WAYNE ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2011

WAYNE ECONOMIC DEVELOPMENT CORPORATION

TABLE OF CONTENTS

EFP ROTENBERG LLP
what counts

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Wayne Economic Development Corporation (a not-for-profit local development corporation) as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Wayne Economic Development Corporation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wayne Economic Development Corporation as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years 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 23, 2012, on our consideration of Wayne Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The management's discussion and analysis on pages 2 through 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 28, 2012

As management of the Wayne Economic 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 years ended December 31, 2011 and 2010. This narrative should be read in conjunction with the Corporation's audited financial statements.

Financial Highlights

- The assets of the Corporation exceed its liabilities (net assets) at December 31, 2011 and 2010 by $1,086,928 and $1,088,825, respectively. Of this amount in 2011, $175,136 is *unrestricted cash*, meaning that this amount is available for use in furthering the Corporation's mission of providing general economic development and technical services for the benefit of existing and potential businesses within Wayne County.

- The primary asset of the Corporation is property currently leased through June 2014 to Wayne-Finger Lakes Board of Cooperative Education.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. This report includes the independent auditors' report, financial statements and notes to financial statements 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 Financial Position -** Present all assets, liabilities and net assets of the Corporation at December 31, 2011 and 2010. The statements provide information about the amounts and investments in resources (assets) and the obligations to creditors (liabilities).

- **Statements of Activities -** Present the financial activity for the years ended December 31, 2011 and 2010 and displays how this activity changed the Corporation's net assets. The statements provide information on the Corporation's operations and can be used to determine if the Corporation has recovered all of its costs through grants, user fees and other charges.

- **Statements of Cash Flows -** Present the cash provided and used in operations, investments and financing activities during 2011 and 2010 and how it affects the cash balances at December 31, 2011 and 2010.

- **Notes to Financial Statements -** Provide information regarding the Corporation and explain in more detail information included in the financial statements.

Financial Analysis

The Corporation is a local development corporation operating exclusively for the charitable or public purpose of relieving and reducing unemployment through the process of providing general economic and technical assistance to businesses moving to or expanding in Wayne County where job and capital creation will help improve the economic climate of the County. 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 $1,086,928 and $1,088,825 at December 31, 2011 and 2010, respectively.

The Corporation's largest type of asset is its property and equipment. A condensed version of the Corporation's statement of financial position follows:

Table 1
Condensed Statements of Financial Position
(In Thousands of Dollars)

	2011	2010	Dollar Change	% Change	2009	Dollar Change	% Change
Assets							
Cash and cash equivalents	$ 175.1	$ 148.3	$ 26.8	18.1	$ 122.0	$ 26.3	21.6
Property and equipment - net	932.1	959.4	(27.3)	(2.8)	986.9	(27.5)	(2.8)
Other assets	177.2	177.1	0.1	-	176.9	0.2	0.1
Total assets	1,284.4	1,284.8	(0.4)	-	1,285.8	(1.0)	(0.1)
Liabilities							
Accounts payable	1.5	-	1.5	-	2.5	(2.5)	(100.0)
Deferred income	196.0	196.0	-	-	196.0	-	-
Total liabilities	197.5	196.0	1.5	0.8	198.5	(2.5)	(1.3)
Net Assets							
Net assets - unrestricted	1,086.9	1,088.8	(1.9)	(0.2)	1,087.3	1.5	0.1
Net assets - restricted	-	-	-	-	-	-	-
Total net assets	$ 1,086.9	$ 1,088.8	$ (1.9)	(0.2)	$ 1,087.3	$ 1.5	0.1

Significant changes in the statement of net assets from 2010 to 2011 include:

- Cash and cash equivalents increased as a result of cash produced from operating activities.
- Deferred income represents lease payments received in advance from the tenant of the real property.
- Property and equipment decreased as a result of the current year's depreciation being taken on the building obtained in 2009.

A condensed version of the Corporation's statements of activities follows:

Table 2
Condensed Statements of Revenues, Expenses, and Changes in Net Assets
(In Thousands of Dollars)

	2011	2010	Dollar Change	% Change	2009	Dollar Change	% Change
Revenues							
Interest - banks	$ 0.2	$ 0.3	$ (0.1)	(33.3)	$ 0.5	$ (0.2)	(40.0)
Other income	37.6	-	37.6	-	4.4	(4.4)	(100.0)
Rental income	392.0	392.0	-	-	196.0	196.0	100.0
Total revenues	429.8	392.3	37.5	9.6	200.9	191.4	95.2
Expenses							
Program expenses	379.9	377.6	2.3	0.6	189.2	188.4	99.6
Management and general expenses	51.7	13.2	38.5	291.7	37.0	(23.8)	(64.3)
Total expenses	431.6	390.8	40.8	10.4	226.2	164.6	72.8
Change in Net Assets	(1.8)	1.5	(3.3)	(220.0)	(25.3)	26.8	(105.9)
Beginning Net Assets	1,088.8	1,087.3	1.5	0.1	62.6	1,024.7	1,637.2
Net Assets from Merger	-	-	-	-	1,050.0	(1,050.0)	(100.0)
Ending Net Assets	$ 1,087.0	$ 1,088.8	$ (1.8)	(0.2)	$ 1,087.3	$ 1.5	0.1

Significant changes in the statement of revenues and expenses from 2010 to 2011 include:

- Rental income is from the lease of the real property to Wayne-Finger Lakes Board of Cooperative Education.
- Other income represents the contribution by other municipalities in support of a new project.
- Program expenses represent amounts for ordinary or capital repairs of the real property as well as project expenses.
- Management and general expenses increased primarily due to consultant fees related to new project.

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)

	2011	2010	2009
Cash Flow from Operating Activities			
Change in net assets	$ (1.9)	$ 1.4	$ (25.3)
Adjustments			
Depreciation	27.3	27.5	14.2
Change in assets and liabilities			
Prepaid expenses	(0.1)	(0.1)	(176.9)
Due to other governments	-	-	14.1
Accounts payable	1.5	(2.5)	2.5
Deferred income	-	-	196.0
Cash transferred from merger	-	-	50.0
Net cash flows from operating activities	26.8	26.3	74.6
Net Change in Cash and Cash Equivalents	26.8	26.3	74.6
Beginning Cash and Cash Equivalents	148.3	122.0	47.4
Ending Cash and Cash Equivalents	$ 175.1	$ 148.3	$ 122.0

Significant changes in the statement of cash flows include:

- Changes in net assets resulting from operating results from year to year.
- Prepaid expenses and deferred income changes as a result of the rental and maintenance of the real property obtained as a non-cash transaction in the merger.

Capital Assets

The Corporation's capital assets consist primarily of land and buildings leased to the Wayne-Finger Lakes Board of Cooperative Education.

Long-Term Debt

The Corporation has no direct long-term debt.

Economic Factors

The Corporation was formed to promote Wayne County using appropriate resources to help create and retain jobs by attracting new businesses and through expansion of existing businesses. 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.

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 Economic Development Corporation, 16 William Street, Lyons, New York 14489 - Attention: Executive Director.

WAYNE ECONOMIC DEVELOPMENT CORPORATION
Statements of Financial Position
December 31, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	$ 175,136	$ 148,286
Prepaid expenses	177,167	177,101
Total current assets	352,303	325,387
Property and Equipment - Net	932,143	959,438
Total Assets	$ 1,284,446	$ 1,284,825
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 1,518	$ -
Deferred income	196,000	196,000
Total current liabilities	197,518	196,000
Net Assets - Unrestricted	1,086,928	1,088,825
Total Liabilities and Net Assets	$ 1,284,446	$ 1,284,825

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

WAYNE ECONOMIC DEVELOPMENT CORPORATION
Statements of Activities
For the Years Ended December 31, 2011 and 2010

	2011	2010
Revenues		
Interest income	$ 202	$ 277
Other income	37,557	-
Rental income	392,000	392,000
Total revenues	429,759	392,277
Expenses		
Program expenses	379,943	377,559
Management and general expenses	51,713	13,233
Total expenses	431,656	390,792
Changes in Net Assets	(1,897)	1,485
Net Assets - Beginning	1,088,825	1,087,340
Net Assets - Ending	$ 1,086,928	$ 1,088,825

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

WAYNE ECONOMIC DEVELOPMENT CORPORATION
Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	$ (1,897)	$ 1,485
Adjustments		
Depreciation	27,296	27,510
Change in assets and liabilities		
Prepaid expenses	(67)	(144)
Accounts payable	1,518	(2,524)
Net cash flows from operating activities	26,850	26,327
Net Change in Cash and Cash Equivalents	26,850	26,327
Cash and Cash Equivalents - Beginning	148,286	121,959
Cash and Cash Equivalents - Ending	$ 175,136	$ 148,286

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

Note 1. Summary of Significant Accounting Policies and Nature of Organization

Nature of Organization - The Wayne Economic Development Corporation (the Corporation) was incorporated on October 1, 1968 as a local development corporation under Article 14 of Membership Corporation Law of the State of New York. The Corporation was formed to promote Wayne County using appropriate resources to help create and retain jobs by attracting new businesses and through the expansion of existing businesses.

On May 19, 2009, pursuant to Section 907 of the not-for-profit Corporation Law, the Plan of Merger of Wayne Economic Development Corporation, the Second Wayne Economic Development Corporation, the Third Wayne Economic Development Corporation, the Fourth Wayne Economic Development Corporation, the Fifth Wayne Economic Development Corporation, and the Sixth Wayne Economic Development Corporation into Wayne Economic Development Corporation was approved. At that time, the New York Department of State was authorized to file the Certificate of Merger of the Petitioners of Wayne Economic Development Corporation under Section 904 of the Not-for-Profit Corporation Law, which was certified by the New York Secretary of State on June 18, 2009 and considered effective as of that date.

Basis of Accounting - The Corporation's financial statements have been prepared on the accrual basis of accounting.

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.

Basis of Presentation - The Corporation prepares its financial statements in accordance with Accounting Standards Codification (ASC) 958-205, Financial Statements of Not-for-Profit Organizations. Under ASC 958-205, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. At December 31, 2011 and 2010, the Corporation did not have any temporarily restricted net assets or permanently restricted net assets.

Significant Programs - The Corporation is a local development corporation operating exclusively for the charitable or public purpose of relieving and reducing unemployment through the process of creating and retaining jobs by attracting new business and through the expansion of existing business. The Corporation also owns a building which it leases to Wayne-Finger Lakes Board of Cooperative Education (the tenant).

Cash and Cash Equivalents - For the purposes of the statement of financial position and statement 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. The Company maintains cash and cash equivalents at financial institutions which periodically may exceed insured limits.

Income Taxes - The Corporation is a not-for-profit corporation and is exempt from income tax under New York State Article 14 as a local development corporation. Accordingly, no provision for taxes has been made.

In accordance with ASC 740-10-50, Accounting for Uncertainty in Income Taxes, the Organization recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Organization is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on the Organization's financial statements. The exempt Organization's informational returns are subject to audit by various taxing authorities and its open audit periods are 2008 through 2011.

Property and Equipment - Property and equipment is stated at cost. Donated items are stated at fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of 5 years for computers and 35 years for building. Land is not depreciated. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. The Corporation capitalizes assets which cost $1,000 or more and have a useful life of at least two years. When items of property or equipment are sold the related cost and accumulated depreciation are removed from the accounts. Depreciation expense was $27,296 and $27,510 for the years ended December 31, 2011 and 2010, respectively.

Subsequent Events - In accordance with ASC 855-10, the Corporation evaluated subsequent events through March 28, 2012, the date these financial statements were available to be issued.

Note 2. Property and Equipment

Property and equipment consists of the following at December 31:

	2011	2010
Land	$ 50,000	$ 50,000
Building	950,000	950,000
Computers	3,135	3,135
Sub-total	1,003,135	1,003,135
Less - accumulated depreciation	(70,993)	(43,697)
Total	$ 932,142	$ 959,438

Note 3. Lease Agreement

The Corporation has a lease agreement through June 25, 2014 requiring annual lease payments due on June 25th of each year in the amount of $392,000. By agreement with the tenant, the Corporation returns 90% of the lease payment, amounting to $352,800, to the tenant for ordinary or capital repairs, structural additions, modifications or improvements to the premises. The lease has a ten year option term with the lease payment amount and return to the tenant amounting to $172,000 and $154,800, respectively, in option years one through five, and $184,000 and $165,600, respectively, in option years six through ten. The future lease payment schedule below assumes the anticipated renewal of the lease.

Future lease payments and return to the tenant are as follows for the years ending December 31:

	Lease Amount	Return to Tenant
2012	$ 392,000	$ 352,800
2013	392,000	352,800
2014	282,000	253,800
2015	172,000	154,800
2016	172,000	154,800
Thereafter	1,350,000	1,215,000
Total	$ 2,760,000	$ 2,484,000

EFP ROTENBERG LLP
what counts

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 Economic Development Corporation
Lyons, New York

We have audited the financial statements of Wayne Economic Development Corporation (a not-for-profit local development corporation) as of and for the year ended December 31, 2011, and have issued our report dated March 28, 2012. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Wayne Economic 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 Economic Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wayne Economic 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 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 Economic 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 28, 2012