

**NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## CONTENTS

---

<b>Independent Auditors' Report</b> .....	1-2
---	-----

### **Financial Statements**

Statement of Financial Position .....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Cash Flows .....	5

<b>Notes to Financial Statements</b> .....	6-11
--	------

### **Supplementary Information**

Schedule of Functional Expenses .....	12
---------------------------------------	----

## **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, 2015, and the related statements of activities and changes in net assets and cash flows 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.

### ***Auditors' 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, 2015, and the changes in its net assets and its cash flows 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 14, 2016

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

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2015**

---

**Assets**

Cash	\$ 2,554,820
Pledges receivable, net of discount	1,100,569
Prepaid expenses	1,800
Security deposit	500
Property and equipment, net	<u>13,484</u>

**Total Assets**

\$ 3,671,173

**Net Assets**

Unrestricted net assets	\$ 1,507,334
Temporarily restricted net assets	<u>2,163,839</u>

**Total Net Assets**

\$ 3,671,173

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

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
<b>Public Support and Other Revenue</b>			
Public support			
Contributions	\$ 363,373	\$ --	\$ 363,373
Contributions in-kind	9,079	--	9,079
Total public support	372,452	--	372,452
Other revenue			
Other revenue	37,725	--	37,725
Interest income	8,891	--	8,891
<b>Total Public Support and Other Revenue</b>	<u>419,068</u>	<u>--</u>	<u>419,068</u>
<b>Expenses</b>			
Program services	208,207	--	208,207
Fundraising expenses	24,184	--	24,184
Management and general	59,445	--	59,445
<b>Total Expenses</b>	<u>291,836</u>	<u>--</u>	<u>291,836</u>
<b>Change in Net Assets</b>	127,232	--	127,232
<b>Net Assets - Beginning</b>	<u>1,380,102</u>	<u>2,163,839</u>	<u>3,543,941</u>
<b>Net Assets - Ending</b>	<u>\$ 1,507,334</u>	<u>\$ 2,163,839</u>	<u>\$ 3,671,173</u>

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

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

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**Cash Flows From Operating Activities**

Change in net assets	\$ 127,232	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,766	
Discount on pledges receivable	(15,677)	
Changes in operating assets and liabilities:		
Pledges receivable, net of discount	341,001	
Accrued expenses	<u>(18,048)</u>	
Total Adjustments		\$ <u>310,042</u>
<b>Net Cash Provided by Operating Activities</b>		<u>437,274</u>
<b>Net Increase in Cash</b>		437,274
<b>Cash - Beginning</b>		<u>2,117,546</u>
<b>Cash - Ending</b>		<u><u>\$ 2,554,820</u></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, 2015

---

### NOTE 1 - ORGANIZATION AND PURPOSE

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”). Nassau County (the “County”) has identified a parcel of land which will continue to be owned by the County and will be used as the location for the new, state-of-the-art Police Academy (the “Academy”). In addition, the Foundation has contracted with various companies to provide for the architectural design, land surveys and environmental studies necessary for construction 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 have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.



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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

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

*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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

*CASH AND CASH EQUIVALENTS*

The Foundation considers all money market accounts and highly liquid instruments purchased with an original maturity date of three months or less to be cash equivalents. As of December 31, 2015, the Foundation did not possess any 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, 2015.

*PROPERTY AND EQUIPMENT*

Property and equipment are recorded at cost or, if donated, at fair value as of the date received. The Foundation capitalizes property and equipment expenditures in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

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

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

---

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

#### *CONCENTRATION OF CREDIT 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.

#### *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 and changes in net assets.

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, 2015.
- 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 and changes in net assets. As of December 31, 2015, the Foundation has \$2,163,839 of temporarily restricted net asset to be used for the costs associated with the construction of the Academy.
- Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

---

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

#### *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, 2015, 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. The Foundation has not incurred any unrelated business income.

#### *PUBLIC SUPPORT AND OTHER REVENUE*

Public Support and other 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 and changes in net assets as net assets released from restrictions. All other revenue is recognized when earned.

#### *FUNCTIONAL ALLOCATION OF 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 Foundation, have been allocated on a pro rata basis to each function.

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

---

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

#### *SUBSEQUENT EVENTS*

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of financial position through November 14, 2016, the date the financial statements were available to be issued.

### 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 2015, contributions in-kind amounted to \$9,079, 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, 2015:

	<u>Amount</u>
Amounts due in less than one year	\$ 403,741
Amounts due in one to five years	721,136
Amounts due in more than five years	<u>37,502</u>
Pledge receivable	1,162,379
Discount to present value (3.5%)	<u>(61,810)</u>
<b>Pledge Receivable, Net</b>	<b><u>\$1,100,569</u></b>

Included in the above table is a pledge receivable with an outstanding balance in the amount of \$150,000 that is past due. Management and legal counsel believe that full collection of this amount is fairly certain based on legally enforceable signed pledge agreement and past experience.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**NOTE 5 - PROPERTY AND EQUIPMENT**

The Foundation's property and equipment is summarized as follows at December 31, 2015:

	<u>Amount</u>
Equipment	\$19,361
Accumulated depreciation	<u>(5,877)</u>
<b>Total</b>	<b><u>\$13,484</u></b>

**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 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 Foundation, which will ultimately benefit the Academy. Costs incurred generally relate to venue, catering, and marketing material costs. For the year ended December 31, 2015, fundraising expenses totaled \$24,184.

**NOTE 8 - RELATED-PARTY TRANSACTIONS**

During 2015, 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, 2015, related-party contribution income amounted to \$210,000. Included in the receivable as of December 31, 2015 were contributions due from members of the Board and the Advisory Board in the amount of \$170,000.

# NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

---

	Program Services	Fund Raising	Management and General	Total
Salary expense	\$ 84,299	\$ 11,240	\$ 16,860	\$ 112,399
Payroll taxes and employee benefits	14,627	1,950	2,925	19,502
Administrative expenses	--	--	20,364	20,364
Donations	53,191	--	--	53,191
Fundraising	165	165	170	500
Gifts and memorabilia	7,372	2,457	--	9,829
Insurance expense	2,857	2,857	2,943	8,657
Office expense	1,479	1,479	1,525	4,483
Professional fees	40,181	--	10,500	50,681
Rent expense	3,123	3,123	3,218	9,464
Depreciation expense	913	913	940	2,766
<b>Total</b>	<b>\$ 208,207</b>	<b>\$ 24,184</b>	<b>\$ 59,445</b>	<b>\$ 291,836</b>

*See independent auditors' report.*