

**NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

APPLICATION FOR FINANCIAL ASSISTANCE



APPLICATION OF:

NASSAU CANDY DISTRIBUTORS, INC.

APPLICANT NAME

Please respond to all questions in this Application for Financial Assistance (the "Application") by, as appropriate:

- filling in blanks;
- checking the applicable term(s);
- attaching additional text (with notation in Application such as "see Schedule H, Item # 1", etc.); or
- writing "N.A.", signifying "not applicable".

All attachments responsive to questions found in this Application should be clearly labeled and attached as Schedule I to the Application. If an estimate is given, enter "EST" after the figure. One signed original and one photocopy of the Application (including all attachments) must be submitted.

The following amounts are payable to the Nassau County Industrial Development Agency (the "Agency") at the time this Application is submitted to the Agency: (i) a \$1,000 non-refundable application fee (the "Application Fee"); (ii) a \$3,500 expense deposit for the Agency's Transaction/Bond Counsel fees and expenses (the "Counsel Fee Deposit"), (iii) a \$2,500 expense deposit for the cost/benefit analysis with respect to the project contemplated by this Application (the "Cost/Benefit Deposit"), and (iv) a \$500 expense deposit for the real property tax valuation analysis, if applicable, with respect to the project contemplated by this Application (the "Valuation Deposit"). The Application Fee will not be credited against any other fees or expenses which are or become payable to the Agency in connection with this Application or the project contemplated herein (the "Project"). In the event that the subject transaction does not close for any reason, the Agency may use all or any part of the Counsel Fee Deposit, the Cost/Benefit Deposit and/or the Valuation Deposit to defray the cost of Transaction/Bond Counsel fees and expenses, the cost of obtaining a cost/benefit analysis and/or the cost of obtaining a real property tax valuation with respect to the Project. In the event that the subject transaction does close, the Counsel Fee Deposit, the Cost/Benefit Deposit and the Valuation Deposit shall be credited against the applicable expenses incurred by the Agency with respect to the Project.

Every signature page comprising part of this Application must be signed by the Applicant or this Application will not be considered complete or accepted for consideration by the Agency.

The Agency's acceptance of this Application for consideration does not constitute a commitment on the part of the Agency to undertake the proposed Project, to grant any financial assistance with respect to the proposed Project or to enter into any negotiations with respect to the proposed Project.

Information provided herein may be subject to disclosure under the New York Freedom of Information Law (New York Public Officers Law § 84 et seq.) ("FOIL"). If the Applicant believes that a portion of the material submitted with this Application is protected from disclosure under FOIL, the Applicant should mark the applicable section(s) or page(s) as "confidential" and state the applicable exception to disclosure under FOIL.

September 9, 2019

DATE

PART I. APPLICANT

A. APPLICANT FOR FINANCIAL ASSISTANCE:

Name: Nassau Candy Distributors, Inc.

Address: 300 Duffy Avenue, Hicksville, NY 11801

Fax: (516) 433-9010

NY State Dept. of
Labor Reg #:

Federal Employer ID #:

NAICS Code #: 424450 (Confectionary Merchant Wholesalers)

Website: https://www.nassaucandy.com/

Name of CEO or

Authorized Representative Certifying Application: Les Stier

Title of Officer: CEO/Chairman

Phone Number: (516) 433-7100 E-Mail: les.stier@nassaucandy.com

B. BUSINESS TYPE (Check applicable status. Complete blanks as necessary):

Sole Proprietorship General Partnership Limited Partnership

Limited Liability Company Privately Held Corporation

Publicly Held Corporation Exchange listed on _____

Not-for-Profit Corporation

Income taxed as: Subchapter S Subchapter C
501(c)(3) Corporation Partnership

State and Year of Incorporation/Organization: NEW YORK, 1984

Qualified to do Business in New York: Yes No N/A

C. APPLICANT COUNSEL:

Firm name: Forchelli Deegan Terrana LLP

Address: 333 Earle Ovington Blvd., Suite 1010
Uniondale, New York 11553

Primary
Contact: Daniel P. Deegan
Phone: (516) 248-1700
Fax: (516) 248-1729
E-Mail: ddeegan@forchellilaw.com

- D. Principal stockholders, members or partners, if any (i.e., owners of 10% or more of equity/voting rights in Applicant):

Name	Percentage owned
Les Stier	
Barry Rosenbaum	

- E. If any of the persons described in the response to the preceding Question, or a group of said persons, owns more than a 50% interest in the Applicant, list all other entities which are related to the Applicant by virtue of such persons having more than a 50% interest in such entities:

N/A

F. Is the Applicant related to any other entity by reason of more than 50% common ownership? If YES, indicate name of related entity and relationship:

YES ___ NO X

G. List parent corporation, sister corporations and subsidiaries, if any:

Nassau Candy South LLC; Nassau Candy Midwest LLC; Nassau Candy Southwest LLC;
Nassau Candy West LLC

H. Has the Applicant (or any parent company, subsidiary, affiliate or related entity or person) been involved in, applied for or benefited by any prior industrial development financing in the municipality in which this Project is located, whether by the Agency or another issuer, or in a contiguous municipality? ("Municipality" herein means city, town or village, or, if the Project is not in an incorporated city or village, Nassau County.) If YES, describe:

YES ___ NO X

I. Is the Applicant (or any parent company, subsidiary, affiliate or related entity or person) or any principal(s) of the Applicant or its related entities involved in any litigation or aware of any threatened litigation that would have a material adverse effect on the Applicant's financial condition or the financial condition of said principal(s)? If YES, attach details at Schedule I.

YES ___ NO X

J. Has the Applicant (or any parent company, subsidiary, affiliate or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, ever been involved, as debtor, in bankruptcy, creditors rights or receivership proceedings or sought protection from creditors? If YES, attach details at Schedule I.

YES ___ NO X

K. Has the Applicant (or any parent company, subsidiary, affiliate or related entity or person) or any principal(s) of the Applicant or its related entities, ever been convicted of any felony or misdemeanor (other than minor traffic offenses), or have any such related persons or principal(s) held positions or ownership interests in any firm or corporation that has been convicted of a felony or misdemeanor (other than minor traffic offenses), or are any of the foregoing the subject of a pending criminal proceeding or investigation? If YES, attach details at Schedule I.

YES ___

NO X

- L. Has the Applicant (or any parent company, subsidiary, affiliate or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, been cited for (or is there a pending proceeding or investigation with respect to) a civil violation of federal, state or local laws or regulations with respect to labor practices, hazardous wastes, environmental pollution, taxation, or other operating practices? If YES, attach details at Schedule I.

YES ___

NO X

- M. Is the Applicant (or any parent company, subsidiary, affiliate or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, delinquent or have any of the foregoing persons or entities been delinquent on any New York State, federal or local tax obligations within the past five (5) years? If YES, attach details at Schedule I.

YES ___

NO X

- N. Complete the following information for principals (including, in the case of corporations, officers and members of the board of directors and, in the case of limited liability company, members and managers) of the Applicant:

<u>Name</u>	<u>Title</u>	<u>Other Business Affiliations</u>
<u>Les Stier</u>	<u>CEO/Chairman</u>	_____
<u>Barry Rosenbaum</u>	<u>President</u>	_____

Do any of the foregoing principals hold elected or appointive positions with New York State, any political division of New York State or any other governmental agency? If YES, attach details at Schedule I.

YES ___

NO X

Are any of the foregoing principals employed by any federal, state or local municipality or any agency, authority, department, board, or commission thereof or any other governmental or quasi-governmental organization?

YES

NO

O. Operation at existing location(s) (Complete separate Section O for each existing location):

1. (a) Location: 300 Duffy Avenue, Hicksville, NY

(b) Number of Employees: Full-Time: 363 Part-Time:

(c) Annual Payroll, excluding benefits: \$20,689,344.00

(d) Type of operation (e.g. manufacturing, wholesale, distribution, retail, etc.) and products or services: Manufacturing/Distributing; Specialty Confectionary/Gourmet Food

(e) Size of existing facility real property (i.e., acreage of land): 6 acres

(f) Buildings (number and square footage of each): 1; +/- 160,426 sf

(g) Applicant's interest in the facility

FEE TITLE: LEASE: OTHER (describe below):

2. (a) Location: 500, 520 and 530 West John Street, Hicksville, NY 11801

(b) Number of Employees: Full-Time: Part-Time: (included in 1(b) above)

(c) Annual Payroll, excluding benefits: (included in 1(c) above)

(d) Type of operation (e.g. manufacturing, wholesale, distribution, retail, etc.) and products or services: Manufacturing/Distributing; Specialty Confectionary/Gourmet Food

(e) Size of existing facility real property (i.e., acreage of land): 6 acres

(f) Buildings (number and square footage of each): 3; (a) 25,850 sf, (b) 67,128 sf and (c) 49,500 sf

(g) Applicant's interest in the facility

FEE TITLE: _____ LEASE: X OTHER (describe below): _____

3.

(a) Location: 90 Alpha Plaza, Hicksville, NY 11801

(b) Number of Employees: Full-Time: _____ Part-Time: _____ (included in 1(b) above)

(c) Annual Payroll, excluding benefits: (included in 1(c) above)

(d) Type of operation (e.g. manufacturing, wholesale, distribution, retail, etc.) and products or services: Manufacturing/Distributing; Specialty Confectionary/Gourmet Food

(e) Size of existing facility real property (i.e., acreage of land): 3 acres

(f) Buildings (number and square footage of each): 1; 33,777 sf

(g) Applicant's interest in the facility

FEE TITLE: _____ LEASE: X OTHER (describe below): _____

2. Will the completion of the proposed Project result in the removal of a plant or facility of the Applicant, or of a proposed user, occupant or tenant of the Project, or a relocation of any employee of the Applicant, or any employee of a proposed user, occupant or tenant of the Project, from one area of the State of New York (but outside of Nassau County) to a location in Nassau County or in the abandonment of such a plant or facility located in an area of the State of New York outside of Nassau County? If YES, complete the attached Anti-Raiding Questionnaire (Schedule D).

YES _____

NO X

3. Will the proposed Project result in the removal or abandonment of a plant or facility of the Applicant, or of a proposed user, occupant or tenant of the proposed Project, or a relocation of any employee of the Applicant, or any employee of a proposed user, occupant or tenant of the proposed Project, located within Nassau County? If YES, identify the location of the plant or facility and provide explanation.

YES ___

NO X

- P. Has the Applicant considered moving to another state or another location within New York State? If YES, explain circumstances.

YES ___

NO X

- Q. Does any one supplier or customer account for over 50% of Applicant's annual purchases or sales, respectively? If YES, attach name and contact information for supplier and/or customer, as applicable:

YES ___

NO X

- R. Does the Applicant (including any related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, have any contractual or other relationship with the Agency or the County of Nassau? If YES, attach details at Schedule I.

YES ___

NO X

- S. Nature of Applicant's business (e.g., description of goods to be sold, products manufactured, assembled or processed, services rendered):

Manufacturing/Distribution; Specialty Confectionary/Gourmet Food

- T. ANY RELATED PARTY PROPOSED TO BE A USER OF THE PROJECT:

Name: N/A

Relationship to Applicant: _____

Provide the information requested in Questions A through S above with respect to each such party by attachment at Schedule I.

PART II. PROPOSED PROJECT

A. Types of Financial Assistance Requested:

- Tax-Exempt Bonds
- Taxable Bonds
- Refunding Bonds
- Sales/Use Tax Exemption
- Mortgage Recording Tax Exemption
- Real Property Tax Exemption
- Other (specify): _____

B. Type of Proposed Project (check all that apply and provide requested information):

- New Construction of a Facility
Square footage: _____
- Addition to Existing Facility
Square footage of existing facility: 160,426
Square footage of addition: 20,000
- Renovation of Existing Facility
Square footage of area renovated: _____
Square footage of existing facility: _____
- Acquisition of Land/Building
Acreage/square footage of land: _____
Square footage of building: _____
- Acquisition of Furniture/Machinery/Equipment
List principal items or categories:
Equipment, Fixtures and Furniture associated with Applicant's business, including, without limitation, forklifts, power jacks, HVAC equipment, fire alarm, computers, printers and servicers, etc., pallet racking systems, camera system
- Other (specify): _____

C. Briefly describe the purpose of the proposed Project, the reasons why the Project is necessary to the Applicant and why the Agency's financial assistance is necessary, and the effect the Project will have on the Applicant's business or operations:

The headquarters and main manufacturing, warehouse and distribution facility for the Applicant's wholesale confectionary business is at 300 Duffy Avenue, Hicksville, NY and is subject to an IDA lease for a term of twenty (20) years, which term commenced in 2014. The proposed Project

is the construction of an approximately 20,000 square foot addition at the 300 Duffy Avenue property. This would permit the Applicant to expand its business in order to better serve its existing customers, meet the demands of potential customers and stay competitive in its industry. In order to accomplish these goals, financial assistance from the Agency is necessary.

- D. Is there a likelihood that the proposed Project would not be undertaken by the Applicant but for the granting of the financial assistance by the Agency? (If yes, explain; if no, explain why the Agency should grant the financial assistance with respect to the proposed Project)

YES X NO

Financial assistance from the Agency is necessary for the Applicant in order to offset the costs associated with the proposed expansion; without such financial assistance, the Applicant will not undertake the Project.

- E. If the Applicant is unable to arrange Agency financing or other Agency financial assistance for the Project, what will be the impact on the Applicant and Nassau County? Would the Applicant proceed with the Project without Agency financing or other Agency financial assistance? Describe.

If the Applicant is unable to obtain financial assistance from the Agency, it would not proceed with the proposed Project. The impact on the County would be substantial in that the County would not receive numerous benefits associated with the Project, including an increase in quality, high-paying jobs within the County (and their associated "multiplier" economic effects) and helping to stem the continuing loss of such jobs to locations outside the County and the State.

- F. Location of Project:

Street Address: 300 Duffy Avenue

City/Village(s): Hicksville

Town(s): Oyster Bay

School District(s): 3017 (Hicksville Union Free School District)

Tax Map Section: 11 Block: 327 Lots: 406, 408, 412, 421 & 422

Census Tract Number: 5189.00

- G. Present use of the Project site: Industrial/Warehouse/Distribution

- H. (a) What are the current real estate taxes on the Project site? (If amount of current taxes is not available, provide assessed value for each):

The current PILOT payment is \$482,148.00 per year.

General: \$N/A
School: \$N/A
Village: \$N/A

- (b) Are tax certiorari proceedings currently pending with respect to the Project real property? If YES, attach details at Schedule I including copies of pleadings, decisions, etc.

YES NO

- I. Describe proposed Project site ownership structure (*i.e.*, Applicant or other entity):

An affiliate of the applicant, 300 Duffy Real Estate, LLC, is the fee owner of 300 Duffy Avenue.

- J. To what purpose will the building or buildings to be acquired, constructed or renovated be used by the Applicant? (Include description of goods to be sold, products to be manufactured, assembled or processed and services to be rendered.)

Distribution of specialty confectionary and gourmet food.

- K. If any space in the Project is to be leased to or occupied by third parties (i.e., parties not related to the Applicant), or is currently leased to or occupied by third parties who will remain as tenants, provide the names and contact information for each such tenant, indicate total square footage of the Project to be leased to each tenant, and describe proposed use by each tenant:

N/A

- L. Provide, to the extent available, the information requested, in Part I, Questions A, B, D and O, with respect to any party described in the preceding response.

N/A

- M. Does the proposed Project meet zoning/land use requirements at proposed location?

YES NO

1. Describe present zoning/land use: LI Zone, County Use 44 – Storage, Warehouse and Distribution (4490)
2. Describe required zoning/land use, if different: _____

3. If a change in zoning/land use is required, please provide details/status of any request for change of zoning/land use requirements:

N/A

N. Does the Applicant, or any related entity or person, currently hold a lease or license on the Project site? If YES, please provide details and a copy of the lease/license.

YES NO

NCIDA - Sublease Agreement, dated as of January 1, 2014, as amended as of December 23, 2015

O. Does the Applicant, or any related entity or person, currently hold fee title to (i.e. own) the Project site?

YES NO

If YES, indicate:

- (a) Date of purchase: 2/28/14
- (b) Purchase price: \$13,000,000
- (c) Balance of existing mortgage, if any:
- (d) Name of mortgage holder:
- (e) Special conditions: N/A

If NO, indicate name of present owner of Project site:

P. Does the Applicant or any related person or entity have an option or a contract to purchase the Project site and/or any buildings on the Project site?

YES NO

If YES, attach copy of contract or option at Schedule I and indicate:

- (a) Date signed: _____
- (b) Purchase price: \$ _____
- (c) Closing date: _____

Is there a relationship legally or by virtue of common control or ownership between the Applicant (and/or its principals) and the seller of the Project (and/or its principals)? NO
If YES, describe:

YES

NO

- Q. Will customers personally visit the Project site for either of the following economic activities? If YES with respect to either economic activity indicated below, complete the attached Retail Questionnaire (Schedule E).

Sales of Goods: YES NO Sales of Services: YES NO

- R. Describe the social and economic conditions in the community where the Project site is or will be located and the impact of the proposed Project on the community (including impact on infrastructure, transportation, fire and police and other government-provided services):

The Project is in an area which contains almost exclusively industrial and commercial properties. The impact on government-provided services is expected to be minimal.

- S. Identify the following Project parties (if applicable):

Architect: TBD
Engineer: TBD
Contractors: TBD

- T. Will the Project be designed and constructed to comply with Green Building Standards? (if YES, describe the LEED green building rating that will be achieved):

YES

NO

- U. Is the proposed Project site located on a Brownfield? (if YES, provide description of contamination and proposed remediation)

YES

NO

- V. Will the proposed Project produce a unique service or product or provide a service that is not otherwise available in the community in which the proposed Project site is located?

YES

NO

- W. Is the proposed Project site currently subject to an IDA transaction (whether through the Agency or otherwise)? If yes, explain.

YES X

NO _____

As stated above, the Project site is subject to a Nassau County IDA transaction, which closed in January 2014.

PART III. CAPITAL COSTS OF THE PROJECT

A. Provide an estimate of cost of all items listed below:

	<u>Item</u>	<u>Cost</u>
1.	Land and/or Building Acquisition	\$ _____
2.	Building Demolition	\$ _____
3.	Construction/Reconstruction/Renovation	\$ <u>3,677,680</u>
4.	Site Work	\$ <u>350,069</u>
5.	Infrastructure Work	\$ _____
6.	Architectural/Engineering Fees	\$ _____
7.	Applicant's Legal Fees	\$ _____
8.	Financial Fees	\$ _____
9.	Other Professional Fees	\$ _____
10.	Furniture, Equipment & Machinery Acquisition (not included in 3. above)	\$ <u>900,000.00</u>
11.	Other Soft Costs (describe)	\$ _____
12.	Other (describe)	\$ _____
	Total	\$ <u>4,927,749</u>

B. Estimated Sources of Funds for Project Costs:

a.	Tax-Exempt IDA Bonds:	\$ _____
b.	Taxable IDA Bonds:	\$ _____
c.	Conventional Mortgage Loans:	\$ <u>29,625,000*</u>
d.	SBA or other Governmental Financing:	\$ _____
	Identify: _____	
e.	Other Public Sources (e.g., grants, tax credits):	\$ _____
	Identify: _____	
f.	Other Loans:	\$ _____
g.	Equity Investment:	\$ _____
	(excluding equity attributable to grants/tax credits)	

TOTAL \$ 4,927,749

*includes refinancing of existing debt and other investment in the Company and Project

What percentage of the total project costs are funded/financed from public sector sources: 0 %

C. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application? If YES, describe particulars on a separate sheet.

YES NO X

D. Are items of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of the bond proceeds (if applicable)? If YES, provide details:

YES NO NOT APPLICABLE X

E. Will any of the funds to be borrowed through the Agency's issuance of bonds, if applicable, be used to repay or refinance an existing mortgage, outstanding loan or an outstanding bond issue? If YES, provide details:

YES NO NOT APPLICABLE X

F. Has the Applicant made any arrangement for the marketing or the purchase of the bonds or the provision of other third-party financing (if applicable)? If YES, indicate with whom (subject to Agency approval) and provide a copy of any term sheet or commitment letter issued with respect to such financing.

YES NO NOT APPLICABLE X

G. Construction Cost Breakdown:

Total Cost of Construction: \$ 3,677,680.00 (sum of 2-5 and 10 in Question A above)

Cost for materials: \$ 1,838,840.00

% Sourced in County: 50 %

% Sourced in State: 100 % (incl. County)

Cost for labor: \$ 1,838,840.00

% Sourced in County: 50 %

% Sourced in State: 100 % (incl. County)

Cost for "other": \$ _____
% Sourced in County: _____ %
% Sourced in County: _____ % (incl. County)

The Applicant acknowledges that the transaction/bond documents may include a covenant by the Applicant to undertake and document the total amount of capital investment as set forth in this Application.

PART IV. COST/BENEFIT ANALYSIS

- A. If the Applicant presently operates in Nassau County, provide the current annual payroll. Estimate projected payroll at the Project site in First Year, Second Year and Third Year after completion of the Project:

	<u>Present</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>
Full-time:	\$20,689,344*	\$21,117,000*	\$21,544,658*	\$21,972,319*
Part-time: ¹				

*includes Applicant's other locations in Nassau County

List the average salaries or provide ranges of salaries for the following categories of jobs (on a full-time equivalency basis) projected to be retained/created in Nassau County as a result of the proposed Project:

<u>Category of Jobs to be Retained:</u>	<u>Average Salary or Range of Salary:</u>	<u>Average Fringe Benefits or Range of Fringe Benefits</u>
Management	\$38/hour	\$12,000 -\$16,000
Professional	\$25/hour	\$8,250
Administrative	\$20/hour	\$6,240
Production	\$14/hour	\$4,350
Supervisor	\$25/hour	\$7,800
Laborer	\$15/hour	\$4,680
Independent Contractor ²		
Other		

<u>Category of Jobs to be Created:</u>	<u>Average Salary or Range of Salary:</u>	<u>Average Fringe Benefits or Range of Fringe Benefits</u>
Management	\$38/hour	\$12,000 -\$16,000
Professional	\$25/hour	\$8,250
Administrative		
Production	\$14/hour	\$4,350
Supervisor	\$25/hour	\$7,800
Laborer	\$15/hour	\$4,680
Independent Contractor ³		

¹ NOTE: The Agency converts part-time jobs into FTE's for evaluation and reporting purposes by dividing the number of part-time jobs by two (2).

² As used in this chart, this category includes employees of independent contractors.

Other		
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The Agency may utilize the foregoing employment projections and the projections set forth in Schedule C, among other things, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction/bond documents may include a covenant by the Applicant to retain the number of jobs, types of occupations and amount of payroll with respect to the Project set forth in this Application.

- B. (i) Will the Applicant transfer current employees from existing location(s)? If YES, describe, please describe the number of current employees to be transferred and the location from which such employees would be transferred:

YES NO

(ii) Describe the number of estimated full time equivalent construction jobs to be created as a result of undertaking the project, to the extent any:

300

- C. What, if any, is the anticipated increase in the dollar amount of production, sales or services following completion of the Project?

\$10,000,000

What percentage of the foregoing amount is subject to New York sales and use tax?

0%

What percentage of the Applicant's total dollar amount of production, sales or services (including production, sales or services rendered following completion of the Project) are made to customers outside the economic development region (i.e., Nassau and Suffolk Counties)?

95%

Describe any other municipal revenues that will result from the Project (excluding the above and any PILOT payments):

Site Plan Application fees and Building Permit Application fees

³ As used in this chart, this category includes employees of independent contractors.

D. What is the estimated aggregate annual amount of goods and services to be purchased by the Applicant for each year after completion of the Project and what portion will be sourced from businesses located in the County and the State (including the County):

	<u>Amount</u>	<u>% Sourced in County</u>	<u>% Sourced in State</u>
Year 1	\$90,000,000	<u>28</u>	<u>40</u>
Year 2	\$100,000,000	<u>28</u>	<u>40</u>
Year 3	\$110,000,000	<u>28</u>	<u>40</u>

E. Describe, if applicable, other benefits to the County anticipated as a result of the Project, including a projected annual estimate of additional sales tax revenue generated, directly and indirectly, as a result of undertaking the project:

N/A

F. Estimated Value of Requested Financial Assistance:

Estimated Value of Sales Tax Benefit: \$ 236,224.00
 (i.e., gross amount of cost of goods and services that are subject to state and local sales and use taxes multiplied by [8.625%])

Estimated Value of Mortgage Tax Benefit: \$ 222,187.50
 (i.e., principal amount of mortgage loans multiplied by [.75%])

Estimated Property Tax Benefit:

Will the proposed Project utilize a property tax exemption benefit other than from the Agency: NO
 (if so, please describe)

Term of PILOT Requested: Approx. 16+ years (to be co-terminous with existing PILOT)

Existing Property Taxes on Land and Building: \$482,148 (PILOT)

Estimated Property Taxes on completed Project: \$TBD
 (without Agency financial assistance)

NOTE: Upon receipt of this Application by the Agency, the Agency's staff will create a PILOT schedule and estimate the amount of PILOT Benefit/Cost utilizing anticipated tax rates and assessed valuation, and attach such information as Exhibit A hereto.

- G. Describe and estimate any other one-time municipal revenues (not including fees payable to the Agency) that the Project will create:

Site Plan Approval fees and Building Permit Application Fees

PART V. PROJECT SCHEDULE

- A. If applicable, has construction/reconstruction/renovation work on the Project begun? If YES, indicate the percentage of completion: NO

- | | | | | |
|----|-------------------------------|---------|--------|---------------|
| 1. | (a) Site clearance | YES ___ | NO ___ | ___% complete |
| | (b) Environmental Remediation | YES ___ | NO ___ | ___% complete |
| | (c) Foundation | YES ___ | NO ___ | ___% complete |
| | (d) Footings | YES ___ | NO ___ | ___% complete |
| | (e) Steel | YES ___ | NO ___ | ___% complete |
| | (f) Masonry | YES ___ | NO ___ | ___% complete |
| | (g) Interior | YES ___ | NO ___ | ___% complete |
| | (h) Other (describe below): | YES ___ | NO ___ | ___% complete |

2. If NO to all of the above categories, what is the proposed date of commencement of construction, reconstruction, renovation, installation or equipping of the Project?

Upon closing of IDA transaction and financing

- B. Provide an estimate of time schedule to complete the Project and when the first use of the Project is expected to occur:

The Project is expected to be completed within seven to nine months of commencement.

PART VI. ENVIRONMENTAL IMPACT

A. What is the expected environmental impact of the Project? (Complete the attached Environmental Assessment Form (Schedule G)).

None.

B. Is an environmental impact statement required by Article 8 of the N.Y. Environmental Conservation Law (i.e., the New York State Environmental Quality Review Act)?

YES

NO X

C. Please be advised that the Agency may require at the sole cost and expense of the Applicant the preparation and delivery to the Agency of an environmental report in form and scope satisfactory to the Agency, depending on the responses set forth in the Environmental Assessment Form. If an environmental report has been or is being prepared in connection with the Project, please provide a copy.

D. The Applicant authorizes the Agency to make inquiry of the United States Environmental Protection Agency, the New York State Department of Environmental Conservation or any other appropriate federal, state or local governmental agency or authority as to whether the Project site or any property adjacent to or within the immediate vicinity of the Project site is or has been identified as a site at which hazardous substances are being or have been used, stored, treated, generated, transported, processed, handled, produced, released or disposed of. The Applicant will be required to secure the written consent of the owner of the Project site to such inquiries (if the Applicant is not the owner), upon request of the Agency.

THE UNDERSIGNED HEREBY CERTIFIES, under penalties of perjury, that the answers and information provided above and in any schedule, exhibit or statement attached hereto are true, accurate and complete, to the best of the knowledge of the undersigned.

Name of Applicant: NASSAU CADY DISTRIBUTORS, INC.

Signature: _____

Name: _____

Title: _____

Date: September 5, 2019

Sworn to before me this 5th day of September, 2019

Paul Ciccone

Notary Public PAUL CICCONE
Notary Public, State of New York
No. 01C16018109

Qualified in Nassau County 22
Commission Expires December 28, 2022

CERTIFICATIONS AND ACKNOWLEDGMENTS OF THE APPLICANT

FIRST:

The Applicant hereby certifies that, if financial assistance is provided by the Agency for the proposed project, no funds of the Agency (i) shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, (ii) be given to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State

SECOND:

The Applicant hereby certifies that no member, manager, principal, officer or director of the Applicant or any affiliate thereof has any blood, marital or business relationship with any member of the Agency (or any member of the family of any member of the Agency).

THIRD:

The Applicant hereby certifies that neither the Applicant nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners (other than equity owners of publicly-traded companies), nor any of their respective employees, officers, directors, or representatives (i) is a person or entity with whom United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (OFAC) of the Department of the Treasury, including those named on OFAC's Specially Designated and Blocked Persons List, or under any statute, executive order or other governmental action, or (ii) has engaged in any dealings or transactions or is otherwise associated with such persons or entities.

FOURTH:

The Applicant hereby acknowledges that the Agency shall obtain and hereby authorizes the Agency to obtain credit reports and other financial background information and perform other due diligence on the Applicant and/or any other entity or individual related thereto, as the Agency may deem necessary to provide the requested financial assistance.

FIFTH:

The Applicant hereby certifies that each owner, occupant or operator that would receive financial assistance with respect to the proposed Project is in substantial compliance with applicable federal, state and local tax, worker protection and environmental laws, rules and regulations.

SIXTH:

The Applicant hereby acknowledges that the submission to the Agency of any knowingly false or knowingly misleading information may lead to the immediate termination of any financial assistance and the recapture from the Applicant of an amount equal to all or any part of any tax exemption claimed by reason of the Agency's involvement in the Project.

SEVENTH:

The Applicant hereby certifies that, as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the General Municipal Law, including, but not limited to, the provisions of Section 859-a and Section 862(1) thereof.

Name of
Applicant: NASSAU CANDY DISTRIBUTORS, INC.

By: _____
Name:
Title:

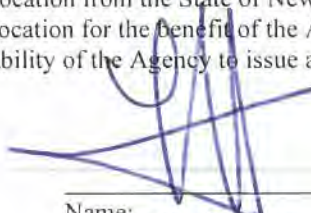
- (A) Taxable Bond Issues - Six-tenths (6/10) of one percent (1%) for the first twenty million dollars (\$20,000,000) of total project costs and, if applicable, two-tenths (2/10) of one percent (1%) for any additional amounts in excess of twenty million dollars (\$20,000,000) of total project costs.
- (B) Tax-Exempt Bond Issues – Six-tenths (6/10) of one percent (1%) of total project costs.
- (C) General Counsel Fee – One-tenth (1/10) of one percent (1%) of total project costs, with a minimum fee of \$2,000.
- (D) All Initial 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, at the closing for the first year (or part thereof) and on January 1st of each year for the term of the financing. The annual service fee is subject to periodic review and may be adjusted from time to time in the discretion of the Agency.
- (E) Refundings – The Agency fee shall be determined on a case-by-case basis.
- (F) Assumptions – The Agency fee shall be determined on a case-by-case basis.
- (G) Modifications – The Agency fee shall be determined on a case-by-case basis.

The Agency's bond counsel fees and expenses are payable at closing and are based on the work performed in connection with the Project.

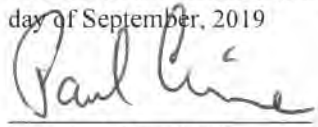
The Agency's bond counsel's fees, general counsel fee and the administrative fees may be considered as a cost of the Project and included as part of any resultant financing, subject to compliance with applicable law.

Upon the termination of the financing of the Project, Applicant agrees to pay all costs in connection with any conveyance by the Agency to the Applicant of the Agency's interest in the Project and the termination of all related Project documents, including the fees and expenses of the Agency's general counsel, bond counsel, and all applicable recording, filing or other related fees, taxes and charges.

I further acknowledge and agree on behalf of the Applicant that, in the event the Agency shall have used all of its available tax-exempt bond financing allocation from the State of New York, if applicable, and shall accordingly be unable to obtain an additional allocation for the benefit of the Applicant, the Agency shall have no liability or responsibility as a result of the inability of the Agency to issue and deliver tax-exempt bonds for the benefit of the Applicant.


 Name: _____
 Title: CEO

Subscribed and affirmed to me this 5th day of September, 2019



Notary Public
 PAUL CICCONE
 New York
 Qualified in Westchester County
 Commission Expires December 28, 2026
 Doc #05-475170.1

TABLE OF SCHEDULES:

<u>Schedule</u>	<u>Title</u>	<u>Complete as Indicated Below</u>
A.	Tax-Exempt Bond Manufacturing Questionnaire	If Applicant checked "YES" in Part I, Question H of Application, if applicable
B.	New York State Financial and Employment Requirements for Industrial Development Agencies	All applicants
C.	Guidelines for Access to Employment Opportunities	All applicants
D.	Anti-Raiding Questionnaire	If Applicant checked "YES" in Part I, Question O.2. of Application
E.	Retail Questionnaire	If Applicant checked "YES" in Part II, Question Q of Application
F.	Applicant's Financial Attachments, consisting of:	All applicants
	1. Applicant's financial statements for the last two fiscal years (unless included in Applicant's annual reports).	
	2. Applicant's annual reports (or Form 10-K's) for the two most recent fiscal years.	
	3. Applicant's quarterly reports (Form 10-Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any.	
	4. In addition, attach the financial information described above in items F1, F2, and F3 of any anticipated Guarantor of the proposed transaction, if different than the Applicant, including the personal financial statement of any anticipated Guarantor that is a natural person.	
G.	Environmental Assessment Form	All applicants
H.	Form NYS-45-MN	All applicants
I.	Other Attachments	As required

TAX-EXEMPT BOND MANUFACTURING QUESTIONNAIRE

N/A

(To be completed by the Applicant if the Applicant checked "YES" in Part I, Question H of the Application for Financial Assistance, if applicable).

Please complete the following questions for each facility to be financed. Use additional pages as necessary.

1. Describe the production process which occurs at the facility to be financed.

2. Allocate the facility to be financed by function (expressed in square footage) (e.g., production line, employee lunchroom, offices, restrooms, storage, warehouse, loading dock, repair shop, parking, research, sales, etc.) and location in relation to production (e.g., same building, adjacent land or building, off-site, etc.). Please attach blueprints of the facility to be financed.

<u>FUNCTION</u>	<u>LOCATION</u>	<u>SQ. FOOTAGE</u>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

TOTAL

3. Of the space allocated to offices above, identify by function (e.g., executive offices, payroll, production, etc.) and location in relation to production (e.g., same building, adjacent land or building, off-site, etc.).

<u>FUNCTION</u>	<u>LOCATION</u>	<u>SQ. FOOTAGE</u>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

TOTAL

4. Of the space allocated to storage or warehousing above, identify the square footage and location of the areas devoted to storage of the following:

SQ. FOOTAGE

LOCATION

Raw Materials used
for production of
manufactured goods

Finished product storage

Component parts of
goods manufactured at
the facility

Purchased component
parts

Other (specify)

TOTAL

5. List raw materials used at the facility to be financed in the processing of the finished product(s).

6. List finished product(s) which are produced at the facility to be financed.

The UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true and correct.

Name of
Applicant:

Signature: _____
Name: _____
Title:
Date:

**NEW YORK STATE FINANCIAL AND EMPLOYMENT REPORTING
REQUIREMENTS FOR INDUSTRIAL DEVELOPMENT AGENCIES**

- A. Pursuant to applicable law, the Agency requires the completion of an Initial Employment Plan (see Schedule C) and a year-end employment plan status report, both of which shall be filed by the Nassau County Industrial Development Agency (the "Agency") with the New York State Department of Economic Development. The Project documents will require the Applicant to provide such report to the Agency on or before February 11 of the succeeding year, together with such employment verification information as the Agency may require.

Except as otherwise provided by collective bargaining agreements, the Applicant agrees to list any new employment opportunities with the New York Department of Labor Community Services Division and the administrative entity of the service delivery area created by the Federal Job Training Partnership Act (P.L. 97-300), or any successor statute thereto (the "JTPA Entities"). In addition, except as otherwise provided by collective bargaining agreements, the Applicant, where practicable, will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for such new employment opportunities.

- B. The Applicant will be required to file annually a statement with the New York State Department of Taxation and Finance and the Agency of the value of all sales or use tax exemptions claimed in connection with the Project by reason of the involvement of the Agency.
- C. The following information must be provided for all bonds issued, outstanding or retired during the year:

Name, address and owner of the project; total amount of tax exemptions granted (broken out by state and local sales tax, property taxes, and mortgage recording tax); payments in lieu of taxes made; total real estate taxes on the Project prior to exemption; number of jobs created and retained, and other economic benefits realized.

Date of issue; interest rate at end of year; bonds outstanding at beginning of year; bonds issued during year; principal payments made during year; bonds outstanding at end of year; federal tax status; and maturity date(s).

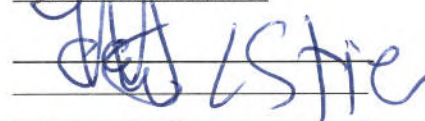
Failure to provide any of the aforesaid information will be constitute a DEFAULT under the Project documents to be entered into by the Agency and the Applicant in connection with the proposed Project.

Please sign below to indicate that the Applicant has read and understood the above and agrees to provide the described information on a timely basis.

Name of
Applicant:

NASSAU CANDY
DISTRIBUTORS, INC.

Signature:



Name:

Title:

Date:

September 5, 2019

Please sign below to indicate that the Applicant has read and understood the above and agrees to provide the described information on a timely basis.

Name of Applicant: NASSAU CANDY DISTRIBUTORS, INC.

Signature: _____

Name: _____

Title: _____

Date: September __, 2019

GUIDELINES FOR ACCESS TO EMPLOYMENT OPPORTUNITIES
INITIAL EMPLOYMENT PLAN

Prior to the expenditure of bond proceeds or the granting of other financial assistance, the Applicant shall complete the following initial employment plan:

Applicant Name: NASSAU CANDY DISTRIBUTORS, INC.
 Address: 530 WEST JOHN SREET, HICKSVILLE, NEW YORK 11801
 Type of Business: MANUFACTURER/DISTRIBUTOR OF SPECIALTY CONFECTIONARY & GOURMET FOOD
 Contact Person: JOE VANELLA Tel. No.: 516-433-7100

Please complete the following table describing the projected full-time equivalent employment plan for the proposed Project (including the Applicant's other Nassau County locations) following receipt of financial assistance:

<u>Current and Planned Occupations</u>	<u>Present Jobs Per Occupation</u>	<u>Estimated Number of Full Time Equivalent Jobs After Completion of the Project:⁴</u>			<u>Estimate of Number of Residents of the LMA⁵ that would fill such jobs by the third year</u>
		<u>1 year</u>	<u>2 years</u>	<u>3 years</u>	
<u>Management</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>21</u>	<u>21</u>
<u>Professional</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>42</u>	<u>42</u>
<u>Administrative</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>
<u>Production</u>	<u>154</u>	<u>154</u>	<u>154</u>	<u>160</u>	<u>171</u>
<u>Supervisor</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>26</u>	<u>26</u>
<u>Laborer</u>	<u>108</u>	<u>108</u>	<u>108</u>	<u>136</u>	<u>125</u>
<u>Independent Contractor</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Other (describe)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

⁴ NOTE: Convert part-time jobs into FTE's for evaluation and reporting purposes by dividing the number of part-time jobs by two (2).

⁵ The "LMA" means the Local Market Area, which is defined by the Agency as Nassau and Suffolk Counties. The Labor Market Area is the same as the Long Island Economic Development Region, as established pursuant to Section 230 of the New York State Economic Development Law.

Please indicate the number of temporary construction jobs anticipated to be created in connection with the acquisition, construction and/or renovation of the Project: 300

Please indicate the estimated hiring dates for the new jobs shown above and any special recruitment or training that will be required:

Are the Applicant's employees currently covered by a collective bargaining agreement?

YES _____

NO X

IF YES, Union Name and Local: _____

Please note that the Agency may utilize the foregoing employment projections, among other things, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction/bond documents may include a covenant by the Applicant to retain the above number of jobs, types of occupations and amount of payroll with respect to the proposed project.

Attached hereto as Schedule H is a true, correct and complete copy of the Applicant's most recent Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance Return (Form NYS-45-MN). Upon request of the Agency, the Applicant shall provide such other or additional information or documentation as the Agency may require with respect to the Applicant's current employment levels in the State of New York.

The UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant:

NASSAU CANDY
DISTRIBUTORS, INC.

Signature:

Name:

Title:

Date:



September 5 2019

ANTI-RAIDING QUESTIONNAIRE

(To be completed by Applicant if Applicant checked "YES" in Part I, Question O of the Application for Financial Assistance)

A. Will the completion of the Project result in the removal of a plant or facility of the Applicant, or of a proposed user, occupant or tenant of the Project, or a relocation of any employee of the Applicant or of a proposed user, occupant or tenant of the Project, from an area in New York State (but outside of Nassau County) to an area within Nassau County?

YES _____ NO

If the answer to Question A is YES, please provide the following information:

Address of the to-be-removed plant or facility or the plants or facilities from which employees are relocated: _____

Names of all current users, occupants or tenants of the to-be-removed plant or facility: _____

B. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Applicant, or of a proposed user, occupant or tenant of the Project, located in an area of the State of New York other than in Nassau County?

YES _____ NO _____

If the answer to Question B is YES, please provide the following information:

Addresses of the to-be-abandoned plants or facilities: _____

Names of all current occupants of the to-be-abandoned plants or facilities: _____

C. Has the Applicant contacted the local industrial development agency at which its current plants or facilities in New York State are located with respect to the Applicant's intention to move or abandon such plants or facilities?

YES _____ NO _____

If the answer to Question C is YES, please provide details in a separate attachment.

IF THE ANSWER TO EITHER QUESTION A OR B IS "YES", ANSWER QUESTIONS D AND E.

D. Is the Project reasonably necessary to preserve the competitive position of the Applicant, or of a proposed user, occupant or tenant of the Project, in its industry?

YES _____ NO _____

E. Is the Project reasonably necessary to discourage the Applicant, or a proposed user, occupant or tenant of the Project, from removing such plant or facility to a location outside of the State of New York?

YES _____ NO _____

IF THE ANSWER TO EITHER QUESTION D OR E IS "YES", PLEASE PROVIDE DETAILS IN A SEPARATE ATTACHMENT.

Accordingly, the Applicant certifies that the provisions of Section 862(1) of the General Municipal Law will not be violated if financial assistance is provided by the Agency for the proposed Project.

NOTE: If the proposed Project involves the removal or abandonment of a plant or facility of the Applicant, or a proposed user, occupant or tenant of the Project, within the State of New York, notification will be made by the Agency to the chief executive officer(s) of the municipality or municipalities in which such plant or facility was located.

THE UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant: NASSAU CANDY DISTRIBUTORS, INC.
Signature: _____
Name: _____
Title: _____
Date: September 1, 2019

RETAIL QUESTIONNAIRE

(To be completed by Applicant if Applicant checked either "YES" in Part II, Question Q of the Application for Financial Assistance)

- A. Will any portion of the Project (including that portion of the cost to be financed from equity or sources other than Agency financing) consist of facilities or property that are or will be primarily used in making retail sales to customers who personally visit the Project?

YES _____

NO

For purposes of Question A, the term "retail sales" means (i) sales by a registered vendor under Article 28 of Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law), or (ii) sales of a service to customers who personally visit the Project.

- B. If the answer to Question A is YES, what percentage of the cost of the Project (including that portion of the cost to be financed from equity or sources other than Agency financing) will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project?

_____ %

- C. If the answer to Question A is YES, and the amount entered for Question B is greater than 33.33%, indicate whether any of the following apply to the Project:

1. Is the Project likely to attract a significant number of visitors from outside the economic development region (i.e., Nassau and Suffolk Counties) in which the Project is or will be located?

YES _____

NO _____

2. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to the residents of the city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services?

YES _____

NO _____

3. Will the Project be located in one of the following: (a) an area designated as an empire zone pursuant to Article 18-B of the General Municipal Law; or (b) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (i) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of the households receiving public assistance, and (ii) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates?

YES _____

NO _____

If the answer to any of the subdivisions 1 through 3 of Question C is YES, attach details.

- D. If the answer to any of the subdivisions 2 through 3 of Question C is YES, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? If YES, attach details.

YES _____

NO _____

- E. State percentage of the Applicant's annual gross revenues comprised of each of the following:

Retail Sales: _____%

Services: _____%

- F. State percentage of Project premises utilized for same:

Retail Sales: _____%

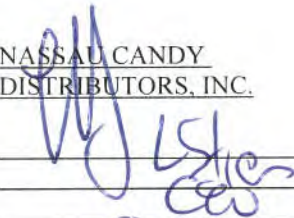
Services: _____%

The UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant:

NASSAU CANDY
DISTRIBUTORS, INC.

Signature:
Name:
Title:
Date:



September 5, 2019

APPLICANT'S FINANCIAL ATTACHMENTS

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES

CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1-2
<u>Consolidated Financial Statements</u>	
Consolidated Balance Sheets at September 30, 2018 and 2017	3-4
Consolidated Statements of Income for the Years Ended September 30, 2018 and 2017	5
Consolidated Statements of Comprehensive Income for the Years Ended September 30, 2018 and 2017	6
Consolidated Statements of Changes in Equity for the Years Ended September 30, 2018 and 2017	7
Consolidated Statements of Cash Flows for the Years Ended September 30, 2018 and 2017	8
Notes to Consolidated Financial Statements	9-31
<u>Supplementary Information</u>	
Independent Auditors' Report on Supplementary Information	32
Consolidating Balance Sheet at September 30, 2018	33-34
Consolidating Statement of Income and Retained Earnings and Members' Equity (Deficiency) for the Year Ended September 30, 2018	35



INDEPENDENT AUDITORS' REPORT

To The Stockholders
Nassau Candy Distributors, Inc. and Affiliates
Hicksville, New York

We have audited the accompanying consolidated financial statements of Nassau Candy Distributors, Inc. and Affiliates, which comprise the consolidated balance sheets at September 30, 2018 and 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated 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 controls. 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nassau Candy Distributors, Inc. and Affiliates at September 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Jericho, New York
January 9, 2019

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash		
Accounts receivable, net		
Inventories		
Advances to employees		
Prepaid expenses and other current assets		
Total Current Assets		
PROPERTY AND EQUIPMENT, NET (including approximately related to variable interest entities at September 30, 2018 and 2017, respectively)		
OTHER ASSETS:		
Goodwill		
Advances to employees		
Advances to stockholders		
Pension assets		
Deposits		
Total Other Assets		

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

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2018 AND 2017

LIABILITIES AND EQUITY

	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES:		
Drafts payable		
Current maturities of long-term debt		
Accounts payable (including approximately and related to variable interest entities at September 30, 2018 and 2017, respectively)		
Accrued expenses and other current liabilities (including approximately related to variable interest entities at September 30, 2018 and 2017, respectively)		
Total Current Liabilities		
LONG-TERM LIABILITIES:		
Notes payable - banks		
Long-term debt, less current maturities		
Advances from stockholders		
Deferred rent payable		
Pension liabilities		
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Nassau Candy Distributors, Inc. Stockholders' Equity:		
Common stock, \$700 par value; 200 shares authorized; 130 shares issued and outstanding		
Additional paid-in capital		
Retained earnings		
Accumulated other comprehensive loss, net of tax		
Total Nassau Candy Distributors, Inc. Stockholders' Equity		
Noncontrolling interests		
Total Equity		

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

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUE		
COST OF GOODS SOLD		
<hr/>		
GROSS PROFIT		
OPERATING EXPENSES:		
Selling expenses		
Shipping and warehousing expenses		
General and administrative expenses		
Total Operating Expenses		
INCOME FROM OPERATIONS		
OTHER INCOME (EXPENSE):		
Gain on bargain purchase		
Interest income		
Interest expense		
Other income and expense including loss on foreign exchange transaction		
Total Other Expense		
NET INCOME		
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		
NET INCOME ATTRIBUTABLE TO NASSAU CANDY DISTRIBUTORS, INC.		

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

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF TAX:		
Foreign currency translation adjustment		
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS		
NET INCOME ATTRIBUTABLE TO NASSAU CANDY DISTRIBUTORS, INC.		
OTHER COMPREHENSIVE INCOME, NET OF TAX:		
Pension adjustment		
COMPREHENSIVE INCOME ATTRIBUTABLE TO NASSAU CANDY DISTRIBUTORS, INC.		

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

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	Common Stock Shares	Amount	Additional Paid-In Capital	Retained Earnings and Members' Equity	Accumulated Other Comprehensive (Loss) Income, Net of Tax	Noncontrolling Interests	Total Equity
BALANCE, OCTOBER 1, 2016							
NET INCOME							
OTHER COMPREHENSIVE INCOME, NET OF TAX							
DISTRIBUTIONS							
BALANCE, SEPTEMBER 30, 2017							
NET INCOME							
OTHER COMPREHENSIVE INCOME, NET OF TAX							
CAPITAL CONTRIBUTIONS							
DISTRIBUTIONS							
BALANCE, SEPTEMBER 30, 2018							

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

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

2018

2017

CASH FLOWS FROM OPERATING ACTIVITIES:

NET INCOME

ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES:

Provision for bad debts
Depreciation and amortization
Deferred rent
Gain on bargain purchase

Changes in Assets (Increase) Decrease:

Accounts receivable
Inventories
Prepaid expenses and other current assets
Pension assets
Deposits

Changes in Liabilities Increase (Decrease):

Drafts payable
Accounts payable
Accrued expenses and other current liabilities
Pension liabilities

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash paid for acquisition of business
Purchase of property and equipment
Repayment of advances to (advances to) stockholders
Repayment of advances to employees

NET CASH USED IN INVESTING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from notes payable - banks
Advances from stockholder
Capital contributions
Principal payments of long-term debt
Distributions to stockholders

NET CASH PROVIDED BY FINANCING ACTIVITIES

EFFECT OF EXCHANGE RATE CHANGES ON CASH

NET DECREASE IN CASH

CASH, BEGINNING OF YEAR

CASH, END OF YEAR

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Property and equipment acquired through financing
Conversion of revolving credit line to mortgage loan

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for interest

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

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 1 - Nature of Operations and Principles of Consolidation

Business Activity

Nassau Candy Distributors, Inc. and Affiliates (the "Company") is an importer, manufacturer and distributor of confections and specialty foods. The Company's customers are comprised of retailers with stores located throughout the United States and Canada.

Principles of Consolidation

The consolidated financial statements include the accounts of Nassau Candy Distributors, Inc. ("NCD") and its wholly-owned subsidiaries, Nassau Candy Midwest, LLC, Stellar Trucking Co., Nassau Candy Southwest, LLC ("Southwest"), and LS Promotions, Inc. ("LS Promo"), which is owned solely by the majority stockholder. Also included in the consolidated financial statements are 300 Duffy Real Estate, LLC ("Duffy"), Nassau Gourmet Foods, LLC ("Gourmet"), NC Chocolate Manufacturing, LLC ("NCCM"), Nassau Candy South, LLC ("South"), Nassau-Sosnick Distribution Company LLC ("NSD"), and NC PLEG, LLC ("PLEG"). These entities are variable interest entities which are affiliated through common control (see Note 11). All significant intercompany accounts and transactions have been eliminated in consolidation.

The above companies are limited liability companies except for NCD, Stellar Trucking Co. and LS Promo. The owners of these companies are designated as members and are not liable for the debts of each of the respective companies.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses a three-tier fair value hierarchy to increase the comparability of fair value measurements. The hierarchy prioritizes the inputs used in the valuation methodologies as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At September 30, 2018 and 2017, the fair value of the Company's financial instruments, including cash, accounts receivable, accounts payable and accrued expenses, approximated book value due to the short maturity of these instruments.

Refer to Note 12 - Defined Benefit Pension Plans for the Company's plan assets and liabilities measured at fair value.

Accounts Receivable

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. The Company estimates the allowance for doubtful accounts based on a review of outstanding receivables and historical collection information by customer. Normally, accounts receivable are due within 30 days after the date of the invoice. Receivables more than 90 days old are considered past due. Accounts receivable are written off when they are determined to be uncollectible. The allowance for doubtful accounts was _____ at September 30, 2018 and 2017, respectively. The Company does not accrue interest on past due receivables.

Inventories

Inventories, which consist primarily of finished goods and raw materials, are valued at the lower of cost or net realizable value, with cost determined using the average cost method. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Property and Equipment

Property and equipment is stated at cost. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. The Company capitalizes leased equipment where the terms of the lease result in the transfer to the Company of substantially all of the benefits and risks of ownership of the equipment.

Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

Building	39 years
Computer software	3 years
Furniture and fixtures	5 to 7 years
Transportation equipment	3 to 5 years
Office equipment	5 to 7 years
Machinery equipment	5 to 7 years

Leasehold improvements are amortized over the shorter of the remaining term of the lease or the useful life of the improvement utilizing the straight-line method.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 360-10, *Impairment or Disposal of Long-Lived Assets*. Recoverability of long-lived assets is measured by comparing the carrying amount of the asset or asset group to the undiscounted cash flows that the asset or asset group is expected to generate. If the undiscounted cash flows of such assets are less than the carrying amount, the impairment to be recognized is measured by the amount by which the carrying amount, if any, exceeds its fair value. No impairment was deemed to exist at September 30, 2018 and 2017.

Goodwill and Impairment

Goodwill in the amount of _____ at September 30, 2018 and 2017, representing the excess of the purchase price over the fair value of net assets acquired, was recorded in conjunction with previous acquisitions.

In accordance with FASB ASC Topic 350, goodwill is tested for impairment at least annually. These tests will be performed more frequently if there are triggering events. Impairment losses will be recorded as part of income from continuing operations. No impairment was deemed to exist at September 30, 2018 and 2017.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Drafts Payable

Drafts payable occur when checks have been issued but have not been presented to a controlled disbursement bank account for payment. This bank account allows the Company to delay funding of issued checks until the checks are presented for payment. Activities related to drafts payable are shown as operating activities in the Company's consolidated statements of cash flows and are included in current liabilities on the Company's consolidated balance sheets.

Deferred Rent Payable

The terms of the Company's lease obligations provide for scheduled escalations in the monthly rent. In accordance with FASB ASC Topic 840, *Leases*, the noncontingent rent increases are being amortized over the life of the leases on a straight-line basis (see Note 9). Deferred rent of at September 30, 2018 and 2017, respectively, represents the unamortized rent adjustment at that date.

Noncontrolling Interests

The Company follows the accounting and reporting standards for the noncontrolling interests in consolidated affiliates in accordance with FASB ASC Subtopic 810-10, *Consolidation*. See Note 11, *Consolidation of Variable Interest Entities*, which includes a discussion distinguishing between the interest in the primary beneficiary and the interest in the noncontrolling owners of the affiliates.

In October 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-17, *Consolidation (Topic 810): Interests Held through Related Parties that are under Common Control*. This ASU changes the evaluation of whether a reporting entity is the primary beneficiary of a variable interest entity ("VIE") by changing how a reporting entity that is a single decision maker of a VIE treats indirect interests in the entity held through related parties that are under common control with the reporting entity. This ASU does not change the characteristics of a primary beneficiary in current guidance, but in determining whether a single decision maker of a VIE has the obligation to absorb losses or the right to receive benefits from the VIE that could be significant to the VIE, this ASU requires that the reporting entity include all of its direct variable interests in a VIE and, on a proportionate basis, its indirect variable interests in a VIE held through related parties, including related parties that are under common control with the reporting entity.

Under this ASU, a single decision maker is not required to consider indirect interests held through related parties that are under common control with the single decision maker, to be the equivalent of direct interests in their entirety. Instead, a single decision maker is required to include those interests on a proportionate basis, consistent with indirect interests held through other related parties.

The amendments in the ASU were effective for fiscal years beginning December 15, 2016, thus the Company adopted this ASU on a prospective basis as of October 1, 2017. The adoption did not have a material effect on the financial position or results of operations.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Revenue Recognition

The Company primarily recognizes sales upon delivery of goods to the customer when title and risk of loss transfers. Provisions for discounts and estimated returns and allowances are provided for in the same period the related sales are recorded.

Advertising

The Company expenses advertising costs as they are incurred. Advertising costs are charged to selling expenses and amounted to _____ for the years ended September 30, 2018 and 2017, respectively.

Shipping and Handling Costs

Shipping and handling costs of \$4,304,831 and \$3,282,862 were incurred during the years ended September 30, 2018 and 2017, respectively, and were included in shipping and warehousing expenses.

Pension and Profit Sharing Plans

The Company has a 401(k) Savings Plan for the benefit of those employees meeting eligibility requirements. Eligible employees may contribute up to the maximum allowed under the Internal Revenue Code. The Company may contribute to the plan an amount as determined by management, without regard to current or accumulated earnings and profits. The Company contributed _____ in matching contributions to the plan for the years ended September 30, 2018 and 2017, respectively.

NCD and South have defined benefit pension plans that cover all eligible employees. The plans are funded in conformity with funding requirements of the applicable government regulations (see Note 12).

Foreign Currency Translation

For all foreign operations, the functional currency is the local currency. Assets and liabilities of these operations are translated into U.S. dollars using the exchange rate in effect at the end of each reporting period. Income statement accounts are translated at the average rate of exchange prevailing during each reporting period. Translation adjustments arising from the use of differing exchange rates from period to period are included in accumulated other comprehensive income (loss).

Foreign currency gains and losses arising from the translation of intercompany receivables with the Company's international subsidiary are recorded as a component of other income (expense), net, unless the receivable is considered long-term in nature, in which case the foreign currency gains and losses are recorded as a component of comprehensive income (loss).

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Income Taxes

NCD, with the consent of its stockholders, has elected to be taxed as an S corporation for income tax purposes as provided in Section 1362(a) of the Internal Revenue Code ("IRC"). The S corporation provisions of the IRC provide that, in lieu of corporate income taxes, the stockholders are required to report the company's taxable income or loss on their individual tax returns.

Certain affiliates are limited liability companies ("LLCs"), which are treated as partnerships for income tax purposes, and the income or loss and credits are passed through to the members and reported on their individual income tax returns.

There is no provision for income taxes included in the consolidated financial statements.

The Company files income tax returns in the U.S. in federal and certain state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal or state tax examinations by taxing authorities for tax years before 2015. All subsequent tax years remain subject to examination by taxing authorities.

New Accounting Pronouncements

ASU No. 2018-17

In October 2018, the FASB issued ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities (VIE)*. The amendments in this ASU provide a private company accounting alternative that allows a private company to elect not to apply VIE guidance to any legal entities under common control (including common control leasing arrangements) if both the parent and legal entity being evaluated for consolidation are not public business entities. The guidance in this ASU will effectively supersede the private company alternative provided by ASU No. 2014-07, *Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*.

If a company chooses to make the accounting policy election, it must be applied to all current and future legal entities under common control that meet the criteria for applying this alternative. Thus, the alternative cannot be applied selectively. A company choosing the accounting alternative still must provide detailed disclosures about its involvement with and exposure to the legal entity under common control. Upon adoption, the amendments in the ASU must be applied retrospectively, with a cumulative-effect adjustment to retained earnings at the beginning of the earliest period presented.

The amendments of ASU No. 2018-17 are effective for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early application is permitted.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements (cont'd.)

ASU No. 2018-14

In August 2018, the FASB issued ASU 2018-14, *Compensation - Retirement Benefits (Topic 715-20)*. This Update amends ASC 715 to add, remove and clarify disclosure requirements related to defined benefit pension and other postretirement plans. This ASU eliminates the requirement to disclose the amounts in accumulated other comprehensive income expected to be recognized as part of net periodic benefit cost over the next year. This ASU also removes the disclosure requirements for the effects of a one-percentage-point change on the assumed health care costs and the effect of this change in rates on service cost, interest cost and the benefit obligation for postretirement health care benefits. This ASU is effective for fiscal years ending after December 15, 2021. Early application is permitted for all entities.

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB ASC Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is permitted for all entities

ASU No. 2014-09

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is the result of a joint project of the FASB and the IASB to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements (cont'd.)

ASU No. 2014-09 (cont'd.)

The ASU provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should apply the following five-step process to recognize revenue:

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

For nonpublic entities, the amendments of ASU No. 2014-09 are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early application is permitted under certain circumstances.

The Company has not yet determined if these ASUs will have a material effect on its consolidated financial statements.

Reclassifications

Certain amounts in the prior period have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income.

Note 3 - Concentration of Credit Risk

The Company maintains cash balances in several financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. From time to time, the Company's balances may exceed these limits.

Note 4 - Inventories

Inventories are summarized as follows:

	<u>2018</u>	<u>2017</u>
Finished candy and specialty foods		
Raw materials: primarily chocolate and nuts		

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018 AND 2017

Note 5 - Property and Equipment

Property and equipment, net is summarized as follows:

	<u>2018</u>	<u>2017</u>
Building		
Computer software		
Furniture and fixtures		
Transportation equipment		
Office equipment		
Machinery equipment		
Leasehold improvements		
Land		
Less: Accumulated depreciation and amortization		

Depreciation and amortization expense charged to operations related to property and equipment for the years ended September 30, 2018 and 2017 was \$3,748,639 and \$3,277,716, respectively.

Note 6 - Related Party Transactions

The Company advanced _____ to certain employees of the Company at September 30, 2018 and 2017, respectively. These advances are unsecured, and the Company expects to receive repayment of _____ of these advances during the next year. The advances do not bear any interest.

The Company advanced _____ to certain stockholders of the Company at September 30, 2018 and 2017, respectively. These advances are unsecured, and the Company does not expect to receive repayment of these advances during the next year. The advances bear interest at rates ranging from _____ per annum.

The Company received _____ from certain stockholders of the Company at September 30, 2018 and 2017, respectively. These obligations are unsecured, and the Company does not expect to repay these obligations during the next year. The obligations bear interest at rates ranging from _____ per annum.

Note 7 - Notes Payable - Banks

On May 4, 2016, the Company entered into a construction note with a bank that provides for borrowings up to _____ with a conversion date of May 1, 2017 and expiration date of June 1, 2026. On November 1, 2017, pursuant to an arrangement with the bank, the Company extended the conversion date of the construction note to March 1, 2018. On March 1, 2018, the construction note converted to a mortgage loan with a principal balance of _____ (see Note 8). At September 30, 2017, the Company had an outstanding balance of _____.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 7 - Notes Payable - Banks (cont'd.)

On July 31, 2017, the Company extended its existing promissory note of _____ to a maximum borrowing base of _____. The promissory note, which expires on July 31, 2022, includes administrative and financial covenants and is collateralized by a lien on the Company's working capital, accounts receivable and inventories. Interest on amounts outstanding under the promissory note is payable at the bank's prime rate _____ at September 30, 2018 and 2017, respectively) or _____ above the LIBOR rate (totaling _____ at September 30, 2018 and 2017, respectively) at the Company's discretion. At September 30, 2018 and 2017, the Company had an outstanding balance of _____, respectively.

On November 27, 2017, the Company entered into an equipment revolving line of credit with a bank that provides for borrowings up to _____ and matures on May 27, 2020. The revolving line of credit bears interest at a rate of _____ above the one-month LIBOR rate (totaling 3.68% at September 30, 2018). At September 30, 2018, the Company had an outstanding balance of _____. The Company has the option to convert the revolving line of credit to a term note on November 27, 2018 or November 27, 2019. Upon the conversion, the term note will bear interest at a rate of _____ above the one-month LIBOR rate (totaling _____ at September 30, 2018). The revolving line of credit is collateralized by the assets of the Company.

Pursuant to an agreement with its bank, the Company may borrow up to _____ on a revolving line of credit, subject to certain borrowing base restrictions tied to eligible receivables and inventory, that expires on June 19, 2019. The agreement includes the ability to issue letters of credit up to the aggregate amount of _____ which directly reduces the Company's borrowing availability. The revolving credit agreement includes administrative and financial covenants and is collateralized by the Company's accounts receivable and inventories. The revolving credit bears interest at a rate of _____ above the one-month LIBOR rate (totaling _____ and _____ at September 30, 2018 and 2017, respectively). At September 30, 2018 and 2017, the Company had an outstanding balance of _____, respectively.

Subsequent to September 30, 2018, on November 1, 2018, the bank amended and restated the revolving line of credit to increase borrowings up to \$37,000,000 and to expire on September 19, 2020.

At September 30, 2018, the bank had issued several letters of credit in the aggregate amount of approximately _____ which expire at various dates through March 2019. These letters of credit were issued as security for certain facility leases. The letters of credit have not been drawn upon at September 30, 2018.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018 AND 2017

Note 8 - Long-Term Debt

Long-term debt is summarized as follows:

	<u>2018</u>	<u>2017</u>
Installment loans payable - in equal monthly installments ranging from _____ including interest ranging from _____ to LIBOR plus _____ (totaling _____ at September 30, 2018 and 2017, respectively) per annum through August 2022. The loans are collateralized by security interests in the underlying equipment.		
Mortgages payable - in equal monthly installments ranging from _____ to _____ including interest ranging from _____ per annum through March 2034. The loans are collateralized by security interests in the underlying building.		
Converted mortgage payable (see Note 7) - in equal monthly installments of _____ including interest at a fixed rate of 4.93% per annum through May 2026. The loan is collateralized by security interests in the underlying building and guaranteed by two of the stockholders of the Company.	-	
Less: Current maturities	-	
Long-Term Debt	=	

Aggregate maturities of long-term debt are as follows:

Years Ending September 30:

2019
 2020
 2021
 2022
 2023
 Thereafter

Subsequent to September 30, 2018, on November 1, 2018, pursuant to an agreement with its bank, the Company entered into a _____ term loan with fixed principal monthly payments of _____ plus interest of _____ above the LIBOR rate (totaling _____ at September 30, 2018) per annum through November 2025. The term loan is collateralized by the assets of the Company.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 9 - Commitments

The Company rents warehouse, manufacturing and office facilities under noncancellable operating leases which expire at various dates through April 2025.

Aggregate future minimum rental payments are as follows:

Years Ending September 30:

2019
2020
2021
2022
2023
Thereafter

The Company is required to pay escalations in real estate taxes in addition to the minimum rent. Rent expense under all operating leases, including month-to-month leases, for the years ended September 30, 2018 and 2017 was _____, respectively.

Note 10 - Business Combinations

The Company follows the provisions of FASB ASC Topic 805, *Business Combinations*, for its purchases of businesses which require (a) a company to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at fair value as of the acquisition date; and (b) an acquirer in preacquisition periods to expense all acquisition-related costs, among other modifications to the accounting for business combinations. FASB ASC 805 requires that any adjustments to an acquired entity's deferred tax asset and liability balance that occur after the measurement period be recorded as a component of income tax expense.

NC Promotions Co. LLC ("NC Promo") was formed in October 2017 and is 100% owned by NCCM. On December 8, 2017, NC Promo entered into an Asset Purchase Agreement ("APA") to acquire certain assets and liabilities that constituted the business of Lanco Corporation ("Lanco"), a New York-based corporation. The total purchase was the greater of _____ or the outstanding secured debt balance at the close of the acquisition, which was determined to be approximately _____. The consideration was paid through multiple wire transfers from November 1, 2017 through December 8, 2017. The primary reason for the acquisition was to acquire certain assets of Lanco and expand the Company's customer base in New York. The excess of the net identifiable assets over the purchase price resulted in a gain on bargain purchase of _____ which was recognized in other income (expense) in the consolidated statement of income for the year ended September 30, 2018.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 10 - Business Combinations (cont'd.)

The fair value of the purchased assets acquired and liabilities assumed and the excess over the purchase price included the following:

Assets acquired:

Cash
Accounts receivable
Inventory
Prepaid assets
Security deposits

Liabilities assumed:

Customer deposits

Purchase price amount

Gain on bargain purchase

LS Promo was formed in May 2018 and is 100% owned by the majority stockholder of the Company. On June 1, 2018, NC Promo entered into an APA with LS Promo. Per the APA, LS Promo acquired NC Promo for a purchase price of approximately [redacted]. All ownership interests and operational activity was transferred from NC Promo to LS Promo.

Note 11 - Consolidation of Variable Interest Entities

In accordance with FASB ASC Topic 810, *Consolidation*, NCD has analyzed its relationship with an affiliate, Duffy, and determined it is a variable interest entity and NCD is the primary beneficiary. NCD is the primary beneficiary of Duffy because NCD has the power to direct the activities of Duffy that most significantly impact Duffy's economic performance. Duffy is a real estate company whose sole source of rental income is lease payments made by NCD. Therefore, NCD has consolidated Duffy's net assets in these financial statements. At September 30, 2018 and 2017, the total assets of Duffy were approximately [redacted] respectively. At September 30, 2018 and 2017, the total liabilities of Duffy were approximately [redacted] respectively. For the years ended September 30, 2018 and 2017, revenues were approximately [redacted], respectively. For the years ended September 30, 2018 and 2017, expenses were approximately [redacted] respectively.

In accordance with FASB ASC Topic 810, *Consolidation*, NCD has analyzed its relationship with an affiliate, Gourmet, and determined it is a variable interest entity and NCD is the primary beneficiary. NCD is the primary beneficiary of Gourmet because NCD has the power to direct the activities of Gourmet that most significantly impact Gourmet's economic performance. Gourmet is a service company and it only sells products distributed by NCD. Therefore, NCD has consolidated Gourmet's net assets in these financial statements. At September 30, 2018 and 2017, the total assets of Gourmet were approximately [redacted] respectively. At September 30, 2018 and 2017, the total liabilities of Gourmet were approximately [redacted] and [redacted] respectively. For each of the years ended September 30, 2018 and 2017, revenues were approximately [redacted] and [redacted] respectively. For the years ended September 30, 2018 and 2017, expenses were approximately [redacted] and [redacted] respectively.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 11 - Consolidation of Variable Interest Entities (cont'd.)

NCD has analyzed its relationship with an affiliate, NCCM, and determined it is a variable interest entity and NCD is the primary beneficiary. NCD is the primary beneficiary of NCCM because NCD has the power to direct the activities of NCCM that most significantly impact NCCM's economic performance. NCD is a co-borrower with NCCM on the Company's revolving credit agreement and would be required to repay any borrowings if NCCM was unable to do so. Therefore, NCD has consolidated NCCM's net assets in these financial statements. At September 30, 2018 and 2017, the total assets of NCCM were approximately _____ respectively. At September 30, 2018 and 2017, the total liabilities of NCCM were approximately _____ and _____, respectively. For the years ended September 30, 2018 and 2017, revenues were approximately _____ respectively. For the years ended September 30, 2018 and 2017, expenses were approximately _____ respectively.

NCD has analyzed its relationship with an affiliate, South, and determined it is a variable interest entity and NCD is the primary beneficiary. NCD is the primary beneficiary of South because NCD has the power to direct the activities of South that most significantly impact South's economic performance. NCD is a co-borrower with South on the Company's revolving credit agreement and would be required to repay any borrowings if South was unable to do so. Therefore, NCD has consolidated South's net assets in these financial statements. At September 30, 2018 and 2017, the total assets of South were approximately _____ respectively. At September 30, 2018 and 2017, the total liabilities of South were approximately _____ and _____ respectively. For the years ended September 30, 2018 and 2017, revenues were approximately _____ respectively. For the years ended September 30, 2018 and 2017, expenses were approximately _____ respectively.

NCD has analyzed its relationship with an affiliate, Nassau-Sosnick, and determined it is a variable interest entity and NCD is the primary beneficiary. NCD is the primary beneficiary of Nassau-Sosnick because NCD has the power to direct the activities of Nassau-Sosnick that most significantly impact Nassau-Sosnick's economic performance. NCD is a co-borrower with Nassau-Sosnick on the Company's revolving credit agreement and would be required to repay any borrowings if Nassau-Sosnick was unable to do so. Therefore, NCD has consolidated Nassau-Sosnick's net assets in these financial statements. At September 30, 2018 and 2017, the total assets of Nassau-Sosnick were approximately _____ respectively. At September 30, 2018 and 2017, the total liabilities of Nassau-Sosnick were approximately _____ respectively. For the years ended September 30, 2018 and 2017, revenues were approximately _____ respectively. For the years ended September 30, 2018 and 2017, expenses were approximately _____ respectively.

NCD has analyzed its relationship with an affiliate, PLEG, and determined it is a variable interest entity and NCD is the primary beneficiary. NCD is the primary beneficiary of PLEG because NCD has the power to direct activities of PLEG that most significantly impact PLEG's economic performance. Therefore, NCD has consolidated PLEG's net assets in these financial statements. At September 30, 2018 and 2017, the total assets of PLEG were approximately _____ and _____, respectively. At September 30, 2018 and 2017, the total liabilities of PLEG were approximately _____ respectively. For the years ended September 30, 2018 and 2017, revenues were approximately _____ respectively. For the years ended September 30, 2018 and 2017, expenses were approximately _____, respectively.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018 AND 2017

Note 11 - Consolidation of Variable Interest Entities (cont'd.)

Should additional financial support be needed for Duffy, Gourmet, NCCM, South, Nassau-Sosnick, or PLEG in the future, it is expected that NCD will provide that support due to the ownership and economic relationships between NCD and these affiliates.

Included in noncontrolling interests on the consolidated statements of income and comprehensive income for the years ended September 30, 2018 and 2017 is the net income of Duffy, Gourmet, NCCM, South, and PLEG, and _____ of the net income of Nassau-Sosnick, totaling approximately _____ respectively.

Note 12 - Defined Benefit Pension Plans

Pension Assets

The following table sets forth the funded status of NCD's defined benefit pension plan and amounts recognized in the Company's consolidated balance sheets at September 30, 2018 and 2017 and consolidated statements of income and comprehensive income for the years then ended:

	<u>2018</u>	<u>2017</u>
Projected benefit obligation		
Fair value of plan assets		
Funded status		

For the years ended September 30, 2018 and 2017, employer contributions to the defined benefit pension plan amounted to _____ respectively, and benefits paid amounted to \$0.

	<u>2018</u>	<u>2017</u>
Components of net periodic pension cost:		
Service cost		
Interest cost		
Expected return on assets		
Amortization of prior service costs		

Amounts recognized in accumulated other comprehensive loss, net of taxes of _____ consist of:

	<u>2018</u>	<u>2017</u>
Prior service cost		
Actuarial loss		

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 12 - Defined Benefit Pension Plans (cont'd.)

Pension Assets (cont'd.)

The amounts shown above include amounts recognized in other comprehensive loss for a decrease of prior service cost of _____ respectively, and a decrease of actuarial loss of _____ respectively, net of income taxes of \$0 at September 30, 2018 and 2017.

The accumulated benefit obligation for the defined benefit pension plan at September 30, 2018 and 2017 amounted to _____ respectively.

The estimated prior year service cost for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit income over the next fiscal year is _____

Weighted average assumptions used to determine the benefit obligations at September 30, 2018 and 2017:

Discount rate
Rate of compensation increase

Weighted average assumptions used to determine net periodic pension cost for the years ended September 30, 2018 and 2017:

Discount rate
Expected long-term return on plan assets
Rate of compensation increase

The long-term rate of return on the plan assets was determined based on the average rate of earnings expected on the funds invested to provide for payment of benefits, with consideration given to the categorization of investments by asset class and historical rates of return.

The plan assets are primarily invested in equity securities and bonds with low to moderate risk, consistent with the defined benefit pension plan's strategy. The fair value of the plan assets is determined using Level 1 inputs consisting of quoted market prices of identical securities and Level 2 inputs based on observable market data for bonds and investment contracts with insurance companies.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018 AND 2017

Note 12 - Defined Benefit Pension Plans (cont'd.)

Pension Assets (cont'd.)

The following table set forth by level, within the fair value hierarchy, the plan assets measured at fair value on a recurring basis at September 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents				
Equity securities				
Exchange traded funds				
Bonds				
Cash surrender value of life insurance				
Total fair value of plan assets				

The following table set forth by level, within the fair value hierarchy, the plan assets measured at fair value on a recurring basis at September 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents				
Equity securities				
Exchange traded funds				
Bonds				
Cash surrender value of life insurance				
Total fair value of plan assets				

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 12 - Defined Benefit Pension Plans (cont'd.)

Pension Assets (cont'd.)

NCD's pension plan asset allocations at September 30, 2018 and 2017, by asset category, are as follows:

Cash and cash equivalents	
Equity securities	
Exchange traded funds	
Bonds	
Cash surrender value of life insurance	.
Fair value of plan assets	:

It is NCD's intention to allocate contributions to the above categories in a manner that will maximize investment return while limiting to the extent possible investment volatility. To this end, the designated investment objectives of the plan include: maximizing return at a reasonable and prudent level of risk, enabling the payment of benefit obligations when due and controlling costs to the plan. NCD seeks broad diversification and does not invest in speculative investments. At least annually, the company rebalances the allocation.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years Ending September 30:

2019
2020
2021
2022
2023
2024-2028

NCD has not yet determined if it will make a contribution in fiscal 2019 to the defined benefit pension plan. This evaluation is subject to change in the near term.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018 AND 2017

Note 12 - Defined Benefit Pension Plans (cont'd.)

Pension Liabilities

The following table sets forth the funded status of South's defined benefit pension plan and amounts recognized in the Company's consolidated balance sheets at September 30, 2018 and 2017 and consolidated statements of income and comprehensive income for the years then ended:

	<u>2018</u>	<u>2017</u>
Projected benefit obligation		
Fair value of plan assets		
Funded status		

For the years ended September 30, 2018 and 2017, employer contributions to the defined benefit pension plan amounted to _____ respectively, and benefits paid amounted to \$0.

Components of net periodic pension cost:

- Service cost
- Interest cost
- Expected return on assets
- Amortization of transition obligation
- Amortization of loss

Amounts recognized in accumulated other comprehensive loss, net of taxes of \$0 consist of:

	<u>2018</u>	<u>2017</u>
Transition obligation		
Actuarial loss		

The amounts shown above include amounts recognized in other comprehensive loss, net of income taxes of \$0. The transition obligation decreased by \$18,334 at September 30, 2018 and 2017. The actuarial loss decreased by _____ at September 30, 2018 and 2017, respectively.

The accumulated benefit obligation for the defined benefit pension plan at September 30, 2018 and 2017 amounted to _____ respectively.

The estimated prior year service cost for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit income over the next fiscal year is _____

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 12 - Defined Benefit Pension Plans (cont'd.)

Pension Liabilities (cont'd.)

Weighted average assumptions used to determine the benefit obligations at September 30, 2018 and 2017:

Discount rate
Rate of compensation increase

Weighted average assumptions used to determine net periodic pension cost for the years ended September 30, 2018 and 2017:

Discount rate
Expected long-term return on plan assets
Rate of compensation increase

The long-term rate of return on the plan assets was determined based on the average rate of earnings expected on the funds invested to provide for payment of benefits, with consideration given to the categorization of investments by asset class and historical rates of return.

The plan assets are primarily invested in equity securities and bonds with low to moderate risk, consistent with the defined benefit pension plan's strategy. The fair value of the plan assets is determined using Level 1 inputs consisting of quoted market prices of identical securities and Level 2 inputs based on observable market data for bonds.

The following table sets forth by level, within the fair value hierarchy, the plan assets measured at fair value on a recurring basis at September 30, 2018.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market				
Equity securities				
Exchange traded funds				
Bonds				
Total fair value of plan assets				

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 12 - Defined Benefit Pension Plans (cont'd.)

Pension Liabilities (cont'd.)

The following table sets forth by level, within the fair value hierarchy, the plan assets measured at fair value on a recurring basis at September 30, 2017.

Money market	
Equity securities	
Exchange traded funds	
Bonds	.
Total fair value of plan assets	:

South's pension plan asset allocations at September 30, 2018 and 2017, by asset category, are as follows:

Money market
Equity securities
Exchange traded funds
Bonds
Fair value of plan assets

It is South's intention to allocate contributions to the above categories in a manner that will maximize investment return while limiting to the extent possible investment volatility. To this end, the designated investment objectives of the plan include: maximizing return at a reasonable and prudent level of risk, enabling the payment of benefit obligations when due and controlling costs to the plan. South seeks broad diversification and does not invest in speculative investments. At least annually, the company rebalances the allocation.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018 AND 2017

Note 12 - Defined Benefit Pension Plans (cont'd.)

Pension Liabilities (cont'd.)

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Years Ending September 30:

2019
 2020
 2021
 2022
 2023
 2024-2028

South has not yet determined if it will make a contribution in fiscal 2019 to the defined benefit pension plan. This evaluation is subject to change in the near term.

Note 13 - Accumulated Other Comprehensive Loss, Net of Tax

At September 30, 2018 and 2017, accumulated other comprehensive loss, net of tax, consisted of foreign currency translation gains (losses) and pension adjustments as follows:

	<u>Accumulated Foreign Currency Translation Adjustment</u>	<u>Pension Adjustment</u>	<u>Total Accumulated Other Comprehensive Loss, Net of Tax</u>
Balance, October 1, 2016			
Prior period change			
Balance, September 30, 2017			
Current period change			
Balance, September 30, 2018			

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note 14 - Rental Income

The Company has noncancellable operating lease agreements with unrelated third parties. Future rental income under these leases at September 30, 2018 is as follows:

Years Ending September 30:

2019

2020

Total rental income for the years ended September 30, 2018 and 2017 was _____ and _____ respectively.

Note 15 - Subsequent Events

The Company has evaluated all events or transactions that occurred after September 30, 2018 through January 9, 2019, which is the date that the consolidated financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure, except as disclosed in Note 7 and Note 8.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To The Stockholders
Nassau Candy Distributors, Inc. and Affiliates
Hicksville, New York

We have audited the consolidated financial statements of Nassau Candy Distributors, Inc. and Affiliates at September 30, 2018 and 2017 and for the years then ended, and our report thereon dated January 9, 2019, which expressed an unmodified opinion on those consolidated financial statements, appears on pages one and two. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of income and retained earnings and members' equity (deficiency) are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Jericho, New York
January 9, 2019

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
 SUPPLEMENTARY INFORMATION
 CONSOLIDATING BALANCE SHEET
 SEPTEMBER 30, 2018

ASSETS

	Consolidated	Eliminations	Nassau Candy Distributors, Inc.	Nassau Candy South, LLC	Nassau Candy Midwest, LLC	Nassau Gourmet Foods, LLC	Stellar Trucking Co.	Nassau-Sourick Distribution Company LLC	NC Chocolate Manufacturing, LLC	Nassau Candy Southwest, LLC	300 Duffly Real Estate, LLC	NC P, LEC, LLC	US Promotions, Inc.
CURRENT ASSETS													
Cash													
Accounts receivable, net													
Inventories													
Advances to affiliates													
Advances to employees, current portion													
Prepaid expenses and other current assets													
Total Current Assets													
PROPERTY AND EQUIPMENT, NET													
OTHER ASSETS													
Goodwill													
Advances to employees, net of current portion													
Advances to stockholders													
Investment in subsidiary													
Pension assets													
Deposits													
Total Other Assets													

See independent auditors' report on supplementary information.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
 SUPPLEMENTARY INFORMATION
 CONSOLIDATING BALANCE SHEET
 SEPTEMBER 30, 2018

(LIABILITIES AND EQUITY) (DEFICIENCY)

	Consolidated	Eliminations	Nassau Candy Distributors, Inc.	Nassau Candy South, LLC	Nassau Candy Midwest, LLC	Nassau Gourmet Foods, LLC	Stebel Trucking Co.	Nassau-Spence Distribution Company, LLC	NC Chocolate Manufacturing, LLC	Nassau Candy Southwest, LLC	300 Duffy Real Estate, LLC	NC P.F.G. LLC	U.S. Promotions, Inc.
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CURRENT LIABILITIES

Drafts payable
 Current maturities of long-term debt
 Accounts payable
 Advances from affiliates
 Accrued expenses and other current liabilities

Total Current Liabilities

LONG-TERM LIABILITIES

Notes payable - bank
 Long-term maturities of current maturities
 Advances from stockholders
 Deferred rent payable
 Pension liabilities

COMMITMENTS AND CONTINGENCIES

EQUITY (DEFICIENCY)
 Nassau Candy Distributors, Inc. Stockholders' and Members' Equity (Deficiency)
 Common stock, \$700 par value: 200 shares authorized, 130 shares issued and outstanding
 Additional paid-in capital
 Retained earnings and members' equity (deficiency)
 Accumulated other comprehensive loss, net of tax

Total Nassau Candy Distributors, Inc. Stockholders' and Members' Equity (Deficiency)
 Noncontrolling interests

Total Equity (Deficiency)

See independent auditors' report on supplementary information.

NASSAU CANDY DISTRIBUTORS, INC. AND AFFILIATES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF INCOME AND RETAINED EARNINGS AND MEMBERS' EQUITY (DEFICIENCY)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Nassau Candy Nassau Candy Nassau Candy Nassau Gourmet Stellar Nassau-Sensnick MC Chocolate Nassau Candy 3RD Duffly

REVENUE	
COST OF GOODS SOLD	
GROSS PROFIT	
OPERATING EXPENSES:	
Selling expenses	
Shipping and warehousing expenses	
General and administrative expenses	
Total Operating Expenses	
INCOME (LOSS) FROM OPERATIONS	
OTHER INCOME (EXPENSE):	
Gain on bargain purchase	
Interest income	
Interest expense	
Other income and expense including loss on foreign exchange transaction	
Income from subsidiaries	
Total Other (Expense) Income	
NET INCOME (LOSS)	
LESS: NET INCOME ATTRIBUTABLE TO	
NONCONTROLLING INTERESTS	
NET INCOME ATTRIBUTABLE TO	
NASSAU CANDY DISTRIBUTORS, INC.	
RETAINED EARNINGS AND MEMBERS EQUITY, BEGINNING OF YEAR	
LESS: DISTRIBUTIONS	
RETAINED EARNINGS AND MEMBERS EQUITY (DEFICIENCY), END OF YEAR	

See independent auditors' report on supplementary information.

ENVIRONMENTAL ASSESSMENT FORM



Town of Oyster Bay Short Environmental Assessment Form ADDENDUM



Town of Oyster Bay Department of Environmental Resources
29 Spring Street
Oyster Bay, NY 11771

INSTRUCTIONS: This document is an Addendum to be used for any proposed development project in the Town of Oyster Bay for which the New York State Short Environmental Assessment Form (NYS SEAF) is completed pursuant to the State Environmental Quality Review Act (SEQRA). Please provide any additional information that will be helpful to understanding the proposed action and its potential impacts on the environment as an attachment to this form. Based on the Town's review of the SEAF and this Addendum, additional information may be requested and may be subject to further verification and public review.

Please enclose a check or money order in the amount of \$100.00 for the requisite review fee, made payable to "Supervisor, Town of Oyster Bay", and remit with the completed SEAF Addendum to the address specified above (along with the completed New York State SEAF, if not already submitted). Depending on the type of project and level of review required, additional fees may apply.

If you have any questions, need assistance in completing this form, or would like to obtain an electronic version of this form, please contact the Department of Environmental Resources at (516) 677-5824, between 9:00 a.m. and 4:45 p.m. on Town of Oyster Bay business days.

NAME OF PROPOSED ACTION/PROJECT: Nassau Candy - Building Addition			
LOCATION OF PROPOSED ACTION/PROJECT (Nassau County Tax Map Designation)			
SECTION: 11	BLOCK: 327	LOT(S) 406, 408, 412, 422 & 424	
NAME OF PROPERTY OWNER 300 Duffy Real Estate, LLC		BUSINESS TELEPHONE (516) 433-7100	
ADDRESS 300 Duffy Avenue			
CITY/POST OFFICE Hicksville		STATE NY	ZIP CODE 11801
NAME OF CONSULTING FIRM Bilow Garrett Group Architects and Planners, P.C.		NAME OF CONSULTANT CONTACT David N. Bilow	
		BUSINESS TELEPHONE (201) 807-0407	
ADDRESS 161 Main Street		EMAIL ADDRESS dbilow@bilowgarrett.com	
CITY/POST OFFICE Ridgefield Park		STATE NJ	ZIP CODE 07660
NAME OF LEGAL REPRESENTATIVE Ruskin Moscou Faltischek, P.C.		BUSINESS TELEPHONE (516) 663-6600	
ADDRESS 1425 Rexford Plaza, Glen Curtiss Blvd , East Tower, 15th Floor			
CITY/POST OFFICE Uniondale		STATE NY	ZIP CODE 11553

A. Site Description

- Previous use(s) of the site of the proposed action:
Existing - Warehouse/Distributor Center For Homemade Candy Proposed - Same

NOTE: A Phase I Environmental Site Assessment or equivalent information regarding on-site conditions typically will be requested for any property which currently contains or previously contained a facility or use (e.g., gasoline service station, motor vehicle repair shop, manufacturing plant, etc.) entailing the generation, storage or use of significant quantities of hazardous substances or wastes.

2. Approximate Acreages

	Without Proposed Action	After Completion
Forested	Ø acres	Ø acres
Meadow or Brushland	Ø acres	Ø acres
Freshwater Wetland	Ø acres	Ø acres
Tidal Wetland	Ø acres	Ø acres
Unvegetated (rock, earth or fill)	Ø acres	Ø acres
Roads, Buildings and Other Paved Surfaces	6.92 acres	7.81 acres
Turf Grasses	Ø acres	Ø acres
Other Landscaping Vegetation	3.46 acres	2.57 acres
Other (indicate type)	Ø acres	Ø acres

B. Description of Proposed Action

1. On-site parking capacity for the overall site (i.e., marked parking stalls):

227	# of existing spaces	+ 109 Land Banked
69	# of proposed spaces	(separately indicate # of land-banked spaces, if any)
221	# of spaces required for proposed condition	under Town of Oyster Bay Zoning Code

2. Estimated maximum **increase** in site-generated traffic (entering + exiting trips combined) during peak one-hour periods under proposed action:

	Peak-hour two-way traffic volume	Peak-hour period (start time-end time)
Weekday morning	_____	_____
Weekday afternoon	_____	_____
Weekend (usually Saturday mid-day)	_____	_____

Identify source of vehicular trip generation information (e.g., *Trip Generation* manual published by Institute of Transportation Engineers [specify the edition and Land Use Codes employed], actual counts [include date of counts and who conducted them], etc.)

N/A - Facility Will Be Used for Extra Storage Space. See Attachment #1 for Further Explanation.

3. Total volume of excavation to occur on-site under proposed action: ± 1,800 cubic yards
 Purpose of excavation (e.g., basement, drainage structures, etc.): Building Foundation - Drainage Structure
 Total volume of fill to be imported to site under proposed action: Ø cubic yards

4. Does the site of the proposed action contain slopes with gradient steeper than 25%? Yes No
 a. If yes, what is the area with slopes greater than 25% that would be disturbed under proposed action? _____ acres
 b. If yes, what measures will be implemented to mitigate erosion and sediment transport?

5. Describe any vegetation to be removed under proposed action, particularly any trees with diameter greater than 8 inches (measured 4 feet above grade).
We Will Be Cleaning ± 14,500 Sq. Ft. Of Existing Wooded Area

6. Is the site of the proposed action located in the Special Groundwater Protection Area? Yes No
 If yes, refer to Section 246-5.4.7 of Oyster Bay Town Code, Aquifer Protection Overlay (APO) District, and provide the following information:
 a. Proposed Disturbance of Natural Vegetation _____ sq. feet Maximum Permitted Disturbance of Natural Vegetation (§246-5.4.7.3.1) _____ sq. feet
 b. Proposed Lot Coverage _____ sq. feet Maximum Permitted Lot Coverage (§246-5.4.7.3.2) _____ sq. feet
 c. Describe proposed action's consistency with the best management practices and other standards set forth in §246-5.4.7.3.3 through §246-5.4.7.3.6

7. Does the site of the proposed action contain a local historic resource as designated by the Town of Oyster Bay? Yes No
 a. If yes, explain/describe:

8. Will the proposed action increase average daily water consumption on the subject property (domestic use and irrigation combined)? Yes No
 a. If yes, what will be the increase in daily average water consumption on the subject property due to the proposed action? 792 gallons/day
 b. If yes, indicate the source of this information (e.g., actual recorded water use, standard rate [specify reference and unit rate], etc.)
New York Minimum Requirement For General Industrial Areas Be .04 GPD/Sq.Ft. Of Gross Floor Area

9. Will the proposed action provide increased on-site stormwater storage capacity (e.g., through additional drywells or similar structures) as compared to the existing condition? Yes No

a. What will be the capacity of the on-site drainage system under the proposed action, in terms of the design storm event expressed in inches of rainfall? 3 inches

10. Sanitary waste disposal method (e.g., on-site septic system, municipal sewer system, none, etc.):

Municipal System existing condition
Municipal System proposed action

11. Will the proposed action increase the rate of solid waste generation on the subject property? Yes No

a. If yes, what will be the increase in monthly average solid waste generation? _____ tons/month

b. Indicate the source of this information (e.g., existing data [identify specifically, such as applicant's existing facilities], standard rates [with specific reference citation], etc.)

Existing Data - Existing Building Produced ± 108 Tons Last Year

12. Describe any hazardous or infectious materials or wastes (e.g., petroleum products, chemicals, medical wastes, etc.) that would be generated, used, stored or processed at the site under the proposed action, and measures (e.g., procedures, protocols, equipment, etc.) that will be implemented to protect the environment from spills, leakage and other incidents.

N/A

13. If the proposed action involves a non-residential (commercial, industrial, etc.) use, what are the proposed days and hours of operation?

Building Is Operational ± 20 Hours a Day/5 Days A Week. Deliveries To The Building Typically Occur Between 8AM to 5PM

14. If the proposed action is a non-residential (commercial, industrial, etc.) use on a site which is adjacent to residential uses, describe any measures that will be implemented to minimize potential impacts to the neighboring residences (e.g., screening and buffering, noise-abatement measures, odor-control systems for restaurant kitchen exhaust, litter collection, etc.)

N/A

15. Is the proposed action part of a larger development plan or a plan that includes future phases? Yes No

a. If yes, briefly describe the overall plan (e.g., total number of phases, location and size of land parcels involved, planned uses and/or facilities in future phases, schedule for completion, etc.).

C. Verification

I certify that the information provided in this EAF Addendum is true and accurate to the best of my knowledge.

David N. Bilow, A.I.A.

print name of preparer

Bilow Garrett Group Architects and Planners, P.C.
company name, if applicable

Ridgefield Park NJ 07660
city/post office state zip code

201-807-0707
telephone

dbilow@bilowgarrett.com
email address

PREPARER'S SIGNATURE: _____

TITLE: Partner

DATE: August 27, 2019

Short Environmental Assessment Form

Part 1 - Project Information

Instructions for Completing

Part 1 – Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

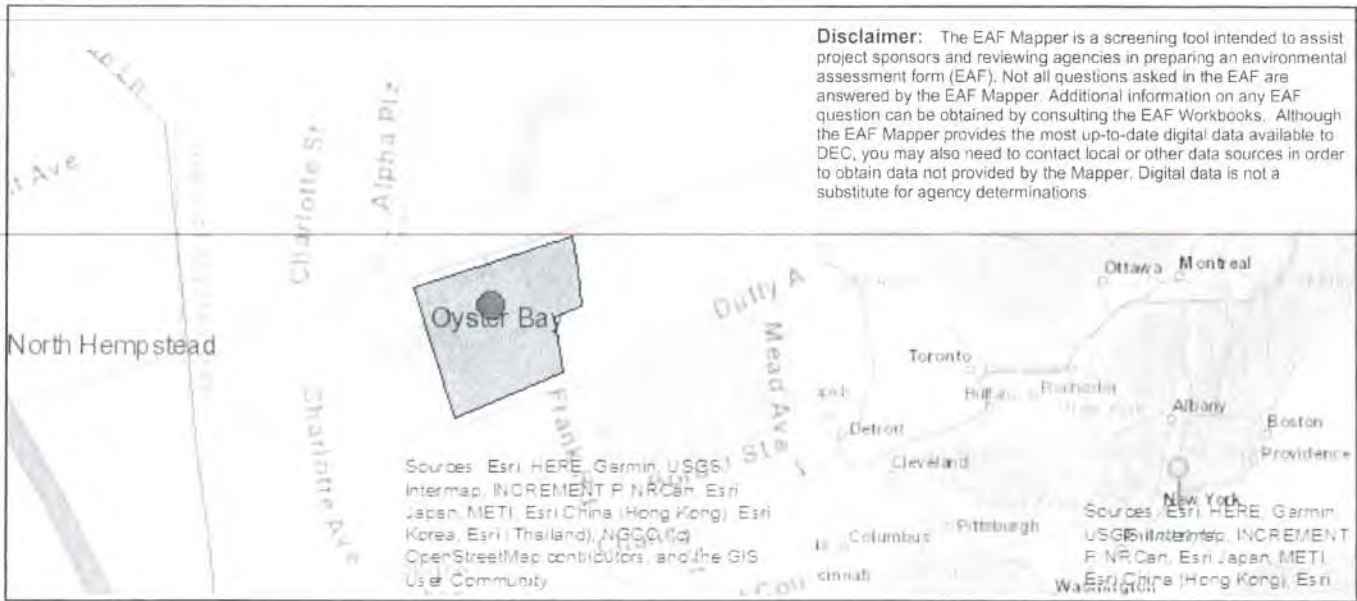
Part 1 – Project and Sponsor Information			
Name of Action or Project: Nassau Candy Building Addition			
Project Location (describe, and attach a location map): 300 Duffy Avenue, Hicksville, New York 11801			
Brief Description of Proposed Action: The project consist of a proposed one (1) story, 19,780 S.F. unattached building addition, expansion of existing parking lot to provide 67 additional paved spaces, installation of new LED site lighting fixtures, installation of new landscaping and installation of additional storm drainage pools.			
Name of Applicant or Sponsor: 300 Duffy Real Estate, LLC - Mr. Garrett Stier		Telephone: 516-433-7100 E-Mail: Garrett.Stier@nassaucandy.com	
Address: 300 Duffy Avenue			
City/PO: Hicksville		State: NY	Zip Code: 11801
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.			NO <input type="checkbox"/>
			YES <input type="checkbox"/>
2. Does the proposed action require a permit, approval or funding from any other government Agency? If Yes, list agency(s) name and permit or approval: See attachment #3			NO <input type="checkbox"/>
			YES <input checked="" type="checkbox"/>
3. a. Total acreage of the site of the proposed action?		10.38 acres	
b. Total acreage to be physically disturbed?		1.9 acres	
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor?		10.38 acres	
4. Check all land uses that occur on, are adjoining or near the proposed action:			
5. <input type="checkbox"/> Urban <input type="checkbox"/> Rural (non-agriculture) <input checked="" type="checkbox"/> Industrial <input checked="" type="checkbox"/> Commercial <input type="checkbox"/> Residential (suburban)			
<input type="checkbox"/> Forest <input type="checkbox"/> Agriculture <input type="checkbox"/> Aquatic <input type="checkbox"/> Other(Specify):			
<input type="checkbox"/> Parkland			

5. Is the proposed action,	NO	YES	N/A
a. A permitted use under the zoning regulations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. Consistent with the adopted comprehensive plan?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape?	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? If Yes, identify: _____	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
8. a. Will the proposed action result in a substantial increase in traffic above present levels?	NO	YES	
b. Are public transportation services available at or near the site of the proposed action?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
c. Are any pedestrian accommodations or bicycle routes available on or near the site of the proposed action?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: _____ _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
10. Will the proposed action connect to an existing public/private water supply? If No, describe method for providing potable water: _____ _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
11. Will the proposed action connect to existing wastewater utilities? If No, describe method for providing wastewater treatment: _____ _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
12. a. Does the project site contain, or is it substantially contiguous to, a building, archaeological site, or district which is listed on the National or State Register of Historic Places, or that has been determined by the Commissioner of the NYS Office of Parks, Recreation and Historic Preservation to be eligible for listing on the State Register of Historic Places?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Is the project site, or any portion of it, located in or adjacent to an area designated as sensitive for archaeological sites on the NY State Historic Preservation Office (SHPO) archaeological site inventory?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: _____ _____ _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply:		
<input type="checkbox"/> Shoreline <input type="checkbox"/> Forest <input type="checkbox"/> Agricultural/grasslands <input type="checkbox"/> Early mid-successional <input type="checkbox"/> Wetland <input type="checkbox"/> Urban <input type="checkbox"/> Suburban		
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered?	NO	YES
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16. Is the project site located in the 100-year flood plan?	NO	YES
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Will the proposed action create storm water discharge, either from point or non-point sources?	NO	YES
If Yes,	<input type="checkbox"/>	<input checked="" type="checkbox"/>
a. Will storm water discharges flow to adjacent properties?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If Yes, briefly describe:		
New subsurface drainage pools are to be installed		
18. Does the proposed action include construction or other activities that would result in the impoundment of water or other liquids (e.g., retention pond, waste lagoon, dam)?	NO	YES
If Yes, explain the purpose and size of the impoundment:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility?	NO	YES
If Yes, describe:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
See Attachment #1		
20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste?	NO	YES
If Yes, describe:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
See Attachment #2		
I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE		
Applicant/sponsor/name: <u>Garrett Stier</u> Date: <u>August 23, 2019</u>		
Signature: _____ Title: _____		

EAF Mapper Summary Report

Friday, August 23, 2019 10:29 AM



Part 1 / Question 7 [Critical Environmental Area]	No
Part 1 / Question 12a [National or State Register of Historic Places or State Eligible Sites]	No
Part 1 / Question 12b [Archeological Sites]	No
Part 1 / Question 13a [Wetlands or Other Regulated Waterbodies]	No
Part 1 / Question 15 [Threatened or Endangered Animal]	No
Part 1 / Question 16 [100 Year Flood Plain]	No
Part 1 / Question 20 [Remediation Site]	Yes

Project: Nassau Candy Building Addition
300 Duffy Avenue
Hicksville, NY 11801

Attachment #1

Response to Question #19:

The neighboring property, specifically 344 Duffy Avenue was historically used as a mining operation. The current owners, Winter Brothers Hicksville LLC received a beneficial use determination (BUD) by New York State Department of Environmental Conservation (NYSDEC), dated February 20, 2014 for grade adjustment fill to return the formerly mined site to a level grade for redevelopment. A NYSDEC Solid Waste Management permit was issued for the property on February 6, 2014, which permits the receipt of 2,000 cubic yards of recognizable, uncontaminated concrete rock, brick and soil per day for grade adjustment fill. Winter Bros Hicksville LLC. are required to comply with a number of conditions outlined in the NYSDEC permit. All materials presently on-site have been approved by the NYSDEC. The BUD and the Solid Waste Management Permit are based on an Engineering Report (Revision Number 4) dated January 2014, which contains the environmental protection measures for the import of fill to the site, including, but not limited to: noise, dust, and odor and vector control.

Based on the proposed redevelopment of this site as presented to the Town of Oyster Bay and it is anticipated that the NYSDEC Solid Waste Permit will be terminated upon approval of the redevelopment.

Attachment #2

Response to Question #20:

We have attached a screen shot of the Environmental Facilities Navigator from the New York State Department of Environmental Conservation website which illustrates two (2) State Superfund Programs neighboring our site:

Site Code #130031 – 290 Duffy Avenue

Site Code #130179 – 325 Duffy Avenue

Attached please find the Environmental Remediation Database Details on these two (2) site.

Environmental Remediation Databases Details

Site Record

Administrative Information

Site Name: Magnusonics Devices

Site Code: 130031

Program: State Superfund Program

Classification: C

EPA ID Number:

Location

DEC Region: 1

Address: 290 Duffy Avenue

City:Hicksville Zip: 11801

County:Nassau

Latitude: 40.7625

Longitude: -73.542777778

Site Type: STRUCTURE

Estimated Size: 3 Acres

Institutional And Engineering Controls

Control Type:

Decision Document

Control Elements:

Monitoring Plan

Site Owner(s) and Operator(s)

Current Owner Name: Long Island Industrial

Current Owner(s) Address: 575 Underhill Blvd
Syosset, NY, 11791

Owner(s) during disposal: MAGNUSONICS DEVICES

Site Document Repository

Name: Hicksville Public Library

Address: 169 Jerusalem Avenue

Hicksville, NY 11801

Hazardous Waste Disposal Period

From: 1978 **To:** 1986

Site Description

Location: Magnusonics is a 3 acre site located at 290 Duffy Avenue, in the Hicksville section of the Town of Oyster Bay. Site Features: The entire site is paved or covered by the building structure. The northernmost and southernmost portions of the site are used as parking areas. Current Zoning and land use: Site is zoned light industrial and is presently occupied by Custom Closets and the Daily News. The site is located within a mixed use area that consists of commercial/industrial properties to the north, east and west and residential properties to the south. The Long Island Railroad tracks border the site to the north. Historical Uses: Magnusonics Devices manufactured computer tape recording heads, an operation which generated both hazardous and non-hazardous wastes. Processes included photographic etching of thin sheet metal as well as copper and chrome electroplating. The facility used a physical chemical treatment system that processed rinse waters from its plating and chemical milling operations, and discharged the treated wastewater, which contained metals and solvents, into on-site leaching pools. Plating wastes containing chromium and lead were discharged into a leaching pool. A ferric hydroxide sludge which contained lead and iron was generated as part of the facility's processes and discovered beneath the parking lot at the northern portion of the site. Site Geology and Hydrogeology: Groundwater was encountered at a depth of approximately 60 feet below land surface. Groundwater flow direction was determined to be to the south.

Contaminants of Concern (Including Materials Disposed)

Contaminant Name/Type
LEAD D008
CHROMIUM D007

Site Environmental Assessment

Nature and Extent of Contamination: Remediation at the site is complete. The primary site contaminants of concern were metals in soils and groundwater. The selected remedy was performed and met the remediation goals identified in the Record of Decision.

Site Health Assessment

Remedial actions taken have eliminated the potential for contact with site-related contaminants.

For more information: [E-mail Us](#)

[Refine Current Search](#)

Attachment #3

Response to Question #2:

The following is the list of government Agencies that the proposed action requires a permit, approval or funding from:

Town of Oyster Bay – Planning Board

Town of Oyster Bay – Building Department

Town of Oyster Bay – Department of Public Work – Stormwater Pollution Plan (SWPPP)

Nassau County Industrial Development Agency – IDA funding

NYS Department of Environmental Conservation – Notice of Intent for coverage under Stormwater General Permit for Construction Activity

FORM NYS-45-MN

Attach most recent quarterly filing of Form NYS-45-MN, as well as the most recent fourth quarter filing. Please remove the employee social security numbers and note which employees are part-time.

OTHER ATTACHMENTS

Upon acceptance of the Application of the Application by the Agency and completion of the Cost/Benefit Analysis, the Agency will attach the proposed PILOT Schedule hereto, together with an estimate of the net tax benefit/cost of the proposed PILOT Schedule.