

NASSAU COUNTY POLICE DEPARTMENT
FOUNDATION, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017
TOGETHER WITH AUDITOR'S REPORT

NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

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, 2017, and the related statements of activities and changes in net assets, and cash flows for the year 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, 2017, 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.

NawrockiSmith

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of functional expenses on page 10 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 taken as a whole.

Melville, New York
October 9, 2018

Nawrocki Smith LLP

NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

ASSETS

Cash	\$ 444,775
Contributions receivable, net	1,035,316
Prepaid expenses	1,800
Security deposit	<u>500</u>
 Total assets	 <u>\$ 1,482,391</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	<u>\$ 624,201</u>
 Total liabilities	 <u>624,201</u>
 NET ASSETS:	
Unrestricted	185,093
Temporarily restricted	<u>673,097</u>
 Total net assets	 <u>858,190</u>
 Total liabilities and net assets	 <u>\$ 1,482,391</u>

The accompanying notes to financial statements
are an integral part of this statement.

NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Contributions	\$ 79,445	\$ 750,351	\$ 829,796
In-kind contributions	24,303	-	24,303
Interest income	8,234	-	8,234
Other income	7,653	-	7,653
Net assets released from restrictions	479,245	(479,245)	-
 Total revenues	 <u>598,880</u>	 <u>271,106</u>	 <u>869,986</u>
EXPENSES:			
Program services	1,937,328	-	1,937,328
Management and general	50,113	-	50,113
Fundraising	24,611	-	24,611
 Total expenses	 <u>2,012,052</u>	 <u>-</u>	 <u>2,012,052</u>
 Change in net assets	 (1,413,172)	 271,106	 (1,142,066)
NET ASSETS, BEGINNING OF YEAR	<u>1,598,265</u>	<u>401,991</u>	<u>2,000,256</u>
NET ASSETS, END OF YEAR	<u>\$ 185,093</u>	<u>\$ 673,097</u>	<u>\$ 858,190</u>

The accompanying notes to financial statements
are an integral part of this statement.

NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (1,142,066)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Increase in contributions receivable, net	(103,961)
Increase in accounts payable and accrued expenses	<u>34,844</u>
Net cash used by operating activities	<u>(1,211,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Decrease in property and equipment	<u>10,718</u>
Net cash provided by investing activities	<u>10,718</u>
NET DECREASE IN CASH	(1,200,465)
CASH, BEGINNING OF YEAR	<u>1,645,240</u>
CASH, END OF YEAR	<u><u>\$ 444,775</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

(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”). 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 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.

(2) Summary of significant accounting policies

The accompanying financial statements include the assets, liabilities, revenues and expenses of the Foundation. The following is a summary of significant accounting policies followed by the Foundation:

Financial statement presentation -

The accompanying financial statements are presented under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, and include the accounts of the Foundation’s programs, administration and fundraising. The Foundation presents its financial statements in accordance with U.S. generally accepted accounting principles that require the Foundation’s financial statements distinguish among unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets. The Foundation’s net assets consist of the following:

Unrestricted - net assets of the Foundation 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 Foundation.

Temporarily restricted - net assets of the Foundation 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 Foundation pursuant to those stipulations.

As of December 31, 2017, the Foundation does not currently possess any permanently restricted net assets.

As required by U.S. generally accepted accounting principles, the Foundation has also presented a statement of cash flows for the year ended December 31, 2017.

Cash and cash equivalents -

The Foundation considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2017, the Foundation did not possess any cash equivalents.

Contributions receivable -

Contributions receivable are recognized as support in the period pledged and are recorded at the present value of estimated cash flow. The discount on these amounts is computed using a risk-adjusted rate 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 contributions receivables to be collected in full therefore, an allowance for doubtful accounts has not been recorded as of December 31, 2017.

Property and equipment -

Property and equipment are capitalized at cost or, if donated, at fair market value as of the date of receipt. The cost of property and equipment purchased in excess of \$1,000 is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally periods of three to seven 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. Conditional contributions are recognized when the conditions on which they depend are substantially met. 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 stipulation 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.

In-kind contributions -

In-kind contributions of 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. 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.

Functional allocation of expenses -

Directly identifiable expenses are charged to their respective program, management and general or fundraising 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.

Income taxes -

The Foundation qualifies 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 taxes is required.

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

(3) Contributions receivable, net

Contributions receivable, net of discount, consist of the following as of December 31, 2017:

Amounts due in less than one year	\$	383,952
Amounts due in one to five years		777,324
Amounts due in more than five years		<u>117,857</u>
Contributions receivable		1,279,133
Discount to present value		<u>(243,817)</u>
Contributions receivable, net	\$	<u>1,035,316</u>

(4) Program expenses

Program expenses consist of a pro-rata allocation of the Foundation's expenses which are attributable to the planning phase of the Academy and donations made to the Department in accordance with its purpose of providing charitable financial support.

(5) Academy- related donations

Academy-related donations consist of various payments made by the Foundation to professionals related to the design of the training facility to be held and used in the name of the Academy. For the year ended December 31, 2017, such donations totaled \$1,700,071.

(6) Related-party transactions

During 2017, members of the Board of Directors and the Advisory Board of the Foundation contributed, or pledged to contribute in future years, specific amounts to help fulfill the objectives of the Foundation. For the year ended December 31, 2017, related party contribution income amounted to \$50,000. Included in the contributions receivable as of December 31, 2017 were contributions due from members of the Board of Directors and Advisory Board in the amount of \$121,050.

(7) Concentrations of risk

The Nassau County Police Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(8) Commitments

The Foundation leases office space on a year-to-year basis. Rent expense for the year ended December 31, 2017 was \$5,832.

(9) Subsequent events

The Nassau County Police Department Foundation, Inc. has evaluated subsequent events through October 9, 2018, which is the date these financial statements were available to be issued, noting no further disclosure required.

NASSAU COUNTY POLICE DEPARTMENT FOUNDATION, INC.
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Academy-related donations	\$ 1,700,071	\$ -	\$ -	\$ 1,700,071
Other donations	65,718	-	-	65,718
Payroll	99,496	19,899	13,266	132,661
Professional fees	18,900	3,780	2,520	25,200
In-kind	18,227	3,645	2,431	24,303
Payroll taxes and employee benefits	13,338	2,668	1,778	17,784
Administrative	-	15,806	-	15,806
Office	6,826	1,365	909	9,100
Insurance	6,614	1,323	882	8,819
Rent	4,374	875	583	5,832
Automobile	3,764	752	502	5,018
Fundraising	-	-	1,740	1,740
	<u>-</u>	<u>-</u>	<u>1,740</u>	<u>1,740</u>
Total	<u>\$ 1,937,328</u>	<u>\$ 50,113</u>	<u>\$ 24,611</u>	<u>\$ 2,012,052</u>

See auditor's report on supplementary information.