

**MONROE COUNTY
INDUSTRIAL DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

For The Years Ended December 31, 2007 and 2006

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Certified Public Accountants

Shareholders:

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American Institute of
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Monroe County Industrial Development Corporation

We have audited the statement of financial position of the Monroe County Industrial Development Corporation as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation'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. 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 Monroe County Industrial Development Corporation as of December 31, 2007 and 2006, and the results of its operations, its changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Raymond F. Wager, CPA, P.C.

May 20, 2008

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS:</u>		
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 1,819,465	\$ 2,066,494
Investments	127,365	122,863
Loans receivable - current portion	34,831	71,243
Total Current Assets	\$ 1,981,661	\$ 2,260,600
<u>Noncurrent Assets -</u>		
Investment in Laser Max, Inc.	\$ 49,950	\$ 49,950
Loans receivable - long-term portion	58,881	93,882
Total Noncurrent Assets	\$ 108,831	\$ 143,832
TOTAL ASSETS	\$ 2,090,492	\$ 2,404,432
<u>LIABILITIES:</u>		
Accounts payable	\$ 37	\$ 37
<u>NET ASSETS:</u>		
Unrestricted	\$ 2,090,455	\$ 2,404,395
TOTAL LIABILITIES AND NET ASSETS	\$ 2,090,492	\$ 2,404,432

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

For The Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>REVENUES:</u>		
Interest earned on investments	\$ 82,988	\$ 84,001
Interest earned on loans	6,865	7,930
Fees	171,418	190,435
Contributions	100,000	50,000
TOTAL REVENUES	<u>\$ 361,271</u>	<u>\$ 332,366</u>
<u>EXPENSES:</u>		
<u>Management and General -</u>		
Accounting fees	\$ 3,325	\$ 3,270
Advertising	1,476	2,696
Administrative expense	25,000	25,758
Supplies/miscellaneous	5,108	7,733
Total Management and General	<u>\$ 34,909</u>	<u>\$ 39,457</u>
<u>Program -</u>		
Dues	\$ 1,750	\$ 3,750
Legal fees	25,834	45,100
Dunn and Bradstreet	2,270	2,102
GreatRebate expense	101,000	86,000
Interest subsidy expense	509,448	333,467
Total Program	<u>\$ 640,302</u>	<u>\$ 470,419</u>
TOTAL EXPENSES	<u>\$ 675,211</u>	<u>\$ 509,876</u>
CHANGE IN NET ASSETS	\$ (313,940)	\$ (177,510)
NET ASSETS AT BEGINNING OF YEAR	<u>2,404,395</u>	<u>2,581,905</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 2,090,455</u></u>	<u><u>\$ 2,404,395</u></u>

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

For The Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ (313,940)	\$ (177,510)
<u>Adjustments to reconcile change in net assets to</u>		
<u>net cash provided (used) by operating activities -</u>		
Principle payments received on loans	71,413	126,715
Deferred expenditure	-	2,000
	<u> </u>	<u> </u>
NET CASH FROM OPERATING ACTIVITIES	\$ (242,527)	\$ (48,795)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of investments	\$ (4,502)	\$ (7,867)
	<u> </u>	<u> </u>
NET CASH FROM INVESTING ACTIVITIES	\$ (4,502)	\$ (7,867)
NET INCREASE (DECREASE) IN CASH	\$ (247,029)	\$ (56,662)
CASH - BEGINNING OF YEAR	<u>2,066,494</u>	<u>2,123,156</u>
CASH - END OF YEAR	<u><u>\$ 1,819,465</u></u>	<u><u>\$ 2,066,494</u></u>

(See accompanying notes to financial statements)

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

(Note 1) History and Background Information:

The Monroe County Industrial Development Corporation is a not-for-profit corporation organized under the laws of the State of New York, in 1962. It is exempt from federal income taxes under the provisions of Section 501 (c)(6) of the Internal Revenue Code.

The purpose of the Corporation is to provide financial assistance to small job creating businesses that demonstrate a need for financing which cannot be met entirely from conventional financing sources. In addition, the Corporation acts as a Certified Development Corporation for the SBA 504 Program.

A revolving loan fund was established in 1984 through an initial contribution of \$350,000 from the County of Monroe Industrial Development Agency.

The Monroe County Department of Planning and Development has executed contracts with the Corporation to provide administrative services.

The current contract provided for \$25,000 of general administrative and overhead fees which were paid to Monroe County.

(Note 2) Summary of Significant Accounting Policies:

The Monroe County Industrial Development Corporation maintains its records on the accrual basis of accounting. There have been no fixed asset or equipment purchases and, therefore, no depreciation accounting is currently required. The Monroe County Industrial Development Corporation considers all highly liquid investments with a maturity of twelve months or less at the date of acquisition, to be "cash equivalents".

(Note 3) **Summary of Cash and Cash Equivalents:**

The year end balances of the Monroe County Industrial Development Corporation are comprised of the following:

<u>Checking</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
M & T Bank	\$ 520,970	\$ 818,216
<u>Petty Cash</u>	50	50
<u>Certificates of Deposit</u>		
M & T Bank -		
Maturity - October 20, 2008 @ 3.68%	41,851	39,875
Genesee Regional Bank -		
Maturity - March 13, 2008 @ 4.65%	117,222	111,982
Citizens Bank -		
Maturity - June 15, 2007 @ 3.01%	-	91,759
Citizens Bank -		
Maturity - January 15, 2008 @ 3.20%	94,785	-
Canandaigua National Bank and Trust -		
Maturity - May 23, 2008 @ 3.99%	91,166	87,436
Bank of Castile -		
Maturity - May 6, 2008 @ 3.82%	84,384	81,158
First Niagara Bank -		
Maturity - July 16, 2008 @ 3.05%	105,279	103,223
Maturity - March 17, 2009 @ 3.68%	108,221	101,364
<u>Money Markets</u>		
HSBC Bank USA -		
Money Market Fund	412,193	395,773
J.P. Morgan Chase Investment Services Corp -		
Money Market Fund and Mutual Fund	107,148	106,166
Columbia Management -		
Money Market Fund - Retail	136,196	129,492
Total Cash and Cash Equivalents	\$ 1,819,465	\$ 2,066,494

(Note 4) **Investments:**

A. **Current**

The year end investments are as follows:

<u>M & T Investment Group</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
Vanguard Tax Exempt Fund	\$ 34,544	\$ 35,191
MTB New York Muni Income, Class A	46,080	43,646
STI Float Rt Hgh Inc.	2,588	-
Vanguard Index 500	3,717	3,741
MTB Large Cap Value, Class A	3,772	3,741
MTB Large Cap Stock	1,242	3,740
Alpine International Real Estate	2,417	2,719
MTB Small Cap Stock Fund	2,465	2,494
MTB NY Tax Free Money Market, Class A	10,217	9,719
Harbor International Fund	3,666	3,940
Boston Co. International Fund	-	2,629
Harbor Capital Appreciation Fund	2,523	1,234
MTB International Equity	2,470	2,577
Thompson Plumb Growth Fund	-	2,484
T. Rowe Price Large Cap Growth Fund	2,491	2,521
MTB Mid Cap Stock Class A	2,481	2,487
MTB Small Cap Growth	1,265	-
Lazard Emerging Market	1,248	-
MTB Large Cap Growth	1,248	-
Masters Select International	2,931	-
Total Current Investments	\$ 127,365	\$ 122,863

B. **Non - Current**

The Monroe County Industrial Development Corporation, as an exception to their policy, purchased 333 shares of common stock of Laser Max, Inc. The investment is stated at cost in the amount of \$49,950 and the market value is not readily available.

(Note 5) **Loans Receivable:**

The following is a summary of the Monroe County Industrial Development Corporation's balance of outstanding loans receivable:

<u>Borrower</u>	<u>Date of Issue</u>	<u>Original Loan</u>	<u>Rate of Interest</u>	<u>Maturity Date</u>	<u>Balance at 12/31/2007</u>
Lockwood Precision Mfg., Inc.	08/98	\$ 75,000	7.50%	08/08	\$ 159
Voral, Inc.	12/02	\$ 75,000	3.25%	01/08	1,352
Heany Industries	03/03	\$ 50,000	3.25%	04/08	3,591
Northern Soy, Inc.	12/03	\$ 75,000	3.00%	12/10	34,077
Alphabet Campus	03/04	\$ 40,000	3.00%	02/11	20,805
Connection Mold	04/04	\$ 20,000	3.00%	03/09	5,284
James M. Plukas, LLC	05/04	\$ 58,000	3.00%	04/11	28,444
Total					\$ 93,712

(Note 5) (Continued)

<u>Principle Repayment Schedule</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
Lockwood Precision Mfg., Inc.	\$ 159	\$ -	\$ -	\$ -	\$ 159
Voral, Inc.	1,352	-	-	-	1,352
Heany Industries	3,591	-	-	-	3,591
Northern Soy, Inc.	11,020	11,356	11,701	-	34,077
Alphabet Campus	6,038	5,981	6,163	2,623	20,805
Connection Mold	4,211	1,073	-	-	5,284
James M. Plukas, LLC	8,459	8,716	8,981	2,288	28,444
Total	<u>\$ 34,830</u>	<u>\$ 27,126</u>	<u>\$ 26,845</u>	<u>\$ 4,911</u>	<u>\$ 93,712</u>

(Note 6) **Fees:**

Fees are assessed on a monthly basis for those loans processed by the Monroe County Industrial Development Corporation and granted through the Small Business Administration. These fees are for processing and maintenance of the loans and are based on .5% of the outstanding principle balance.

(Note 7) **Contributions:**

Contributions were recorded during 2007 and 2006 as follows:

	<u>2007</u>	<u>2006</u>
County of Monroe Industrial Development Agency	<u>\$ 100,000</u>	<u>\$ 50,000</u>
Total	<u>\$ 100,000</u>	<u>\$ 50,000</u>

(Note 8) **Subsequent Events:**

A. **Approved Loans**

1. Prior to year end, the Board approved the following loans:

Mirror Show Management	(SBA504)	\$ 1,814,000
CMI/Color Methods Inc.	(SBA504)	\$ 526,000
The Media Production Company	(SBA504)	\$ 200,000
Quest for the Cup, LLC	(SBA504)	\$ 851,000
My Health Medical Supply, LLC	(SBA504)	\$ 208,000
1028 Enterprises, LLC/Kids First Childcare Inc.	(SBA504)	\$ 752,000
Star Nail Salon, LLC	(SBA504)	\$ 102,000
Special Care Systems, LLC	(SBA504)	\$ 60,000
Spencerport Supermarket, Inc.	(SBA504)	\$ 670,000
Fonte Surgical Supply	(SBA504)	\$ 619,000
Advanced Coating Systems, LLC	(SBA504)	\$ 260,000
JJM Kreag Road, LLC/ECC Technologies, Inc.	(SBA504)	\$ 244,000
Plank/Empire Holdings, LLC	(SBA504)	\$ 349,000

(Note 9) GreatRebate Program:

The Corporation has a potential liability of \$197,000 for the GreatRebate Program as of December 31, 2007. The Program is for companies who buy \$50,000 or more of equipment and at the end of two years increase their job base by ten percent. The Corporation will give a rebate of \$5,000 to companies who buy equipment locally or a rebate of \$4,000 for companies who buy equipment outside the local area. Local is defined as Monroe, Genesee, Livingston, Orleans, Ontario or Wayne County.

(Note 10) GreatRate Program:

The Corporation has a potential liability of \$1,496,848 for the GreatRate Program as of December 31, 2007. The Program subsidizes interest rates by 4% for bank loans or capital leases for job creating companies purchasing equipment locally or 3% for bank loans or capital leases for job creating companies not purchasing locally. Local is defined as Monroe, Genesee, Livingston, Orleans, Ontario or Wayne County.

(Note 11) Litigation:

There is no litigation pending as of the balance sheet date.