formerly FIN Interpretation No. 48), "Accounting for Uncertainty in Income Taxes". Under ASC 740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Organization does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. The Organization has filed IRS Form 990, as required, and all other applicable returns in jurisdictions when it is required. The Organization's information returns are subject to review by the appropriate authorities for a period of three years from the date of filing. Currently, the returns for the years ending December 31, 2008 and subsequent, are subject to review. For the year ended December 31, 2011, there was no interest or penalties recorded or included in the financial statements

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 June 18, 2012, 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 fully insured by the Federal Deposit Insurance Corporation (FDIC).

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 2012.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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. The negotiations with the developer took place during 2005 and 2006, with a Letter of Intent executed during December 2005 and the executed Developer's Agreement, Ground Lease, and Leaseback Agreement each dated January 10, 2007 (collectively, the "Development Agreements"). The Termination Agreement which terminated the Development Agreements was executed as of December 1, 2009.

In 2012, the Organization, with the assistance from the Town of Huntington engaged a Master Developer to assist in the redevelopment in the upcoming year.

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 plaza design has been completed and construction is estimated to begin in July 2012.

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.

Huntington Station General Advisory

In 2010, the Town of Huntington formed the Huntington Station Action Coalition (HSAC). The Organization assists the Town of Huntington with keeping all residents in their primary language informed on the status of the projects occurring within Huntington Station.

1000 New York Avenue

The Town of Huntington has title to the property at 1000 New York Avenue. The Organization has been assisting the Town of Huntington to secure a Master Developer for the redevelopment of this project in the coming year.

Town Support

The Organization is assisting an affiliated Town Agency by applying for economic development grants. In the 2011, the two projects that the Organization assisted with were Main Street and a Business Incubator website.

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, 2011 AND 2010

| | Program Services | | | | | | | 2011 Total |
|-----------------------|-----------------------|-----------------|--------------------------------|--------------------|-------------------|-------------------|------------------------|---------------|
| | Huntington | | 1000 | | Town | | Supporting Services | |
| | Northridge Project | Plaza Design | Station General Advisory | New York Avenue | Town Support | Total | | |
| Appraiser | \$ 2,200 | \$ - | \$ - | \$ - | \$ - | \$ 2,200 | \$ 2,200 | |
| Bank fees | - | - | - | - | - | - | 4 | |
| Construction | - | - | - | - | 100,000 | 100,000 | 100,000 | |
| Engineer | - | 2,569 | - | - | - | 2,569 | 2,569 | |
| Insurance | - | - | - | - | - | - | 8,642 | |
| Postage and delivery | - | - | - | - | - | - | 20 | |
| Professional fees | - | - | - | - | - | - | 4,750 | |
| Registration fees | - | - | - | - | - | - | 110 | |
| Sponsorship | - | - | - | - | 1,500 | 1,500 | 3,000 | |
| Survey | - | - | - | 750 | - | 750 | 750 | |
| Total expenses | \$ 2,200 | \$ 2,569 | \$ - | \$ 750 | \$ 101,500 | \$ 107,019 | \$ 16,526 | |
| | | | | | | | \$ 123,545 | |

| | Program Services | | | | | | | 2010 Total |
|-----------------------|-----------------------|------------------|--------------------------------|--------------------|-----------------|------------------|------------------------|---------------|
| | Huntington | | 1000 | | Town | | Supporting Services | |
| | Northridge Project | Plaza Design | Station General Advisory | New York Avenue | Town Support | Total | | |
| Bank fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4 | |
| Construction | - | 5,000 | - | - | - | 5,000 | 5,000 | |
| Engineer | - | 47,844 | - | - | - | 47,844 | 47,844 | |
| Insurance | 821 | - | 326 | - | - | 1,147 | 7,791 | |
| Office Supplies | - | - | - | - | - | - | 127 | |
| Printing | - | - | 1,420 | - | - | 1,420 | 1,420 | |
| Professional fees | - | - | - | - | - | - | 4,750 | |
| Registration fees | - | - | - | - | - | - | 35 | |
| Site development | 15,000 | - | - | - | - | 15,000 | 15,000 | |
| Sponsorship | - | - | - | - | - | - | 2,000 | |
| Survey | - | 3,950 | - | - | - | 3,950 | 3,950 | |
| Total expenses | \$ 15,821 | \$ 56,794 | \$ 1,746 | \$ - | \$ - | \$ 74,361 | \$ 14,707 | |
| | | | | | | | \$ 89,068 | |

See accompanying notes to the financial statements.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | Budgetary Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Favorable (Unfavorable) |
|---|-------------------|---------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Federal subsidies/grants | \$ 30,000 | \$ 30,000 | \$ 2,599 | \$ (27,401) |
| State subsidies/grants | - | - | 100,000 | 100,000 |
| Municipal subsidies/grants | 35,000 | 35,000 | 22,897 | (12,103) |
| Other non-operating revenues | - | - | 50 | 50 |
| Total revenues | <u>65,000</u> | <u>65,000</u> | <u>125,546</u> | <u>60,546</u> |
| EXPENSES | | | | |
| Professional service contracts | 50,000 | 50,000 | 10,269 | 39,731 |
| Supplies and materials | 250 | 250 | - | 250 |
| Other operating expenses | 9,242 | 9,242 | 108,776 | (99,534) |
| Capital asset outlay | - | - | - | - |
| Grants and donations | 5,000 | 5,000 | 4,500 | 500 |
| Other non-operating expenses | 508 | 508 | - | 508 |
| Total expenses | <u>65,000</u> | <u>65,000</u> | <u>123,545</u> | <u>(58,545)</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,001</u> | <u>\$ 2,001</u> |

See accompanying notes and independent auditors' report.

**THE TOWN OF HUNTINGTON
ECONOMIC DEVELOPMENT CORPORATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | Budgetary Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Favorable (Unfavorable) |
|---|-------------------|-----------------|---|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Federal subsidies/grants | \$ 88,709 | \$ 88,709 | \$ 49,910 | \$ (38,799) |
| State subsidies/grants | 100,000 | 100,000 | - | (100,000) |
| Municipal subsidies/grants | 35,000 | 35,000 | 34,370 | (630) |
| Other non-operating revenues | - | - | - | - |
| Total revenues | <u>223,709</u> | <u>223,709</u> | <u>84,280</u> | <u>(139,429)</u> |
| EXPENSES | | | | |
| Professional service contracts | 98,709 | 98,709 | 71,544 | 27,165 |
| Supplies and materials | - | - | 1,547 | (1,547) |
| Other operating expenses | 14,603 | 14,603 | 13,977 | 626 |
| Capital asset outlay | 93,000 | 93,000 | - | 93,000 |
| Grants and donations | 5,000 | 5,000 | 2,000 | 3,000 |
| Other non-operating expenses | 7,000 | 7,000 | - | 7,000 |
| Total expenses | <u>218,312</u> | <u>218,312</u> | <u>89,068</u> | <u>129,244</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>\$ 5,397</u> | <u>\$ 5,397</u> | <u>\$ (4,788)</u> | <u>\$ (10,185)</u> |

See accompanying notes and independent auditors' report.



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 basic financial statements of the Huntington Economic Development Corporation (a nonprofit organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 18, 2012. 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

Management of the Huntington Economic Development is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Huntington Economic Development'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 Huntington Economic Development's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Huntington Economic Development'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 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 the 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.

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, Board of Directors, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Fuoco Group, LLP

Hauppauge, New York
June 18, 2012