

**MONROE COUNTY  
INDUSTRIAL DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**For The Years Ended December 31, 2008 and 2007**

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**Certified Public Accountants**

**Shareholders:**

**Raymond F. Wager, CPA**  
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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  
Monroe County Industrial Development Corporation

We have audited the statement of financial position of the Monroe County Industrial Development Corporation as of December 31, 2008 and 2007, 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, 2008 and 2007, and the results of its operations, changes in its 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.*

June 4, 2009

## MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b><u>ASSETS:</u></b>		
<b><u>Current Assets -</u></b>		
Cash and cash equivalents	\$ 1,577,772	\$ 1,819,465
Investments	-	127,365
Loans receivable - current portion	37,582	34,831
<b>Total Current Assets</b>	<b>\$ 1,615,354</b>	<b>\$ 1,981,661</b>
<b><u>Noncurrent Assets -</u></b>		
Investment in Laser Max, Inc.	\$ 49,950	\$ 49,950
Loans receivable - net of current portion	53,097	58,881
<b>Total Noncurrent Assets</b>	<b>\$ 103,047</b>	<b>\$ 108,831</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,718,401</b>	<b>\$ 2,090,492</b>
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 37	\$ 37
<b><u>NET ASSETS:</u></b>		
Unrestricted	\$ 1,718,364	\$ 2,090,455
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,718,401</b>	<b>\$ 2,090,492</b>

## MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

## STATEMENT OF ACTIVITIES

For The Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b><u>REVENUES:</u></b>		
Interest and dividends	\$ 37,452 ✓	\$ 85,102
Interest earned on loans	3,362 ✓	6,865
Fees	205,424 ✓	171,418
Loss on investments	(40,319) ✓	(2,114)
Contributions	100,000 ✓	100,000
<b>TOTAL REVENUES</b>	<b><u>\$ 305,919</u></b>	<b><u>\$ 361,271</u></b>
<b><u>EXPENSES:</u></b>		
<b><u>Program -</u></b>		
Dues	\$ 1,750	\$ 1,750
Legal fees	45,643	25,834
Dunn and Bradstreet	1,728	2,270
GreatRebate expense	67,000	101,000
Interest subsidy expense	527,534	509,448
<b>Total Program</b>	<b><u>\$ 643,655 ✓</u></b>	<b><u>\$ 640,302</u></b>
<b><u>Management and General -</u></b>		
Accounting fees	\$ 3,700 ✓	\$ 3,325
Advertising	-	1,476
Administrative expense	25,000 ✓	25,000
Supplies/miscellaneous	5,655 ✓	5,108
<b>Total Management and General</b>	<b><u>\$ 34,355</u></b>	<b><u>\$ 34,909</u></b>
<b>TOTAL EXPENSES</b>	<b><u>\$ 678,010</u></b>	<b><u>\$ 675,211</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (372,091)</b>	<b>\$ (313,940)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b><u>2,090,455</u></b>	<b><u>2,404,395</u></b>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,718,364</u></b>	<b><u>\$ 2,090,455</u></b>

## MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

## STATEMENT OF CASH FLOWS

For The Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ (372,091)	\$ (313,940)
<u>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities -</u>		
Principle payments received on loans	53,033	71,413
New loans processed	<u>(50,000)</u>	<u>-</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u>\$ (369,058)</u></b>	<b><u>\$ (242,527)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Sale of investments	<u>\$ 127,365</u>	<u>\$ (4,502)</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b><u>\$ 127,365</u></b>	<b><u>\$ (4,502)</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (241,693)</b>	<b>\$ (247,029)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>1,819,465</u></b>	<b><u>2,066,494</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 1,577,772</u></b>	<b><u>\$ 1,819,465</u></b>

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2008**

**(Note A) 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 B) Summary of Significant Accounting Policies:**

**Basis of Accounting –**

The Monroe County Industrial Development Corporation maintains its records on the accrual basis of accounting.

**Basis of Presentation –**

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. Currently, the Corporation only has unrestricted net assets.

**Cash and Cash Equivalents –**

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of twelve months or less.

**(Note B) (Continued)**

**Property and Equipment –**

There have been no fixed asset or equipment purchases and, therefore, no depreciation accounting is currently required.

**Contributions –**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Any donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Use of Estimates –**

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**Investments (Current) –**

The Corporation adopted the provisions of SFAS No. 157, *Fair Value Measurements*, effective January 1, 2008, which establishes a fair value hierarchy that defines three discrete “levels” of valuation techniques to determine the fair value of investments. Level 1 inputs consist of quoted (unadjusted) prices in active markets for identical assets at the measurement date, level 2 inputs are inputs other than quoted prices that are observable either directly or indirectly, and level 3 inputs are unobservable inputs and are to be used only if observable inputs are not available.

The Corporation values investments in securities and securities sold short that are freely tradable and listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.

**Investments (Non-Current) –**

The 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 C) **Summary of Cash and Cash Equivalents:**

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

<b><u>Checking</u></b>	<b><u>12/31/2008</u></b>	<b><u>12/31/2007</u></b>
M & T Bank	\$ 103,009	\$ 520,970
<b><u>Petty Cash</u></b>	50	50
<b><u>Certificates of Deposit</u></b>		
M & T Bank -		
Maturity - November 20, 2009 @ 1.73%	43,283	41,851
Genesee Regional Bank -		
Maturity - March 13, 2009 @ 1.29 %	121,560	117,222
Maturity - December 7, 2009 @ 3.93%	59,000	-
Citizens Bank -		
Maturity - May 13, 2009 @ 3.20%	131,856	-
Citizens Bank -		
Maturity - March 15, 2009 @ 2.47%	96,274	94,785
Canandaigua National Bank and Trust -		
Maturity - May 24, 2009 @ 1.98%	94,015	91,166
Maturity - October 14, 2009 @ 3.34%	88,000	-
Bank of Castile -		
Maturity - May 6, 2009 @ 2.02%	87,675	84,384
Maturity - November 24, 2009 @ 2.22%	88,000	-
First Niagara Bank -		
Maturity - February 13, 2009 @ 1.98%	108,012	105,279
Maturity - March 17, 2009 @ 3.68%	112,289	108,221
Bank of America -	204,253	-
Maturity - May 31, 2009 @ 3.93%		
<b><u>Money Markets</u></b>		
HSBC Bank USA -		
Money Market Fund	240,496	412,193
J.P. Morgan Chase Investment Services Corp -		
Money Market Fund and Mutual Fund	-	107,148
Columbia Management -		
Money Market Fund - Retail	-	136,196
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 1,577,772</u></b>	<b><u>\$ 1,819,465</u></b>

**(Note D) Investments-Fair Value Measurement:**

The Monroe County Industrial Development Corporation's investments are recorded at fair value and have been categorized based upon a fair value hierarchy in accordance with SFAS 157.

The following table presents information about the Monroe County Industrial Development Corporation's investments measured at fair value as of December 31, 2008 and 2007.

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Quoted Prices in Active Market for Identical Assets (Level 1)</u>	<u>Cost</u>	<u>Quoted Prices in Active Market for Identical Assets (Level 1)</u>
M&T Investment Group	\$ -	\$ -	\$ 116,390	\$ 127,365

The following schedule summarizes the investment return and its classification in the statement of activities for the year.

<u>Type</u>	<u>2008</u>	<u>2007</u>
Interest/Dividends	\$ 37,452	\$ 85,102
Gain (Loss) on Investments	(40,319)	(2,114)
<b>Total</b>	<b>\$ (2,867)</b>	<b>\$ 82,988</b>

**(Note E) 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 12/31/2008</u>
Lockwood Precision Mfg., Inc.	08/98	\$ 75,000	7.50%	08/09	\$ 159
Northern Soy, Inc.	12/03	\$ 75,000	3.00%	12/10	22,123
Connection Mold	04/04	\$ 20,000	3.00%	03/09	1,073
James M. Plukas, LLC	05/04	\$ 58,000	3.00%	04/11	19,985
Zeller Corporation	06/08	\$ 50,000	3.00%	10/11	47,339
<b>Total</b>					<b>\$ 90,679</b>

<u>Principle Repayment Schedule</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
Lockwood Precision Mfg., Inc.	\$ 159	\$ -	\$ -	\$ 159
Northern Soy, Inc.	11,384	10,739	-	22,123
Connection Mold	1,073	-	-	1,073
James M. Plukas, LLC	8,716	8,981	2,288	19,985
Zeller Corporation	16,250	16,746	14,343	47,339
<b>Total</b>	<b>\$ 37,582</b>	<b>\$ 36,466</b>	<b>\$ 16,631</b>	<b>\$ 90,679</b>

**(Note F) 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 G) Contributions:**

Contributions were recorded during 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
County of Monroe Industrial Development Agency	<u>\$ 100,000</u>	<u>\$ 100,000</u>
<b>Total</b>	<u><b>\$ 100,000</b></u>	<u><b>\$ 100,000</b></u>

**(Note H) Subsequent Events:**

**A. Approved Loans**

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

LogicalSolutions.net, Inc.	(SBA504) \$	776,000
1146 Titus Avenue, LLC	(SBA504) \$	183,000
Landers Enterprises	(SBA504) \$	787,000
Polyshot Corporation	(SBA504) \$	677,000

**(Note I) GreatRebate Program:**

The Corporation has a potential liability of \$197,000 for the GreatRebate Program as of December 31, 2008. 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 Wayne, Yates, Seneca, or Wyoming County.

**(Note J) GreatRate Program:**

The Corporation has a potential liability of \$1,288,235 for the GreatRate Program as of December 31, 2008. 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, Wayne, Yates, Seneca, or Wyoming County.

**(Note K) Litigation:**

There was no litigation as of the balance sheet date.