

GENESEE GATEWAY LOCAL
DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

Year ended December 31, 2011

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

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SECTION A
FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Genesee Gateway Local Development Corporation
Batavia, New York

We have audited the accompanying statement of net assets of the Genesee Gateway Local Development Corporation (the "GGLDC"), as of December 31, 2011, and the related statements of revenues, expenses, and changes in fund net assets and cash flows for the year then ended. These basic financial statements are the responsibility of GGLDC's management. 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 a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above, present fairly, in all material respects, the financial position of the GGLDC, as of December 31, 2011, and the changes in its fund net assets and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

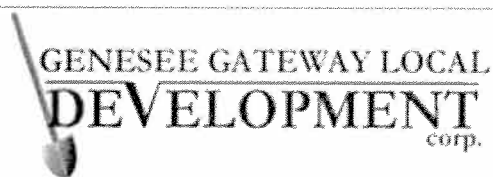
In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of the GGLDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on Pages 3 – 9 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, and 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 method 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the GGLDC's financial statements taken as a whole. The supplementary information in section C of the financial statements are presented for purposes of auditing analysis and are not a required part of the financial statements. This supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and the other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Gruber, Jureifel & Scott, LLP

Oneonta, New York
March 29, 2012



Genesee Gateway Local Development Center Management's Discussion and Analysis Year Ended December 31, 2011

This section of the Genesee Gateway Local Development Corporation's ("GGLDC") annual financial report presents our discussion and analysis of the GGLDC's financial performance during the fiscal year that ended on December 31, 2011 and should be read in conjunction with the financial statements and accompanying notes.

Overview of the Financial Statements

This annual financial report is made of two parts: first, management's discussion and analysis and secondly, the basic financial statements. The Genesee Gateway Local Development Corporation (GGLDC) is a charitable non-profit organization whose mission is to assist local economic development efforts by making real estate development investments to bolster shovel-ready technology and industrial park development and to provide tax incentives and other related financial assistance to commercially viable projects in Genesee County thereby enabling the continued development of a sustainable long-term economy.

GGLDC follows enterprise fund reporting. These statements are presented in a manner similar to a private business, such as a property management company. While detailed sub-fund information is not presented, separate accounts are maintained for each fund to control and manage transactions for specific purposes and to demonstrate that the GGLDC is meeting its contractual obligations.

Affiliated Entities

The Genesee County Economic Development Center (GCEDC), formerly known as the Genesee County Industrial Development Agency, was established by the Genesee County Legislature in 1970 under New York State's General Municipal Law. The GCEDC is a component unit of Genesee County (the County). GCEDC's mission is to be the driving force in fostering community economic success through growth, expansion and retention of our existing business base and to market our community as "business friendly" facilitating new business attraction in order to build a sustainable long-term economy.

In 2008 the Genesee Agri-Business, LLC (GABLLC) was established through a joint venture between the GGLDC and Rural Investments, Inc. (an affiliate of Farm Credit East) and exists to support growth of New York's state and local agricultural economy including the development, management and sale of parcels within the Genesee Valley Agri-Business Park. The GGLDC is the managing member of the GABLLC with a 51% membership equity (membership) interest.

Financial Analysis of the Corporation

	2011		2010		Higher / (Lower) Prior Year	% Increase (Decrease)
Increase in Cash & Cash Equivalents	\$ 1,103,797	\$ 946,540	\$ 157,257			17%
Increase in Total Current Assets	\$ 2,599,750	\$ 1,997,905	\$ 601,845			30%
Decrease in Land Held for Dev. & Sale	\$ 5,173,671	\$ 5,369,745	\$ (196,074)			-4%
Decrease in Capital Assets, Net	\$ 6,569,588	\$ 6,662,970	\$ (93,382)			-1%
Decrease in Total Current Liabilities	\$ 689,983	\$ 1,166,531	\$ (476,548)			-41%
Increase in Total Noncurrent Liabilities	\$ 8,939,268	\$ 8,039,545	\$ 899,723			11%
Increase in Total Net Assets	\$ 9,976,927	\$ 8,402,883	\$ 1,574,044			19%
Revenues from Property Rentals	\$ 650,633	\$ 338,611	\$ 312,022			92%
Revenues from Grants	\$ 2,565,877	\$ 1,427,136	\$ 1,138,741			80%
Operating Revenues	\$ 3,258,605	\$ 1,778,245	\$ 1,480,360			83%
Operating Expenses	\$ 1,385,807	\$ 1,189,063	\$ 196,744			17%
Net Operating Revenue	\$ 1,872,798	\$ 589,182	\$ 1,283,616			218%

The increase in cash and cash equivalents of \$157,257 (17%) is primarily attributable to:

- Loan Repayments of \$45,742.
- National Grid grant revenue of \$118,846.
- Community Benefit Agreement revenue of \$93,000.

Total current assets increased by \$601,845 (30%):

- Current portion of loans and mortgages receivable increased by \$162,009; new loan made to First Wave Technologies, Inc. in 2011.
- Grants receivable increased by \$472,460. 2011 grants receivable consists mostly of \$876,300 that was received in February 2012 from Genesee County related to a Multi-Modal Capital Project grant awarded by the NYS Department of Transportation to support improvements at the Genesee Agri-Business Park.

Decrease in land held for development and sale decreased by \$196,074 (4%) is attributable to:

- \$202,474 related to development at the Genesee Valley Agri-Business Park was reclassified as an owner contribution to the GABLLC.

Total net assets increased by \$1,574,044:

- Several large grants received in 2011; see Grant Revenue section.

Current liabilities decreased by \$476,548 (41%) and is primarily attributable to:

- Decrease in accounts payable of \$125,767
- Decrease in the current portion of loans payable of \$289,566
- Decrease in the line of credit of \$69,845

Noncurrent liabilities increased by \$899,723 (11%):

- Bond proceeds of \$982,007 were drawn down in 2011 to support Genesee Valley Agri-Business Park infrastructure improvements. Monthly interest only payments are required with the entire unpaid principal balance due in 2012 therefore, the entire balance is recorded as noncurrent.

The following table summarizes GGLDC's results of operations for the fiscal years ended December 31, 2011 and 2010 and changes between the years:

	2011	2010 (Decrease)	% Increase
OPERATING REVENUES			
Fees and Other Revenue	\$ 7,198	\$ -	NA
Interest Income on Loans	\$ 25,649	\$ 12,498	105%
Grant Income	\$ 2,558,679	\$ 1,427,136	79%
Rent	\$ 650,633	\$ 338,611	92%
Miscellaneous Income	\$ 16,446	\$ -	100%
Total Operating Revenues	<u>\$ 3,258,605</u>	<u>\$ 1,778,245</u>	83%
OPERATING EXPENSES			
General & Administrative	\$ 24,364	\$ 10,862	124%
Property Related Expenses	\$ 256,359	\$ 150,892	70%
Grant Expense	\$ 500,000	\$ -	NA
Utilities	\$ 19,438	\$ 16,192	20%
Professional Fees	\$ 585,646	\$ 1,011,117	-42%
Total Operating Expenses	<u>\$ 1,385,807</u>	<u>\$ 1,189,063</u>	17%
Net Operating Revenue	\$ 1,872,798	\$ 589,182	218%
NONOPERATING REVENUES/EXPENSES			
Net Income (Loss) from Joint Venture	\$ (12,669)	\$ 7,429	-271%
Other Interest Income	\$ 1,571	\$ 2,086	-25%
Interest Expense	\$ (314,728)	\$ (93,979)	NA
Total Nonoperating Revenue (Expense)	<u>\$ (325,826)</u>	<u>\$ (84,464)</u>	286%
Change in Net Assets	\$ 1,546,972	\$ 504,718	207%

The \$1,480,360 (83%) increase in operating revenues is mostly attributable to:

- An increase in grant revenue of \$1,138,741; see Grant Revenue section for details of grants received in 2011.
- A \$312,022 increase in MedTech Centre rental revenue. Tenants took occupancy in July 2010 and 2011 reflects a full year of rental revenue.
- An increase in interest income on loans of \$13,151.

Operating Expenses increased by \$196,744 and is mostly attributable to:

- An increase in depreciation expense of \$61,800.
- A \$500,000 NYS Homes and Community Renewal grant that passed through the Town of Batavia and the GGLDC. The proceeds were subsequently granted to Alpina Foods to support costs related to locating a new 40,000 sq. ft. facility at the Genesee Valley Agri-Business Park.
- Other general and administrative and property related expenses increased by a total of \$118,969. 2011 was the first full year that the MedTech Centre building was up and running which caused several expenditure line items to increase, as expected.
- The above increases were offset by a decrease in professional services of \$425,471. Professional services of over \$900,000 were paid in 2010 related to Western New York Science and Technology Advanced Manufacturing Park (WNY STAMP).

Nonoperating Revenue/Expense:

- Net nonoperating expense is due to interest expense on bonds and loans payable paid in 2011.

Change in net assets in the amount of \$1,546,972:

- This is mostly attributed to a grant receivable recorded in 2011 and related to NYS Department of Transportation in the amount of \$876,300, as discussed below. This was a reimbursement-based grant and related expenditure that was paid from 2008-2010. Receivables were not recorded in previous years as this grant is still under negotiations. The grant agreement was not finalized and signed until November 2011.

Grant Revenue

Grant revenue in support of corporate park and other development initiatives totaled \$2,565,877 in 2011. The various funding sources for grant revenue received during the year are described below.

- \$412,005 NYS Homes and Community Renewal related to a grant awarded in 2010 and subsequently loaned to First Wave Technologies, Inc.
- \$500,000 \$750,000 awarded from NYS Homes and Community Renewal as an incentive supporting the attraction of Alpina Foods and the construction of their 40,000 sq. ft. yogurt manufacturing plant to the Genesee Valley Agri-Business Park. \$500,000 was drawn down and received in 2011.
- \$876,300 Recorded as a receivable and was received in February 2012 from Genesee County related to a Multi-Modal Capital Project grant awarded by the NYS Department of Transportation to support improvements at the Genesee Agri-Business Park.
- \$166,284 Empire State Development Grant supports Phase II development of WNY STAMP (Science & Technology Manufacturing Park). Total grant = \$1 Million.
- \$93,000 Annual Community Benefit payment committed by CNL Income Darien Lake to support infrastructure development in Western Genesee County. Payments occur over 20 years (2009-2027).
- \$205,780 PILOT Increment Financing, flowing through the Genesee County Economic Development Center, to support development of Genesee Valley Agri-Business Park.

- \$53,099 NYS Homes and Community Renewal Innovative Projects grant supports workforce development initiatives.
- \$247,112 National Grid grants support costs related to infrastructure improvements at the Genesee Valley Agri-Business Park and Phase II development of WNY STAMP (Science and Technology Manufacturing Park).
- \$5,098 NYS Homes and Community Renewal reimburses delivery and administration costs associated with loan program.

Activities

The activities of the GGLDC are organized on the basis of eight divisions, each of which are internally considered a separate accounting entity. A brief overview of the separate divisions of the GGLDC follows:

The Operating Fund accounts for general administration of the GGLDC.

Gateway II Corporate Park located in the Town of Batavia, is a 57 acre site that is ideal for distribution, warehouse, light manufacturing, office and the construction equipment industries needing quick access to the state thruway. This shovel-ready park is home to Ashley Furniture's distribution center and is nearby the Western New York Branch of Milton Caterpillar. All utilities, municipal sewer, water, gas and electric are installed in the park. Marketing and promotion efforts will continue in 2012.

Buffalo East Tech Park (BETP) is a 200+ acre site located directly off the Pembroke Exit of the New York State Thruway in the Town of Pembroke. Strategic advantages of the park include access to workforce from both the Buffalo and Rochester regions and low cost hydro-power options for occupants. The BETP is one of the top sites in New York State for more near term attraction opportunities of high technology companies. Since 2008, the site has received 24 site visits from 12 different companies but needs to be brought to a shovel-ready state.

In 2011, the BETP North Campus site was-redefined. New York State Office of Homes and Community Renewal, National Grid, Empire State Development, the Town of Pembroke and GGLDC have pledged significant funding towards the development of the park and an interconnection to the Village of Corfu's wastewater treatment plant. Once the comprehensive environmental review (SEQR) is complete, GGLDC plans to acquire the property, initiate design engineering and construction of on-site infrastructure. This will move the BETP to near shovel-ready status as construction should continue into and complete in mid-2013.

The **Genesee Valley Agri-Business Park** is a one of a kind, 202 acre agri-business park and food processing park focused on attracting food processing and related companies to the site. The park is owned and operated by a public/private partnership between the GGLDC and an affiliate of Farm Credit East.

In 2010, municipal water lines were brought into the park as well as gas and electric and the main roadway was constructed making the site entirely shovel-ready. The GGLDC was also awarded a \$3.9 million dollar state grant to bring rail into the park which will be constructed in the future.

In 2011, National Grid installed the electric lines while the City and Town of Batavia, in conjunction with the GGLDC started a major infrastructure project to install sewer lines at the park and to interconnect the park to the City's high quality, high capacity wastewater treatment plant.

In March 2011, as soon as the GVAB Park was nearly shovel-ready, Alpina Foods, LLC and Marktec Products, Inc. committed to building new facilities at the park. Alpina is building a 40,000 sq. ft. yogurt manufacturing facility and Marktec Products, an ink jet label and coding company, is completing construction of a 5,000 sq. ft. facility at the park.

In 2012, the sewer project will be complete and ready for use and design activities related to offering low cost process water to companies at the park will begin.

Med Tech Park, 34 acres shovel-ready park located in the Town of Batavia, is home to the Dr. Bruce A. Holm MedTech Centre. The park is equipped with electric, gas and broadband and is dedicated to life science and medical device companies. Marketing the shovel-ready acreage available at the Upstate Med & Tech Park will continue in 2012.

WNY STAMP WNY STAMP (Science and Technology Advanced Manufacturing Park) is a 1,243 acre advanced manufacturing park located 5 miles north of I-90 exit 48A in the Town of Alabama. The site is considered NY's 2nd Mega-Site. It holds great potential to be the Western NY home for Nano-Tech enabled manufacturing leveraging the \$10+ billion investment in Nano-Tech the state has made to date in the eastern part of the state. At full build-out, the site would employ nearly 10,000 workers and 30,000 regionally when including the supply chain and construction employment effect and could be home to advanced manufacturing companies making technologies like photovoltaic cells (solar cells), semiconductors (computer chips) or flat panel displays. In 2011, the GGLDC to utilize a \$1 million grant from the new York State Senate and a \$.35M grant from National Grid to conduct a full environmental assessment of the property.

The Draft Generic Environmental Impact Statement (DGEIS) was completed and approved during the summer of 2011. The Final Generic Environmental Impact Statement (FGEIS) and the Findings Statement were also approved in late 2011 and early 2012.

If the Alabama Town Board approves the rezoning of the site and the next phase funding is approved by the state, the project will move to Phase IIIa, initial implementation of the project over the next 24 to 36 months which is being called the "Shovel-Ready Lite" phase. This phase of the project includes land acquisition; follow on environmental impact studies, and mitigation planning, infrastructure engineering and permitting, initial on-site and off-site construction including construction of the initial water transmission line to the site. Lastly, during the next phase of the project, we will begin the development of the sales and marketing infrastructure and virtual SWAT selling team for the project.

Med Tech Centre The construction of the 43,000 Dr. Bruce A. Holm Upstate MedTech Centre located at the 34 acre Upstate Med & Tech Park near Genesee Community College (GCC) was completed in the summer of 2010. GCC's school of nursing occupies the entire second floor. UMMC and Summit physical and occupational therapy suites are on the first floor of the building and serve the residents of Genesee and surrounding counties. GCEDC and GGLDC have moved their offices to the MedTech Center are also located on the first floor. The facility also offers some 6,000 sq. ft. of commercialization space to support emerging medical device and young technology firms. A new medical device company, First Wave Technologies, is currently occupying a portion of the accelerator space within MedTech Centre.

In 2012, marketing the space available at the Centre as a lifecycle solution for young entrepreneurial firms as they grow and develop in our community will continue.

Capital Assets

The following table summarizes the changes in GGLDC capital assets between fiscal years 2011 and 2010.

Changes in Capital Assets between Fiscal Years 2011 and 2010

	2011		Increase 2010 (Decrease)	
Land Options	\$	79,489	\$	39,997
Furniture and Equipment	\$	7,739	\$	7,739
Building and Improvements	\$	6,741,849	\$	6,727,614
			\$	14,235
Less Accumulated Depreciation	\$	259,489	\$	85,308
			\$	174,181
Net Capital Assets	\$	6,569,588	\$	6,690,042
			\$	(120,454)
Land Held for Development and Sale	\$	5,173,671	\$	5,369,745
			\$	(196,074)

The decrease in Net Capital Assets of \$120,454 is largely attributable to the increase in accumulated depreciation.

Land Held for Development and Sale decreased by \$196,074 due to Ag Park expenditures totaling \$202,474 being reclassified as owner contributions to the GABLLC.

Contacting GGLDC's Financial Management

This financial report is designed to provide our clients and the public with a general overview of the GGLDC's finances and to demonstrate accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer of the Genesee Gateway Local Development Center, 99 MedTech Drive, Batavia, New York, 14020.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

COMBINED STATEMENT OF NET ASSETS

December 31, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$	1,103,797
Deposits		2,660
Accounts receivable		141,321
Grants receivable		1,008,498
Prepaid expenses		7,835
Loan receivable - Genesee Agri-Business, LLC		78,347
Loans & mortgages receivable - current portion		257,292
Total current assets		<u>2,599,750</u>

Noncurrent assets:

Loans & mortgages receivable- noncurrent portion		717,680
Land held for development & sale		5,173,671
Capital assets, net		6,569,588
Equity investment in joint venture		4,545,489
Total noncurrent assets		<u>17,006,428</u>

Total assets 19,606,178

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable		96,780
Line of credit		160,022
Accrued expenses		12,640
Security deposits payable		108,680
Customer deposits		4,000
Deferred revenues		38,929
Bonds payable - current portion		136,555
Loans payable - current portion		132,377
Total current liabilities		<u>689,983</u>

Noncurrent liabilities:

Bonds payable - noncurrent portion		2,161,507
Loans payable - noncurrent portion		6,590,628
Loan payable - related party		187,133
Total noncurrent liabilities		<u>8,939,268</u>

Total liabilities 9,629,251

Net assets:

Unrestricted		<u>9,976,927</u>
Total net assets	\$	<u>9,976,927</u>

See accompanying notes.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2011

OPERATING REVENUES:

Fees	\$	7,198
Grant income		2,558,679
Interest income on loans		25,649
Miscellaneous income		16,446
Rent		650,633
Total operating revenues		<u>3,258,605</u>

OPERATING EXPENSES:

Conferences & meetings		300
Depreciation		174,180
Finance charge expense		21,849
Grant expense		500,000
Insurance		17,876
Marketing program		621
Miscellaneous expense		14
Option expense		10,000
Professional fees		585,646
Site maintenance		46,708
Special district fees		6,539
Supplies		1,580
Telephone		1,056
Utilities		19,438
Total operating expenses		<u>1,385,807</u>

Net operating revenue 1,872,798

NONOPERATING REVENUES (EXPENSES):

Net loss from joint venture		(12,669)
Interest expense		(314,728)
Other interest income		1,571
Total non-operating expenses		<u>(325,826)</u>

Change in net assets 1,546,972

Net assets - beginning of period 8,402,883

Prior period adjustment 27,072

Net assets - end of period \$ 9,976,927

See accompanying notes.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

COMBINED STATEMENT OF CASH FLOWS

Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Fees	\$ 7,198
Grant income	1,969,772
Interest income on loans	25,649
Miscellaneous income	16,446
Rental income	662,517
Issuance of loans & mortgages receivable	(293,721)
Conferences & meetings	(300)
Finance charges	(21,849)
Grant expense	(500,000)
Improvements of land held for development & resale	(6,400)
Insurance	(23,354)
Marketing program	(621)
Miscellaneous expense	(14)
Option expense	(10,000)
Professional fees	(585,646)
Customer deposits collected	2,000
Site maintenance	(46,708)
Special district fees	(6,539)
Supplies	(1,580)
Telephone	(1,056)
Utilities	(19,438)
Net cash provided by operating activities	<u>1,166,356</u>

CASH FLOWS USED BY NONCAPITAL FINANCING ACTIVITIES:

Line of credit repayments	<u>(69,845)</u>
Net cash used by noncapital financing activities	<u>(69,845)</u>

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:

Net principal draws/payments on bonds	836,062
Issuance of loans	(235,303)
Interest paid on bonds & loans	(314,728)
Purchase of capital assets	(179,493)
Net cash provided by capital & related financing activities	<u>106,538</u>

CASH USED BY INVESTING ACTIVITIES:

Interest income	1,571
Equity investment - Genesee Agri-Business, LLC	(1,350,673)
Change in cash held by fiscal agents	303,310
Net cash used by investing activities	<u>(1,045,792)</u>

Net increase in cash and cash equivalents 157,257

Cash and cash equivalents - beginning of year 946,540

Cash and cash equivalents - end of year \$ 1,103,797

See accompanying notes.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

COMBINED STATEMENT OF CASH FLOWS

Year Ended December 31, 2011

**RECONCILIATION OF NET OPERATING REVENUE TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Net operating revenue	\$	1,872,798
Adjustments to reconcile net operating revenue to net cash provided by operating activities:		
Depreciation expense		174,180
Net improvements of land held for development and resale		(6,400)
Increase in accounts receivable		(107,971)
Increase in grant receivable		(472,440)
Increase in prepaid expenses		(5,478)
Increase in loans and mortgages receivable		(306,361)
Increase in accrued expenses		12,640
Increase in customer deposits		2,000
Increase in deferred revenues		3,388
Total adjustments		<u>(706,442)</u>
Net cash provided by operating activities	\$	<u>1,166,356</u>

See accompanying notes.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Genesee Gateway Local Development Corporation (the GGLDC) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the GGLDC's accounting policies are described below.

Reporting Entity: The Genesee Gateway Local Development Corporation (the GGLDC) was created in 2004 with a focus on economic development opportunities related to real estate and corporate park development. The corporation is a public instrumentality formed exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The Genesee County Economic Development Center (GCEDC) is the sole member of the corporation.

The financial reporting entity includes organizations, functions, and activities over which appointed officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing Agency, designation of management, ability to significantly influence operations, and accountability for fiscal matters. No other organizations have been included in the reporting entity.

The financial reporting entity consists of (a) the primary entity which is the Genesee Gateway Local Development Corporation, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary entity is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14 as amended by GASB No. 39. The decision to include a potential unit in the GGLDC's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB No. 39, including legal standing, fiscal dependency, and financial accountability.

Basis of Presentation: The GGLDC's basic financial statements consist of three statements that provide information about the GGLDC's activities. The first statement is the statement of net assets which lists all of the GGLDC's assets and liabilities, with the difference reported as net assets. The second statement is the statement of revenues, expenses and changes in net assets which details how the GGLDC's net assets changed during the current year based on the reporting of the revenues and expenses recognized by the GGLDC. The third statement is the statement of cash flows which reports the activities that provide or use the cash and cash equivalents of the GGLDC.

The accounts of the GGLDC are organized on the basis of sub-funds or account groups. A separate sub-fund is used to account for each development project and an operating fund is used for all resources over which the board of directors has discretionary control used to carry out the operations of the GGLDC. The following sub-funds are used: Operating fund, Gateway II fund, Buffalo East South fund, Ag Park fund, Med Tech Park fund, WNY STAMP fund, Buffalo East North fund and Med Tech Centre fund.

Measurement Focus and Basis of Accounting: The financial statements of the GGLDC are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the GGLDC gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the GGLDC has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: The GGLDC is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the income realized will not be subject to New York State corporate franchise tax. The GGLDC is no longer subject to Federal and New York State income tax examination for years prior to 2008.

Equity Investment: Equity Investment in Joint Venture represents the GGLDC's investment in Genesee Agri-Business, LLC (GAB, LLC). The GGLDC utilizes the equity method of accounting for its investment in GAB, LLC which results in the Equity Investment balance being increased by GGLDC's share of GAB, LLC's net income plus any contributions made by GGLDC.

Deferred Revenue: The GGLDC reports deferred revenue on its balance sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the GGLDC before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the GGLDC has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Capital Assets: Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The cost of repairs, maintenance and minor replacements is expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the GGLDC are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Furniture and equipment	\$1,000	straight-line	5-7 years
Buildings and improvements	\$1,000	straight-line	30-40 years

Statement of Cash Flows: For the purposes of the statement of cash flows the GGLDC considers cash and cash equivalents to be all unrestricted and restricted cash accounts including demand accounts.

Use of Estimates in Preparation Of Financial Statements: 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. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

Subsequent Events: These financial statements have not been updated for subsequent events occurring after March 29, 2012 which is the date these financial statements were available to be issued.

Component Unit - Management has evaluated the provisions of Government Accounting Standards Board Statement No. 14 - *The Financial Reporting Entity* and No. 39 - *Determining Whether Certain Organizations Are Component Units* - an amendment of GASB Statement No. 14. Based on the provisions of these standards management has determined that the GGLDC is not a component unit of the Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (the GCEDC).

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements: The GASB has issued the following new statements:

- Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which will be effective for the year ending December 31, 2012;
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which will be effective for the year ending December 31, 2012;
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which will be effective for the year ending December 31, 2012; and
- Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, which will be effective for the year ending December 31, 2012.

The GGLDC is currently studying these statements and plans on adoption, if required.

NOTE 2. CASH AND INVESTMENTS

The GGLDC's investment policies are governed by State statutes. In addition, the GGLDC has its own written investment policy. GGLDC monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The GGLDC Treasurer is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities.

Investment and Deposit Policy: The GGLDC implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

The GGLDC follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the GGLDC Treasurer.

Interest Rate Risk: Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The GGLDC's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The GGLDC's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The GGLDC's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

As a 501(c)(3) organization the GGLDC cannot obtain collateral against its bank accounts. As of December 31, 2011, cash balances of \$471,249 were not covered by FDIC insurance.

GENESSEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LOANS RECEIVABLE

The GGLDC provides low interest loans to businesses located in Genessee County in order to encourage economic development. Loans receivable consisted of the following at December 31, 2011:

		<u>Current</u>	<u>Noncurrent</u>
O-AT-KA Milk Products Cooperative, Inc.	Payments of interest only for 6 months, thereafter monthly payments for 7 years at 2% interest, maturing May 2015	\$ 39,748	\$ 108,347
Wellsville Carpet Town, Inc.	Monthly payments for 7 years at 0% interest, maturing January 2014	74,643	88,214
Yancey's Fancy, Inc. #1	Monthly payments for 7 years at 3% interest, maturing April 2014	24,722	128,096
Yancey's Fancy, Inc. #2	Monthly payments for 5 years at 2% interest, maturing March 2015	29,839	69,358
First Wave Technologies	Payments of interest only for 18 months, thereafter monthly payments for 4.5 years at 4.25% interest, maturing February 2017	<u>88,340</u>	<u>323,665</u>
Total loans receivable		<u>\$ 257,292</u>	<u>\$ 717,680</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity for the GGLDC for the year ended December 31, 2011 was as follows:

	<u>Balance 01/1/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/11</u>
Capital assets not being depreciated:				
Land options	\$ <u>39,997</u>	\$ <u>49,492</u>	\$ <u>(10,000)</u>	\$ <u>79,489</u>
Total capital assets not being depreciated	<u>39,997</u>	<u>49,492</u>	<u>(10,000)</u>	<u>79,489</u>
Capital assets being depreciated:				
Building and improvements	6,727,614	14,235	-	6,741,849
Furniture and equipment	<u>7,739</u>	-	-	<u>7,739</u>
Total capital assets being depreciated	<u>6,735,353</u>	<u>14,235</u>	<u>-</u>	<u>6,749,588</u>
Less accumulated depreciation:				
Building and improvements	85,055	172,787	-	257,842
Furniture and equipment	<u>253</u>	<u>1,394</u>	-	<u>1,647</u>
Total accumulated depreciation	<u>85,308</u>	<u>174,181</u>	<u>-</u>	<u>259,489</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (Continued)

	Balance <u>01/1/11</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/11</u>
Total capital assets being depreciated net,	<u>6,650,045</u>	<u>(159,946)</u>	-	<u>6,490,099</u>
Total capital assets, net	\$ <u>6,690,042</u>	\$ <u>(110,454)</u>	\$ <u>(10,000)</u>	\$ <u>6,569,588</u>

January 1, 2011 accumulated depreciation has been restated to reflect a prior period adjustment. See Note 14.

NOTE 5. LAND HELD FOR DEVELOPMENT OR SALE

Land held for development or sale activity for the year ended December 31, 2011 was as follows:

	Balance <u>01/01/11</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/11</u>
Land held for development or sale:				
GGLDC	\$ <u>5,369,745</u>	\$ <u>6,400</u>	\$ <u>202,474</u>	\$ <u>5,173,671</u>

NOTE 6. DEFERRED REVENUE

The GGLDC leases space in the Med Tech Centre building to the GCEDC, Genesee Community College and United Memorial Medical Center. At December 31, 2011, rent received in advance totaled \$37,217.

Interest received in advance related to loans receivable totaled \$1,712 at December, 31, 2011.

NOTE 7. LINE OF CREDIT

In February 2011, the GGLDC obtained a revolving line of credit from Five Star Bank for \$700,000 and closed an existing line of credit with the Bank of Castile. The new line carries an interest rate equal to prime rate, with a floor of 4%. Collateral consists of a new first lien position General Security Agreement on all business assets of GGLDC and a second lien position General Security Agreement on all business assets of Genesee County Economic Development Center, a related entity.

At December 31, 2011, there was a balance of \$160,022 drawn against the line of credit.

NOTE 8. MED TECH CENTRE LOANS

In 2009, the GGLDC obtained a construction loan in the amount of \$6,900,000 to finance the construction of Med Tech Centre. The construction loan contained a variable interest rate that automatically adjusted with any changes in the Wall Street Journal prime rate. The loan was converted into permanent financing upon completion of the building's construction in September of 2010. This debt is secured by the Med Tech Centre building, along with any fixtures within. The following long-term debt was outstanding at December 31, 2011:

Bond payable to Five Star Bank, due in monthly installments of \$7,446, 6.64% per annum, maturing August 2035, or until paid in full with the original amount of \$1,078,095.	\$ 1,053,815
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GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 8. MED TECH CENTRE LOANS (Continued)

Bond payable to Five Star Bank, due in monthly installments of \$15,717, 4.44% per annum, maturing August 2035, or until paid in full with the original amount of \$2,821,905. 2,735,831

Loan payable to U.S. Dept. of Agriculture, due in monthly installments of \$14,340, 4%, per annum, maturing September 2040, or until paid in full with the original amount of \$3,000,000. 2,933,359

Total long term debt \$ 6,723,005

Current maturities of long-term debt are as follows for the years ending December 31:

2012	\$ 132,377
2013	147,748
2014	154,709
2015	162,009
2016	169,168
2017-2021	976,477
2022-2026	1,233,317
2027-2031	1,561,226
2032-2036	1,598,143
2037-2040	<u>587,831</u>
Total long term debt	\$ <u>6,723,005</u>

NOTE 9. BONDS

In June 2009 the GGLDC closed on a \$1,489,000 bond to support improvement to the Genesee Valley Agri-Business Park. The funds were held, maintained and administered by Rural Investments, LLC, which has a 49% membership interest in the GAB, LLC, and the balance available is recorded by the GGLDC as cash held with fiscal agent. The bond had an original fixed interest rate equal to 6.86%. Principal and interest payments of \$205,780 are payable on February 15 each year. Payments commenced on February 15, 2010. In May 2010, the GGLDC refinanced this bond to a fixed interest rate equal to 5.26%. Due to the change in interest rate, principal available increased to \$1,462,000. All other terms remain the same.

In June 2009, the GGLDC closed on a second bond to support improvement of the Genesee Valley Agri-Business Park. The total principal available was \$3,000,000. As of December 31, 2011, \$982,007 had been drawn down. Interest only payments are due on the first of each month. The entire unpaid principal balance is due ten years following commencement of interest payments.

The following is a summary of bonds with a corresponding maturity schedule:

<u>Description</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Date of Final Maturity</u>	<u>Balance</u>
Genesee Valley Agri-Business Park	05/10	\$1,462,000	5.26%	02/19	\$1,316,055
Genesee Valley Agri-Business Park	06/09	\$3,000,000	3.75%	10/21	<u>982,007</u>
					<u>\$2,298,062</u>

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 9. BONDS (Continued)

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 136,555	\$ 69,225
2013	143,738	62,042
2014	151,299	54,481
2015	159,257	46,523
2016	167,634	38,146
2017-2019	<u>1,539,579</u>	<u>59,652</u>
Totals	<u>\$2,298,062</u>	<u>\$ 330,069</u>

NOTE 10. RELATED PARTY TRANSACTIONS

The GGLDC has related party relationships with the Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (GCEDC), and the Genesee Agri-Business, LLC (GAB, LLC).

Genesee Agri-Business, LLC was formed in December 2007 to engage in business that furthers the development of the Genesee Valley Agri-Business Park. The GGLDC has a 51% member interest in the GAB, LLC and is the managing member.

The GCEDC leases office space from the GGLDC. A lease agreement was entered into in July 2009 to occupy 3,100 square feet of office space at the Med Tech Centre building. The term of the lease is for 15 years commencing in June 2010, upon substantial completion of the building. The annual rent is \$16,992 to be paid in equal monthly installments. At December 31, 2011, the GGLDC held a \$2,832 security deposit from the GCEDC as required by the lease agreement.

At December 31, 2011, a loan payable to the GCEDC had a balance of \$187,133 and \$12,640 of accrued interest.

At December 31, 2011, a loan receivable from the GAB, LLC had a balance of \$78,347. The loan was made to assist with costs related to a land sale transaction as sale proceeds were required to be held in escrow for a period of time.

NOTE 11. LAND OPTIONS - GGLDC

In 2008, the GGLDC entered into three option contracts for the purchase of real property. The properties covered by these options total 369 acres of land located in the Town of Alabama. The option prices consist of \$500 paid upon signing each of the option contracts and reimbursement of certain real property taxes paid by the sellers.

In 2009, the GGLDC entered into four option contracts for the purchase of real property. Three of the options were for properties located in the Town of Alabama. The total acres covered under the options were 362.2 acres. The option prices consist of \$500 paid upon signing each of the option contracts and reimbursement of certain real property taxes paid by the seller. One of the options was for property located in the Town of Pembroke. The total acreage covered under the option was 233 acres and the option price was \$10,000.

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 11. LAND OPTIONS – GGLDC (Continued)

The 2011 costs of the real property taxes associated with the 2008 and 2009 option contracts was \$19,492.

In 2009, the GGLDC entered into a land option contract for the purchase of real property located in the Town of Pembroke. This option expired in 2011, therefore the option price of \$10,000 was expensed.

In 2011 the GGLDC entered into three Purchase and Sale Contracts encompassing approximately 165 acres located in the Town of Pembroke. The total price consists of a \$10,000 deposit paid to each property owner upon execution of the contracts. Deposits will be credited at closing against the purchase price or surrendered if the contracts are terminated by the GGLDC. Pursuant to the terms of each contract, the contracts were extended for an additional six month period which will end in 2012.

NOTE 12. DARIEN LAKE PROJECT

In consideration of the significant economic incentives and community support provided by Genesee County to the owners/operators of Darien Lake theme park, in February 2008, Darien Lake committed to funding a Community Benefit Agreement (“CBA”) totaling \$1,832,000 over twenty years to the GGLDC in support of infrastructure development and deployment for the public benefit. The CBA commenced October 1, 2008. A \$93,000 payment was received in 2011. Payments of \$93,000 will be received annually from 2012 through 2027.

NOTE 13. EQUITY INVESTMENT

The GGLDC has a 51% membership interest in the GAB, LLC. The GGLDC’s equity investment in the GAB, LLC as of December 31, 2011 is as follows:

Balance at the beginning of year	\$	3,005,011
Earnings from GAB, LLC		(12,669)
Net contributions		<u>1,553,147</u>
Total equity investment at end of year	\$	<u>4,545,489</u>

NOTE 14. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made in 2011 for \$27,072 to adjust December 31, 2010 accumulated depreciation. Buildings and improvements are being depreciated over 39 years.

SECTION B
INTERNAL CONTROL AND COMPLIANCE

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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 of
Genesee Gateway Local Development Corporation
Batavia, New York

We have audited the financial statements Genesee Gateway Local Development Corporation (the "GGLDC") as of and for the year ended December 31, 2011, and have issued our report thereon dated March 29, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the GGLDC'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 the GGLDC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the GGLDC'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 a 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 would not necessarily identify all deficiencies in 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 the GGLDC'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, others within the Genesee Gateway Local Development Corporation, 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.

Gruva, Jureifel & Scott, LLP

Oneonta, New York
March 29, 2012

SECTION C
SUPPLEMENTARY INFORMATION

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

COMBINING STATEMENT OF NET ASSETS

December 31, 2011

ASSETS	WNY						Total		
	Operating Fund	Gateway II Fund	Buffalo East South Fund	Ag Park Fund	Med Tech Park Fund	STAMP Fund		Buffalo East North Fund	Med Tech Centre Fund
Current assets:									
Cash and cash equivalents	\$ 90,292	\$ 10,218	\$ 109,145	\$ 156,479	\$ 2,600	\$ 0	\$ 270,730	\$ 464,333	\$ 1,103,797
Deposits	0	0	0	0	0	0	0	2,660	2,660
Accounts receivable	37,495	0	0	0	0	99,961	3,761	104	141,321
Grants receivable	0	0	0	876,300	3,932	128,266	0	0	1,008,498
Prepaid expenses	575	335	201	0	95	3,165	0	3,464	7,835
Due to/from other funds	(37,964)	0	15,532	(15,532)	(1,954)	(14,297)	0	54,215	0
Loan receivable - Genesee Agn-Business, LLC	0	0	0	78,347	0	0	0	0	78,347
Loans & mortgages receivable - current portion	74,643	0	54,561	39,748	88,340	0	0	0	257,292
Total current assets	165,041	10,553	179,439	1,135,342	93,013	217,095	274,491	524,776	2,599,750
Noncurrent assets:									
Loans & mortgages receivable - noncurrent portion	88,214	0	197,454	108,347	323,665	0	0	0	717,680
Land held for development & sale	0	1,903,464	2,011,592	0	825,665	112,400	0	320,560	5,173,671
Land options	0	0	0	0	0	49,489	30,000	0	79,489
Furniture & equipment	0	0	0	0	0	0	0	7,739	7,739
Buildings & improvements	0	0	0	0	0	0	0	6,741,849	6,741,849
Less: accumulated depreciation	0	0	0	0	0	0	0	(259,489)	(259,489)
Equity investment in joint venture	0	0	0	4,545,489	0	0	0	0	4,545,489
Total noncurrent assets	88,214	1,903,464	2,209,046	4,653,836	1,149,330	161,889	30,000	6,810,649	17,006,428
Total assets	253,255	1,914,017	2,388,485	5,789,178	1,242,343	378,984	304,491	7,335,425	19,606,178
LIABILITIES AND NET ASSETS									
LIABILITIES:									
Current liabilities:									
Accounts payable	12,650	0	5,126	100	0	70,621	0	8,263	96,780
Line of credit	0	0	0	78,347	0	81,675	0	0	160,022
Accrued expenses	0	0	12,640	0	0	0	0	0	12,640
Security deposits payable	0	0	0	0	0	0	0	108,680	108,680
Customer deposits	0	0	4,000	0	0	0	0	0	4,000
Deferred revenue	0	0	0	253	1,459	0	0	37,217	38,929
Bonds payable - current portion	0	0	0	136,565	0	0	0	0	136,565
Loans payable - current portion	0	0	0	0	0	0	0	132,377	132,377
Total current liabilities	12,650	0	21,766	215,255	1,459	152,296	0	286,557	689,983
Noncurrent Liabilities									
Bonds payable - noncurrent portion	0	0	0	2,161,507	0	0	0	0	2,161,507
Loans payable - noncurrent portion	0	0	0	0	0	0	0	6,590,628	6,590,628
Loan payable - related party	0	0	187,133	0	0	0	0	0	187,133
Total noncurrent liabilities	0	0	187,133	2,161,507	0	0	0	6,590,628	8,939,268
Total Liabilities	12,650	0	208,899	2,376,762	1,459	152,296	0	6,877,185	9,629,251
NET ASSETS:									
Unrestricted	\$ 240,605	\$ 1,914,017	\$ 2,179,586	\$ 3,412,416	\$ 1,240,884	\$ 226,688	\$ 304,491	\$ 458,240	\$ 9,976,927

GENESEE GATEWAY LOCAL DEVELOPMENT CORPORATION

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year Ended December 31, 2011

	Operating Fund	Gateway II Fund	Buffalo East South Fund	Ag Park Fund	Med Tech Park Fund	WVNY STAMP Fund	Buffalo East North Fund	Med Tech Centre Fund	Total
OPERATING REVENUES:									
Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,198	\$ 0	\$ 0	\$ 0	\$ 7,198
Grant income	53,099	0	5,099	1,700,926	412,005	294,550	93,000	0	2,558,679
Interest income on loans	83	0	7,437	3,624	14,505	0	0	0	25,649
Miscellaneous income	0	0	0	16,251	10	0	0	185	16,446
Rent	0	0	0	0	0	555	0	650,078	650,633
Total operating revenues	<u>53,182</u>	<u>0</u>	<u>12,536</u>	<u>1,720,801</u>	<u>433,718</u>	<u>295,105</u>	<u>93,000</u>	<u>650,263</u>	<u>3,258,605</u>
OPERATING EXPENSES:									
Conferences & meetings	0	0	0	0	0	300	0	0	300
Depreciation	0	0	0	0	0	0	0	174,180	174,180
Finance charge expense	0	0	12,640	1,419	0	7,790	0	0	21,849
Grant expense	0	0	0	500,000	0	0	0	0	500,000
Insurance	3,446	655	721	0	335	594	0	12,125	17,876
Marketing program	0	0	0	0	0	621	0	0	621
Miscellaneous expense	4	0	0	0	10	0	0	0	14
Option expense	0	0	0	0	0	0	10,000	0	10,000
Professional fees	81,873	0	5,169	96,735	14,275	263,346	42,807	81,441	585,646
Site maintenance	0	2,785	3,125	3,000	2,400	0	11,000	24,398	46,708
Special district fees	0	597	1,498	0	296	24	0	4,124	6,539
Supplies	0	0	0	0	0	0	0	1,580	1,580
Telephone	0	0	0	0	0	0	0	1,056	1,056
Utilities	0	0	0	0	0	0	0	19,438	19,438
Total operating expenses	<u>85,323</u>	<u>4,037</u>	<u>23,153</u>	<u>601,154</u>	<u>17,316</u>	<u>272,675</u>	<u>63,807</u>	<u>318,342</u>	<u>1,385,807</u>
Operating income (loss)	(32,141)	(4,037)	(10,617)	1,119,647	416,402	22,430	29,193	331,921	1,872,798
NON-OPERATING REVENUES (EXPENSES):									
Interfund revenue	0	100,000	0	0	0	0	10,068	0	110,068
Net loss from joint venture	0	0	0	(12,669)	0	0	0	0	(12,669)
Interfund expenditure	(100,000)	0	(10,068)	0	0	0	0	0	(110,068)
Interest expense	0	0	0	0	0	0	0	(314,728)	(314,728)
Other interest income	2	16	15	141	0	93	412	892	1,571
Total non-operating revenues (expenses)	<u>(99,998)</u>	<u>100,016</u>	<u>(10,053)</u>	<u>(12,528)</u>	<u>0</u>	<u>93</u>	<u>10,480</u>	<u>(313,836)</u>	<u>(325,826)</u>
Change in net assets	(132,139)	95,979	(20,670)	1,107,119	416,402	22,523	39,673	18,085	1,546,972
Net assets - beginning of the period	372,744	1,818,038	2,200,256	2,305,297	824,482	204,165	264,818	413,083	8,402,883
Prior period adjustment	0	0	0	0	0	0	0	27,072	27,072
Net assets - end of the period	<u>\$ 240,605</u>	<u>\$ 1,914,017</u>	<u>\$ 2,179,586</u>	<u>\$ 3,412,416</u>	<u>\$ 1,240,884</u>	<u>\$ 226,688</u>	<u>\$ 304,491</u>	<u>\$ 458,240</u>	<u>\$ 9,976,927</u>

**Genesee Gateway Local Development Corporation
Schedule of Land Agreements Outstanding
December 31, 2011**

None

**Genesee Gateway Local Development Corporation
Schedule of Land Development Agreements
Terminating During the Year
December 31, 2011**

None