

**WAYNE INDUSTRIAL SUSTAINABILITY
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2011

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Wayne Industrial Sustainability 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 Industrial Sustainability Development Corporation's management. 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 Industrial Sustainability Development Corporation as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012, on our consideration of Wayne Industrial Sustainability Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 3 through 6 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

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Year Ended December 31, 2011 and 2010

As management of the Wayne Industrial Sustainability Development Corporation (the "Corporation") we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the 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 \$1,229,799 and \$1,240,540, respectively. Of this amount, \$1,226,000 is undeveloped land being held for development for projects that further the Corporation's purpose of assisting existing and potential "green" businesses in Wayne County. There were no development activities conducted in 2011 and 2010.

Overview of the Financial Statements

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

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

Statements of Financial Position - Presents all assets, liabilities and net assets of the Agency 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 - Presents the financial activity for the year ended December 31, 2011 and 2010 and displays how this activity changed the Corporation's net assets. The statement provides information on the Corporation's operations and can be used to determine if the Agency has recovered all of its costs through grants, user fees and other charges.

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

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

Financial Analysis

The Corporation was formed to support and further the activities of the Wayne County Industrial Development Agency. It provides financial, educational and other technical support related to sustainability, green technologies and renewable energy where these activities promote the creation or retention of jobs, improve the tax base and protect the public's investment in infrastructure. The Corporation's net assets may serve over time as a useful indicator of its financial position. In the case of the Corporation, assets exceeded liabilities by \$1,229,799.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
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By far the Corporation's largest asset is its property. A condensed version of the Corporation's statement of financial position follows:

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

	<u>2011</u>	<u>2010</u>	<u>Dollar Change</u>	<u>% Change</u>	<u>2009</u>	<u>Dollar Change</u>	<u>% Change</u>
Assets							
Cash	\$ 3.4	\$ 13.7	\$ (10.3)	(75.2)	\$ 1.4	\$ 12.3	878.6
Property and equipment - net	1,226.0	1,226.0	-	-	1,226.0	-	-
Other assets	<u>0.4</u>	<u>0.8</u>	<u>(0.4)</u>	<u>(50.0)</u>	<u>1.3</u>	<u>(0.5)</u>	<u>(38.5)</u>
Total assets	<u>1,229.8</u>	<u>1,240.5</u>	<u>(10.7)</u>	<u>(0.9)</u>	<u>1,228.7</u>	<u>11.8</u>	<u>1.0</u>
Liabilities							
Accounts payable	-	-	-	-	-	-	-
Deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets							
Net assets - unrestricted	1,229.8	1,240.5	(10.7)	(0.9)	1,228.7	11.8	1.0
Net assets - restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 1,229.8</u>	<u>\$ 1,240.5</u>	<u>\$ (10.7)</u>	<u>(0.9)</u>	<u>\$ 1,228.7</u>	<u>\$ 11.8</u>	<u>1.0</u>

- Cash decreased as a result of the operating deficit for the year.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Year Ended December 31, 2011 and 2010

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

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

	<u>2011</u>	<u>2010</u>	<u>Dollar Change</u>	<u>% Change</u>	<u>2009</u>	<u>Dollar Change</u>	<u>% Change</u>
Revenues							
Contributions	\$ -	\$ 30.0	\$ (30.0)	(100.0)	\$ 15.0	\$ 15.0	100.0
Interest - banks	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>30.0</u>	<u>(30.0)</u>	<u>(100.0)</u>	<u>15.0</u>	<u>15.0</u>	<u>100.0</u>
Expenses							
Insurance	3.6	3.7	(0.1)	(2.7)	2.5	1.2	48.0
Miscellaneous expense	-	0.2	(0.2)	(100.0)	-	0.2	100.0
Professional fees	3.2	10.2	(7.0)	(68.6)	10.7	(0.5)	(4.7)
Repairs and maintenance	<u>3.9</u>	<u>4.1</u>	<u>(0.2)</u>	<u>(4.9)</u>	<u>3.1</u>	<u>1.0</u>	<u>32.3</u>
Total expenses	<u>10.7</u>	<u>18.2</u>	<u>(7.5)</u>	<u>(41.2)</u>	<u>16.3</u>	<u>1.9</u>	<u>11.7</u>
Change in Net Assets	(10.7)	11.8	(22.5)	(190.7)	(1.3)	13.1	1,007.7
Beginning Net Assets	<u>1,240.5</u>	<u>1,228.7</u>	<u>11.8</u>	<u>1.0</u>	<u>1,230.0</u>	<u>(1.3)</u>	<u>(0.1)</u>
Ending Net Assets	<u>\$ 1,229.8</u>	<u>\$ 1,240.5</u>	<u>\$ (10.7)</u>	<u>(0.9)</u>	<u>\$ 1,228.7</u>	<u>\$ 11.8</u>	<u>1.0</u>

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

- The \$30,000 contribution in 2010 was received for the ongoing maintenance and repair of the Corporation's property. No contribution was made in 2011.
- Professional fees decreased as a result of no legal fees being incurred in 2011 associated with organizational costs.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Year Ended December 31, 2011 and 2010

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

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash Flow from Operating Activities			
Change in net assets	\$ (10.7)	\$ 11.8	\$ (1.3)
Change in prepaid expenses	<u>0.4</u>	<u>0.5</u>	<u>(1.3)</u>
Net Change in Cash	(10.3)	12.3	(2.6)
Beginning Cash	<u>13.7</u>	<u>1.4</u>	<u>4.0</u>
Ending Cash	<u>\$ 3.4</u>	<u>\$ 13.7</u>	<u>\$ 1.4</u>

Significant changes in the statement of cash flows include:

- Operations to date have depended on contributions from the Wayne County Industrial Development Agency. No contribution was made in 2011.

Capital Assets

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

Long-Term Debt

The Corporation has no long-term debt.

Economic Factors

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

Contacting the Corporation

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

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

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash	\$ 3,409	\$ 13,745
Prepaid expenses	<u>390</u>	<u>795</u>
Total current assets	3,799	14,540
Land	<u>1,226,000</u>	<u>1,226,000</u>
Total Assets	<u>\$ 1,229,799</u>	<u>\$ 1,240,540</u>
NET ASSETS		
Net Assets - Unrestricted	<u>\$ 1,229,799</u>	<u>\$ 1,240,540</u>

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

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

	<u>2011</u>	<u>2010</u>
Revenues		
Contributions	\$ -	\$ 30,000
Interest Income	<u>15</u>	<u>52</u>
Total revenues	<u>15</u>	<u>30,052</u>
Expenses		
Insurance	3,584	3,645
Miscellaneous expense	22	222
Professional fees	3,250	10,238
Repairs and maintenance	<u>3,900</u>	<u>4,100</u>
Total expenses	<u>10,756</u>	<u>18,205</u>
Change in Net Assets	(10,741)	11,847
Net Assets - Beginning	<u>1,240,540</u>	<u>1,228,693</u>
Net Assets - Ending	<u>\$ 1,229,799</u>	<u>\$ 1,240,540</u>

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

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

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (10,741)	\$ 11,847
Change in assets and liabilities		
Change in prepaid insurance	<u>405</u>	<u>466</u>
Net Change in Cash	(10,336)	12,313
Cash - Beginning	<u>13,745</u>	<u>1,432</u>
Cash - Ending	<u>\$ 3,409</u>	<u>\$ 13,745</u>

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

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Note to Financial Statements

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

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

Measurement Focus and Basis of Accounting - The accounts of Wayne Industrial Sustainability Development Corporation are maintained on the accrual basis of accounting.

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 enhancement of economic development. The Corporation receives all funding from Wayne County Industrial Development Agency, a related party of the Corporation.

Cash and Cash Equivalents - For the purposes of the statements of net assets and statements of cash flows, cash and cash equivalents include deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. At December 31, 2011 and 2010, there were no cash equivalents. The Company maintains cash and cash equivalents at financial institutions which periodically may exceed insured limits.

Income Taxes - The Corporation is a non-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 Corporation 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 Corporation 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 Corporation's financial statements. The exempt Corporation's informational returns are subject to audit by various taxing authorities and its open audit periods are 2008 through 2011.

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

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.



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

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

We have audited the financial statements of Wayne Industrial Sustainability Development Corporation (a not-for-profit local development corporation), as of and for the year ended December 31, 2011, and have issued our report thereon 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 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 Industrial Sustainability Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wayne Industrial Sustainability Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wayne Industrial Sustainability Development Corporation's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

EFP Rotenberg, LLP

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