

**WAYNE INDUSTRIAL SUSTAINABILITY
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2009

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION

TABLE OF CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 6
STATEMENT OF NET ASSETS	7
STATEMENT OF ACTIVITIES	8
STATEMENT OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	11 - 12



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wayne Industrial Sustainability Development Corporation
Lyons, New York

We have audited the accompanying statement of net assets of Wayne Industrial Sustainability Development Corporation as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Wayne Industrial Sustainability Development Corporation. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wayne Industrial Sustainability Development Corporation as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2010, on our consideration of the Wayne Industrial Sustainability Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 26, 2010

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Year Ended December 31, 2009

As management of the Wayne Industrial Sustainability Development Corporation (the "Corporation") we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the year ended December 31, 2009. This narrative should be read in conjunction with the Corporation's separately issued and audited financial statements.

Financial Highlights

- The assets of the Corporation exceed its liabilities (Net Assets) at December 31, 2009 by \$1,228,693. Of this amount, \$1,226,000 is undeveloped land being held for development for projects that further the Corporation's purpose of assisting existing and potential "green" businesses in Wayne County. There were no development activities conducted in 2009.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Corporation's basic financial statements. This report includes the independent auditor's report, financial statements, notes to financial statements, and other supplemental information that will enhance the reader's understanding of the financial condition of the Corporation.

Required Financial Statements - The financial statements are prepared using the accrual basis of accounting. The financial statements include:

- **Statements of Net Assets** - Presents all assets, liabilities and net assets of the Agency at December 31, 2009. The statement provides information about the amounts and investments in resources (assets) and the obligations to creditors (liabilities).
- **Statements of Activities** - Presents the financial activity for the year ended December 31, 2009 and displays how this activity changed the Corporation's net assets. The statement provides information on the Corporation's operations and can be used to determine if the Agency has recovered all of its costs through grants, user fees and other charges.
- **Statements of Cash Flows** - Presents the cash provided and used in operations, investments and financing activities during the 2009 and how it affects the cash balance at December 31, 2009.
- **Notes to Financial Statements** - Provide information regarding the Corporation and explain in more detail information included in the financial statements.

Financial Analysis:

The Corporation was formed to support and further the activities of the Wayne County Industrial Development Agency. It provides financial, educational and other technical support related to sustainability, green technologies and renewable energy where these activities promote the creation or retention of jobs, improve the tax base and protect the public's investment in infrastructure. The Corporation's net assets may serve over time as a useful indicator of its financial position. In the case of the Corporation, assets exceeded liabilities by \$1,228,693.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Year Ended December 31, 2009

By far the Corporation's largest type of asset is its property. A condensed version of the Corporation's statement of net assets follows:

Table 1
Condensed Statements Of Net Assets
(In Thousands Of Dollars)

	<u>2009</u>	<u>2008</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>2007</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Assets							
Cash	1.4	4.0	(2.6)	(65.0)	12.5	(8.5)	(68.0)
Property and equipment - net	1,226.0	1,226.0	0.0	0.0	1,226.0	0.0	0.0
Other assets	1.3	0.0	1.3	0.0	0.0	0.0	0.0
Total Assets	1,228.7	1,230.0	(1.3)	(0.1)	1,238.5	(8.5)	(0.7)
Liabilities							
Accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Assets - Unrestricted	1,228.7	1,230.0	(1.3)	(0.1)	1,238.5	(8.5)	(0.7)
Net Assets - Restricted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Net Assets	1,228.7	1,230.0	(1.3)	(0.1)	1,238.5	(8.5)	(0.7)

There were no significant changes during 2009.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Year Ended December 31, 2009

A condensed version of the Corporation's statements of revenues, expense and changes in net assets follows:

Table 2
Condensed Statements Of Revenues, Expenses And Changes In Net Assets
(In Thousands Of Dollars)

	<u>2009</u>	<u>2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>2007</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues							
Contributions	15.0	0.0	15.0	100.0	0.0	0.0	0.0
Interest – banks	0.0	0.0	0.0	0.0	0.2	(0.2)	(100.0)
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenues	15.0	0.0	15.0	100.0	0.2	(0.2)	(100.0)
Expenses							
Insurance	2.5	3.9	(1.4)	(35.9)	0.0	3.9	100.0
Professional fees	10.7	1.2	9.5	791.7	12.3	(11.1)	(90.2)
Repairs and maintenance	3.1	3.4	(0.3)	(8.8)	0.0	3.4	100.0
Total Expenses	16.3	8.5	7.8	91.8	12.3	(3.8)	(30.9)
Change in Net Assets	(1.3)	(8.5)	7.2	(84.7)	(12.1)	3.6	(29.8)
Beginning Net Assets	1,230.0	1,238.5	(8.5)	(0.7)	1,250.6	(12.1)	(1.0)
Ending Net Assets	1,228.7	1,230.0	(1.3)	(0.1)	1,238.5	(8.5)	(0.7)

Significant changes in the statement of revenues and expenses from 2008 to 2009 include:

- The \$15,000 contribution received for the ongoing maintenance and repair of the Corporation's property.
- Increases in professional fees resulting from the fees associated for the application for tax-exempt status from the Internal Revenue Service.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Another important factor in the consideration of the fiscal condition is the Corporation's cash position and statement of cash flows. A condensed version of the Corporation's statements of cash flows follows:

Table 3
Condensed Statements Of Cash Flows
(In Thousands Of Dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities			
Change in net assets	(1.3)	(8.5)	(12.1)
Change in prepaid expenses	(1.3)	0.0	0.0
	(2.6)	(8.5)	(12.1)
Net Change in Cash	(2.6)	(8.5)	(12.1)
Beginning Cash	4.0	12.5	24.6
Ending Cash	1.4	4.0	12.5

Significant changes in the statement of cash flows include:

- Operations to date have resulted in a decrease in net assets as ongoing maintenance and repairs expenses have reduced cash balances.

Capital Assets

Capital assets consist of approximately 62 acres of undeveloped land that was previously donated to the Corporation for industrial development, valued at \$1,226,000.

Long-Term Debt

The Corporation has no long-term debt.

Economic Factors

The business and economic climate in the County have been relatively steady over the past two years despite more adverse conditions facing other parts of the United States. In particular, the attention given to alternative energy and sustainability have increased greatly from year to year.

Contacting the Corporation

This financial report is designed to provide a general overview of the Corporation's finances for interested individuals. Questions regarding this report or requests for additional information should be directed to the Wayne Industrial Sustainability Development Corporation, 16 William Street, Lyons, New York 14489 - Attention: Executive Director.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Statement of Net Assets
December 31, 2009

ASSETS

Current Assets

Cash	\$ 1,432
Prepaid insurance	<u>1,261</u>
Total current assets	2,693

Land	<u>1,226,000</u>
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Total Assets	<u>\$ 1,228,693</u>
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NET ASSETS

Net Assets	<u>\$ 1,228,693</u>
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The accompanying notes are an integral part of these financial statements.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Statement of Activities
For the Year Ended December 31, 2009

Revenues

Contributions	\$ 15,000
Interest income	45
Total revenues	<u>15,045</u>

Expenses

Insurance	2,522
Professional fees	10,709
Repairs and maintenance	3,099
Total expenses	<u>16,330</u>

Change in Net Assets (1,285)

Net Assets - Beginning 1,229,978

Net Assets - Ending \$ 1,228,693

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

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION

Statement of Cash Flows

For the Year Ended December 31, 2009

Cash Flows from Operating Activities

Change in net assets	\$	(1,285)
Change in prepaid expenses		<u>(1,261)</u>

Net Change in Cash (2,546)

Cash - Beginning 3,978

Cash - Ending \$ 1,432

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

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Organization - The Wayne Industrial Sustainability Corporation (the Corporation) was incorporated on October 5, 2005 as a local development corporation under Article 14 of Membership Corporation Law of the State of New York. The Corporation was formed to enhance economic development located in pods of sustainable industrial communities throughout Wayne County.

Measurement Focus and Basis of Accounting - The accounts of Wayne Industrial Sustainability Development Corporation are maintained on the accrual basis of accounting. Under the accrual basis, revenues and expenses are identified with specific periods of time, and are recorded as incurred, along with acquired assets and/ or liabilities incurred without regard to the date of receipt or payment of cash. The measurement focus refers to what is being recognized in the financial statements. This included the capitalization of fixed assets, charging depreciation expense and recording long term debt as a liability.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Programs - The Corporation is a local development corporation operating exclusively for the charitable or public purpose of relieving and reducing unemployment through the enhancement of economic development.

Cash and Cash Equivalents - For the purposes of the statements of net assets and statements of cash flows, cash and cash equivalents include deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. At December 31, 2009, there were no cash equivalents.

Income Taxes - The Corporation is a non-profit corporation and is exempt from income tax under the New York State Article 14 as a local development corporation. Accordingly, no provision for taxes has been made.

Land - Land is stated at appraised value at the date of gift.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Wayne Industrial Sustainability
Development Corporation
Lyons, New York

We have audited the financial statements of Wayne Industrial Sustainability Development Corporation as of and for the year ended December 31, 2009, and have issued our report dated March 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Wayne Industrial Sustainability Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wayne Industrial Sustainability Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wayne Industrial Sustainability Development Corporation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne Industrial Sustainability Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 26, 2010