

**VICTOR LOCAL DEVELOPMENT  
CORPORATION, NEW YORK**

**FINANCIAL STATEMENTS**

**For Years Ended December 31, 2011 and 2010**

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**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

**Shareholders:**

**Raymond F. Wager, CPA**  
**Thomas J. Lauffer, CPA**  
**Thomas C. Zuber, CPA**

Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Victor Local Development  
Corporation, New York

We have audited the accompanying statement of financial position of the Victor Local Development Corporation, New York 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 the Victor Local Development Corporation, New York'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 financial statements referred to above present fairly, in all material respects, the financial position of the Victor Local Development Corporation, New York 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 February 20, 2012 on our consideration of the Victor Local Development Corporation, New York's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

*Raymond F. Wager, CPA, P.C.*

February 20, 2012

**VICTOR LOCAL DEVELOPMENT  
CORPORATION, NEW YORK  
Statement of Financial Position  
December 31, 2011 and 2010**

<u>ASSETS:</u>	<u>2011</u>	<u>2010</u>
<u>Current Assets -</u>		
Cash	\$ 198,591	\$ 182,138
Loans receivable	-	8,073
Prepaid expenses	1,311	1,673
<b>Total Current Assets</b>	<u>\$ 199,902</u>	<u>\$ 191,884</u>
<u>Noncurrent Assets -</u>		
Loans receivable, net	\$ -	\$ 14,341
<b>Total Noncurrent Assets</b>	<u>\$ -</u>	<u>\$ 14,341</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 199,902</u></u>	<u><u>\$ 206,225</u></u>
 <u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ 725	\$ 444
Deferred revenue	5,350	-
<b>Total Current Liabilities</b>	<u>\$ 6,075</u>	<u>\$ 444</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 6,075</u></u>	<u><u>\$ 444</u></u>
 <u>NET ASSETS:</u>		
Unrestricted - designated	\$ 2,612	\$ 1,158
Unrestricted - operations	191,215	204,623
<b>TOTAL NET ASSETS</b>	<u>\$ 193,827</u>	<u>\$ 205,781</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 199,902</u></u>	<u><u>\$ 206,225</u></u>

(The accompanying notes are an integral part of these financial statements)

**VICTOR LOCAL DEVELOPMENT  
CORPORATION, NEW YORK**

**Statement of Activities**

**For The Years Ended December 31, 2011 and 2010**

<b><u>OPERATING REVENUES:</u></b>	<b><u>2 0 1 1</u></b>	<b><u>2 0 1 0</u></b>
Contributions	\$ 118,385	\$ 112,387
Interest on notes, loans, and program income	634	678
State aid - main street program	14,364	71,736
Miscellaneous revenue	1,450	600
<b>TOTAL OPERATING REVENUES</b>	<b><u>\$ 134,833</u></b>	<b><u>\$ 185,401</u></b>
<b><u>OPERATING EXPENSES:</u></b>		
<b><u>Management &amp; General</u></b>		
Payroll	\$ 54,192	\$ 55,441
Benefits	19,722	19,089
Conferences/travel	3,343	2,223
Dues and subscriptions	600	821
Insurance	550	1,291
Printing, postage, and shipping	618	2,693
Utilities and maintenance	5,986	6,341
Legal	3,859	60
Miscellaneous	687	418
<b>Total Management &amp; General</b>	<b><u>\$ 89,557</u></b>	<b><u>\$ 88,377</u></b>
<b><u>Program</u></b>		
Program expenses	23,689	\$ 22,014
State aid - main street program	14,364	71,736
Bad debt	13,058	-
Marketing - advertising	6,119	2,668
<b>Total Program</b>	<b><u>\$ 57,230</u></b>	<b><u>\$ 96,418</u></b>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$ 146,787</u></b>	<b><u>\$ 184,795</u></b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ (11,954)</b>	<b>\$ 606</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b><u>205,781</u></b>	<b><u>205,175</u></b>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 193,827</u></b>	<b><u>\$ 205,781</u></b>

(The accompanying notes are an integral part of these financial statements)

**VICTOR LOCAL DEVELOPMENT  
CORPORATION, NEW YORK**

**Statement of Cash Flows**

**For The Years Ended December 31, 2011 and 2010**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	<b><u>2 0 1 1</u></b>	<b><u>2 0 1 0</u></b>
Cash received from providing services	\$ 157,609	\$ 278,919
Cash payments contractual expenses	(67,242)	(201,271)
Cash payments personal services and benefits	(73,914)	(74,530)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 16,453</u></b>	<b><u>\$ 3,118</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 16,453</b>	<b>\$ 3,118</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b><u>182,138</u></b>	<b><u>179,020</u></b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b><u><u>\$ 198,591</u></u></b>	<b><u><u>\$ 182,138</u></u></b>
 <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
<b>Net Operating Income (Loss)</b>	<b><u>\$ (11,954)</u></b>	<b><u>\$ 606</u></b>
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:</b>		
(Increase)/decrease in accounts receivable	\$ -	\$ 675
(Increase)/decrease in prepaid expense	362	(1,193)
(Increase)/decrease in loans receivable	22,414	2,586
Increase/(decrease) in accounts payable	281	444
Increase/(decrease) in deferred revenue	5,350	-
Increase/(decrease) in grant payable	-	(91,450)
Increase/(decrease) in grant receivable	-	91,450
Total Adjustments	<b><u>\$ 28,407</u></b>	<b><u>\$ 2,512</u></b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u><u>\$ 16,453</u></u></b>	<b><u><u>\$ 3,118</u></u></b>

(The accompanying notes are an integral part of these financial statements)

**VICTOR LOCAL DEVELOPMENT  
CORPORATION, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2011**

**I. Summary of Significant Accounting Policies:**

**A. Organization**

The Victor Local Development Corporation, New York (the Corporation) was incorporated on December 1, 1999 under Section 402 of the Not-For-Profit Corporation Law. The mission of the Victor LDC is to conduct activities that will relieve and reduce unemployment, promote and provide for additional and maximum employment; better and maintain job opportunities, assist individuals to improve or develop their capabilities for jobs, carry on scientific research for the purpose of aiding the community or geographic area by attracting industry to the community; and lessening the burdens of government and acting in the public interest.

**B. Basis of Accounting**

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States. Revenues are recognized when earned and expenses are recognized when incurred.

The Corporation reports information regarding its financial position and activities according to three classes of net assets, unrestricted, temporarily restricted, and permanently restricted net assets. At December 31, 2011 the Corporation only had unrestricted net assets.

**C. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Corporation considers all highly liquid cash accounts and other temporary investments of three months or less as cash equivalents.

**D. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**( I. ) ( Continued )**

**E. Income Taxes**

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position since events could potentially occur that jeopardize tax-exempt status. Management is not aware of any events that could jeopardize the Corporation's tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements.

**F. Accounts Receivable**

Accounts receivable are stated at unpaid balances, less allowance for doubtful accounts. The Victor LDC provides for losses on accounts receivable using the allowance method. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is Victor LDC's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**G. Prepaid Expense**

Expenses paid in the current fiscal year but related to the subsequent year are recorded as prepaid expense. These expenses include website hosting and health insurance.

**II. Cash and Cash Equivalents:**

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. While the Corporation does not have a specific policy for custodial credit risk, New York State statutes govern the Corporation's investment policies, as discussed previously in these notes.

The Victor LDC's bank balances were fully covered by FDIC insurance.

**III. Loan Funds:**

**A. Revolving Loan Funds**

The Victor LDC has established a revolving loan funds for the purpose of fostering economic development. The source of funds to finance the loan payment may be from state grants, or from funds of the Victor LDC itself. Loans to commercial enterprises and principal repayments are not recorded through revenue and expense. Any interest income is reported as program income.

**B. Loans Receivable**

The Revolving Loan Fund had a note receivable from a local business, Taste of Italy. The note had an interest rate of 2.75% and matures in 2014. Principal payments were received during the year for a total of \$4,532, however, payments ended in June 2011 when Taste of Italy ceased operations. The loan receivable was deemed impaired and an allowance for doubtful accounts of \$13,058 for this loss was established during the 2011 year.



( III. ) ( Continued )

The activity of the loan was as follows as of December 31, 2011:

<u>Taste of Italy</u>	
Loan Receivable on January 1	\$ 22,414
Principal Received	(4,532)
Liquidation of Equipment	(4,824)
Loan Receivable on December 31	<u>\$ 13,058</u>
Less: Allowance for doubtful accounts	(13,058)
<b>Loan Receivable, net on December 31</b>	<u><u>\$ -</u></u>

IV. Lease Agreements:

- A. On December 24, 2009, the Victor LDC entered into a lease agreement with the Victor Fire Department, Inc. for the office space located at 5 W. Main Street, Victor, NY 14564 which is renewable annually through December 31, 2014. Utility costs are \$190 per month and no monthly rent is due.

V. Commitments and Contingencies:

A. Litigation

Management is not aware of any pending litigation as of the date of this report.

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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 Director of  
Victor Local Development Corporation, New York

We have audited the financial statements of the Victor Local Development Corporation, New York as of and for the year ended December 31, 2011, and have issued our report thereon dated February 20, 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**

The management of the Victor Local Development Corporation, New York is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Victor Local Development Corporation, New York'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 Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 Corporation'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 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 Victor Local Development Corporation, New York'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*.

We noted certain matters that we reported to the management of the Victor Local Development Corporation, New York in a separate letter dated February 20, 2012.

This report is intended solely for the information and use of the Corporation, management, and the Federal Awarding Agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Raymond F. Wager, CPA, P.C.*

February 20, 2012