

**NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**Nassau County Police Department Foundation, Inc.**

***Report on the Financial Statements***

We have audited the accompanying financial statements of Nassau County Police Department Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2014, and the related statement of activities and cash flow for the year then ended, and the related notes to the financial statements.

***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.

***Auditor's Responsibility***

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nassau County Police Department Foundation, Inc. as of December 31, 2014, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter – Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Marcum LLP*

Melville, NY  
November 13, 2015

NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014

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<b>Assets</b>		
Cash	\$ 2,117,546	
Pledges receivable, net of discount	1,425,893	
Prepaid expenses	1,800	
Security deposit	500	
Property and equipment	<u>16,250</u>	
<b>Total Assets</b>		<u>\$ 3,561,989</u>
 <b>Liabilities</b>		
Accrued expenses		\$ 18,048
 <b>Net Assets</b>		
Unrestricted net assets	\$ 1,380,102	
Temporarily restricted net assets	<u>2,163,839</u>	
<b>Total Net Assets</b>		<u>3,543,941</u>
<b>Total Liabilities and Net Assets</b>		<u>\$ 3,561,989</u>

*The accompanying notes are an integral part of these financial statements.*

NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
<b>Public Support and Revenue</b>			
Public support			
Contributions	\$ 292,850	\$ 310,000	\$ 602,850
Adjustment to prior pledges	(105,543)	--	(105,543)
Contributions in-kind	<u>19,222</u>	<u>--</u>	<u>19,222</u>
Total public support	206,529	310,000	516,529
Other revenue			
Interest income	<u>7,988</u>	<u>--</u>	<u>7,988</u>
<b>Total Public Support and Revenue</b>	<u>214,517</u>	<u>310,000</u>	<u>524,517</u>
<b>Expenses</b>			
Program services	123,981	--	123,981
Fundraising expenses	20,950	--	20,950
Management, general and administrative	<u>48,168</u>	<u>--</u>	<u>48,168</u>
<b>Total Expenses</b>	<u>193,099</u>	<u>--</u>	<u>193,099</u>
<b>Change in Net Assets before architecture fees</b>	21,418	310,000	331,418
Architecture fees	<u>135,458</u>	<u>--</u>	<u>135,458</u>
<b>Change in Net Assets</b>	(114,040)	310,000	195,960
<b>Net Assets - Beginning</b>	<u>1,494,142</u>	<u>1,853,839</u>	<u>3,347,981</u>
<b>Net Assets - Ending</b>	<u>\$ 1,380,102</u>	<u>\$ 2,163,839</u>	<u>\$ 3,543,941</u>

*The accompanying notes are an integral part of these financial statements.*

**NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

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<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ 195,960
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Architecture fees	135,458
Depreciation	2,766
Changes in operating assets and liabilities:	
Contributions receivable	<u>169,602</u>
Total Adjustments	<u>307,826</u>
<b>Net Cash Provided by Operating Activities</b>	503,786
<b>Net Increase in Cash</b>	503,786
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,613,760</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 2,117,546</u>

*The accompanying notes are an integral part of these financial statements.*

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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### NOTE 1 - NATURE OF OPERATIONS

The Nassau County Police Department Foundation, Inc. (the "Foundation") is a not-for-profit organization whose purpose is to provide financial support to the analytic, operational and outreach components of the Nassau County Police Department (the "Department"). The Foundation has identified a parcel of land which will continue to be owned by Nassau County and will be used as the location for the new, state-of-the-art Police Academy (the "Academy"). The Foundation will provide financial support for the architectural design, surveys and environmental studies in preparation of the Academy. The Academy will be utilized as an academic and training institution that will address issues related to community policing and best practices in the area of criminal justice. The Foundation will provide equipment and training to assist the Department with resources not available from the normal budgetary revenue streams. The Foundation will support programs that advance the relationship between the Department and academic and other institutes addressing or capable of addressing issues relating to policing. The Foundation will also be addressing specific matters of concerns, including expert changes, issues of training, best practices in law enforcement, and outreach programs.

The Foundation allows the Department to take advantage of rapidly emerging opportunities relating to training, equipment, or research that would further the Department's effectiveness or professionalism.

The Foundation was incorporated on December 30, 2008 in the State of New York, and is exempt from income tax under Internal Revenue Code Section 501(c)(3) and similar provisions at the state level.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF ACCOUNTING*

The accompanying financial statements include the accounts of the Foundation's programs and supporting services. The Foundation presents its financial statements on the accrual basis of accounting.

#### *USE OF ESTIMATES*

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CASH AND CASH EQUIVALENTS*

For the purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. As of December 31, 2014, there were no cash equivalents.

#### *PLEDGES RECEIVABLE*

Contributions expected to be collected within one year are recorded at net realizable value. When unconditional promises to contribute funds in future years are made, the pledges are recorded at the present value of estimated future cash flows. The discount on these amounts is computed using risk-adjusted rates applicable to the years in which the promises are to be received. Amortization of the discount is recorded as an addition to contribution revenue in accordance with donor-imposed restrictions. The Foundation expects pledges receivable to be collected in full and, accordingly, no allowance for doubtful contributions was recorded as of December 31, 2014.

#### *PROPERTY AND EQUIPMENT*

Property and equipment are capitalized at cost or, if donated, at fair value as of the date of receipt. The Foundation capitalizes property and equipment expenditures between \$1,000 and \$5,000 dependent upon funding source guidelines. Depreciation is computed by using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Equipment	3-7

#### *CONSTRUCTION IN PROGRESS*

During the construction of the Academy, the Foundation capitalizes all costs related to the construction. Once the property and building are ready and available for use, these costs will be depreciated over their estimated useful lives.

#### *CONCENTRATION OF RISK*

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash deposited in interest-bearing accounts with each financial institution in excess of \$250,000, the maximum amount insured by the Federal Deposit Insurance Corporation.

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *FINANCIAL STATEMENT PRESENTATION*

The classification of the Foundation's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

- Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. The Foundation currently did not possess any permanently restricted net assets at December 31, 2014.
- Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.
- Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

#### *ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES*

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations for years prior to 2010.

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *SUPPORT AND REVENUE*

Support and revenue generally consists of one-time cash donations or pledges to contribute defined amounts over a specified number of years, generally ranging from two to ten years.

#### *REVENUE RECOGNITION*

Contributions are recorded as revenue upon the earlier of the receipt of (i) cash or other assets and benefits, or (ii) a binding pledge to contribute cash or other assets and benefits in the future. The Foundation reports contributions of cash and other assets as unrestricted support, unless they are received with donor stipulations that limit the use of the donated assets. Such assets are then classified as temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All other revenue is recognized when earned.

#### *FUNCTIONAL EXPENSES*

Directly identifiable expenses are charged to their respective program, fundraising or management and general functions. Expenses related to more than one function, which are not directly identifiable with any one specific purpose, but provide overall support and direction of the Organization, have been allocated on a pro rata basis to each function.

#### *RECLASSIFICATIONS*

Certain accounts relating to the prior year have been reclassified to conform to the current year's presentation. These reclassifications have no effect on the change in net assets previously reported.

#### *SUBSEQUENT EVENTS*

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of financial position through November 13, 2015, the date the financial statements were available to be issued.

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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### NOTE 3 - CONTRIBUTIONS IN-KIND

Donated goods and services are recognized in the financial statements if they enhance or create non-financial assets or require specialized skills that would typically need to be purchased if not donated. During 2014, contributions in-kind amounted to \$15,698, and consisted primarily of legal counsel and sponsored fundraising events. Services are valued at standard market rates, and goods are recorded at fair value of the items contributed, which would have been incurred by the Foundation to obtain such goods and services.

### NOTE 4 - PLEDGES RECEIVABLE, NET

Pledges receivable, net of discount, consisted of the following as of December 31, 2014:

	<u>2014</u>
Amounts due in less than one year	•\$ 479,264
Amounts due in one to five years	941,616
Amounts due in more than five years	<u>82,500</u>
Contributions receivable	1,503,380
Discount to present value (3.25%)	<u>(77,487)</u>
<b>Contributions Receivable, Net</b>	<b><u>\$1,425,893</u></b>

### NOTE 5 - PROPERTY AND EQUIPMENT

The Foundation's property and equipment is summarized as follows at December 31, 2014:

	<u>2014</u>
Equipment	\$19,361
Accumulated depreciation	<u>(3,111)</u>
<b>Total</b>	<b><u>\$16,250</u></b>

The Foundation and the Department had an agreement with an architecture firm for \$125,000, plus reimbursable expenses, to design the Academy. These services were invoiced and paid in previous years. As of December 31, 2013, construction in progress on the statement of financial position represented these services, and totaled \$135,458. During the year ended December 31, 2014, the Foundation determined that the architectural designs previously capitalized as construction in progress no longer have value and have been written off. The Foundation will be entering into a new agreement with the architecture firm for new designs for the Academy.

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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### NOTE 6 - PROGRAM EXPENSES

Program expenses consist of 1) a pro rata allocation of management and general expenses which are attributable to the planning phase of the Academy, and 2) donations made to the Nassau County Police Department in accordance with its purpose of providing charitable financial support.

### NOTE 7 - FUNDRAISING EXPENSES

Fundraising expenses consist of costs to run social events with the intent to raise money for the Academy. Costs incurred generally relate to venue, catering, and marketing material costs. For the year ended December 31, 2014, fundraising expenses totaled \$20,950.

### NOTE 8 - RELATED-PARTY TRANSACTIONS

During 2014, members of the Board of Directors and the Advisory Board contributed, or pledged to contribute in future years, specific amounts to help fulfill the objectives of the Foundation. For the year ended December 31, 2014, related-party contribution income amounted to \$210,000. Included in the receivable as of the year ended December 31, 2014 were contributions due from members of the Board and the Advisory Board in the amounts of \$297,097.

NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

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	Program	Fund Raising	Management and General	Total
Salary expense	\$ 87,562	\$ 11,675	\$ 17,512	\$ 116,749
Payroll taxes and employee benefits	8,706	1,161	1,741	11,608
Administrative expenses	--	--	13,196	13,196
Donations	4,554	--	--	4,554
Gifts and memorabilia	9,143	3,047	--	12,190
Insurance expense	1,158	1,158	1,192	3,508
Office expense	1,074	1,074	1,106	3,254
Professional fees	8,949	--	10,500	19,449
Training and seminars	140	140	145	425
Rent expense	1,782	1,782	1,836	5,400
Depreciation expense	913	913	940	2,766
<b>Total</b>	<u>\$ 123,981</u>	<u>\$ 20,950</u>	<u>\$ 48,168</u>	<u>\$ 193,099</u>

*See independent auditors' report.*