

Gainesville Economic Development Corporation

Financial Statements

May 31, 2008



SCHALK & SMITH PC
CERTIFIED PUBLIC ACCOUNTANTS

Thomas E. Schalk, CPA
Judy Smith, CPA

A PROFESSIONAL CORPORATION

June 17, 2008

To the Board of Directors

Gainesville Economic Development Corporation
Gainesville, TX 76241

We have compiled the accompanying statement of assets, liabilities, and equity-all fund types and account groups-cash basis of Gainesville Economic Development Corporation (a non-profit corporation) as of May 31, 2008 and the related statement of revenues, expenditures and changes in fund balance-cash basis for the One Month and Eight Months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about the corporation's assets, liabilities, equity, revenue, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Schalk & Smith, PC
Certified Public Accountants

Gainesville Economic Development Corporation

STATEMENT OF ASSETS, LIABILITIES, AND EQUITY -
ALL FUND TYPES AND ACCOUNT GROUPS-CASH BASIS

MAY 31, 2008

| | GENERAL | GENERAL FIXED ASSETS | GENERAL LONG-TERM DEBT | TOTALS |
|--|---------------------|----------------------------|------------------------------|---------------------|
| ASSETS AND OTHER DEBITS | | | | |
| ASSETS : | | | | |
| CASH-OPERATING | 147,855.48 | - | - | 147,855.48 |
| CASH FIRST STATE BANK TRUST | - | - | - | - |
| INVESTMENT - TEXSTAR | 2,316,763.26 | - | - | 2,316,763.26 |
| CHAMBER REIMBURSEMENT | 6,036.85 | - | - | 6,036.85 |
| A/R-LAZART | - | 102,495.29 | - | 102,495.29 |
| SALES TAX RECEIVABLE | - | - | - | - |
| PREPAID LEASE | - | 369,808.36 | - | 369,808.36 |
| FIXED ASSETS | - | 1,709,228.34 | - | 1,709,228.34 |
| OTHER DEBITS: | | | | |
| AMT TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT | - | - | 1,601,199.92 | 1,601,199.92 |
| TOTAL ASSETS AND OTHER DEBITS | <u>2,470,655.59</u> | <u>2,181,531.99</u> | <u>1,601,199.92</u> | <u>6,253,387.50</u> |
| LIABILITIES AND EQUITY | | | | |
| LIABILITIES: | | | | |
| ACCOUNTS PAYABLE | 7,276.07 | - | - | 7,276.07 |
| DUE TO CITY | 49,718.12 | - | - | 49,718.12 |
| NOTES PAYABLE- FSB | - | - | 1,601,199.92 | 1,601,199.92 |
| TOTAL LIABILITIES | <u>56,994.19</u> | <u>-</u> | <u>1,601,199.92</u> | <u>1,658,194.11</u> |
| EQUITY: | | | | |
| INVESTMENT IN GEN.FIXED FUND BALANCE | - | 2,181,531.99 | - | 2,181,531.99 |
| CURRENT FISCAL YEAR REVENUES OVER (UNDER) EXPENDITURES | 252,686.31 | - | - | 252,686.31 |
| UNRESTRICTED NET ASSETS RETAINED EARNINGS | - | - | - | - |
| TOTAL EQUITY | <u>2,413,661.40</u> | <u>2,181,531.99</u> | <u>-</u> | <u>4,595,193.39</u> |
| TOTAL LIABILITIES AND EQUITY | <u>2,470,655.59</u> | <u>2,181,531.99</u> | <u>1,601,199.92</u> | <u>6,253,387.50</u> |

Gainesville Economic Development Corporation

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE- GENERAL FUND-CASH BASIS
 FOR THE ONE MONTH AND EIGHT MONTHS ENDED MAY 31, 2008

| | 1 MONTH ENDED May 31, 2008 | CURRENT PERIOD BUDGET | 8 MONTHS ENDED May 31, 2008 | YTD BUDGET | YTD % |
|-----------------------------------|-------------------------------|--------------------------|--------------------------------|---------------------|----------|
| REVENUES | | | | | |
| Sales Tax Revenue | 105,609.63 | 79,166.67 | 759,602.67 | 950,000.00 | 0.80 |
| Insurance Proceeds | - | - | - | - | - |
| Reimbursement from Chamber | 9,020.42 | 6,553.83 | 52,968.67 | 78,646.00 | - |
| Interest Income | 4,358.90 | 4,166.67 | 52,027.61 | 50,000.00 | 1.04 |
| Sale of Lazart Building | - | - | - | - | - |
| Bell Aerospace Rent Income | 28,884.73 | 26,400.00 | 231,077.84 | 316,800.00 | 0.73 |
| Rent Income- Valenite | - | - | - | - | - |
| Rent Income- Lazart | - | - | - | - | - |
| Lazart Repayment | 1,373.71 | 1,373.00 | 10,989.68 | 16,476.00 | - |
| Expired Commitment-Univ. Cinema | - | - | - | - | - |
| TOTAL REVENUES | 149,247.39 | 117,660.17 | 1,106,666.47 | 1,411,922.00 | - |
| EXPENDITURES | | | | | |
| Supervisory Salaries | 10,190.82 | 6,937.50 | 60,597.78 | 83,250.00 | 0.73 |
| Clerical Salaries | 3,956.31 | 2,661.67 | 23,114.31 | 31,940.00 | 0.72 |
| Overtime | 276.40 | 25.00 | 384.36 | 300.00 | 1.28 |
| Longevity | - | - | 120.00 | - | - |
| TMRS Retirement | 1,209.79 | 781.80 | 7,053.87 | 9,381.56 | 0.75 |
| FICA | 1,152.35 | 809.42 | 6,728.49 | 9,713.04 | 0.69 |
| Life Insurance | 7.20 | 3.02 | 57.60 | 36.20 | 1.59 |
| Health Insurance | 1,402.98 | 1,325.97 | 11,227.69 | 15,911.68 | 0.71 |
| Worker Compensation | 27.04 | 16.93 | 158.87 | 203.16 | 0.78 |
| Employee Moving Expenses | - | - | - | - | - |
| Office Supplies | - | 133.33 | 1,241.41 | 1,600.00 | 0.78 |
| Postage | - | 125.00 | 408.18 | 1,500.00 | 0.27 |
| Binding, Printing, & Reproduction | 210.00 | 208.33 | 1,200.32 | 2,500.00 | 0.48 |

Gainesville Economic Development Corporation

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE- GENERAL FUND-CASH BASIS
 FOR THE ONE MONTH AND EIGHT MONTHS ENDED MAY 31, 2008

| | 1 MONTH ENDED May 31, 2008 | CURRENT PERIOD BUDGET | 8 MONTHS ENDED May 31, 2008 | YTD BUDGET | YTD % |
|------------------------------|-------------------------------|--------------------------|--------------------------------|---------------|----------|
| Fuels, Oils, & Lubricants | 261.11 | - | 261.11 | - | |
| Data Processing Supplies | 123.96 | 41.67 | 123.96 | 500.00 | 0.25 |
| Minor Office Equipment | 1,228.89 | 83.33 | 1,295.73 | 1,000.00 | 1.30 |
| Books & Periodicals | - | 91.67 | 363.77 | 1,100.00 | 0.33 |
| Miscellaneous Supplies | 93.45 | 83.33 | 396.18 | 1,000.00 | 0.40 |
| Building Maintenance | 7.12 | 833.33 | 1,545.82 | 10,000.00 | 0.15 |
| Grounds Maintenance | 703.80 | 416.67 | 703.80 | 5,000.00 | 0.14 |
| Miscellaneous Maintenance | 3.78 | - | 103.65 | | |
| Vehicle Maintenance | 855.07 | - | 855.07 | | |
| Office Equipment Maintenance | - | - | - | - | |
| Software Maintenance | - | 41.67 | 120.29 | 500.00 | |
| Communications | 228.98 | 333.33 | 2,348.29 | 4,000.00 | 0.59 |
| Dues & Subscriptions | - | 375.00 | 97.26 | 4,500.00 | 0.02 |
| General Insurance | - | 1,666.67 | 11,148.56 | 20,000.00 | 0.56 |
| Professional Fees | 337.15 | 1,250.00 | 7,527.35 | 15,000.00 | 0.50 |
| Advertising & Promotions | 5,212.89 | 2,916.67 | 7,940.47 | 35,000.00 | 0.23 |
| Travel & Training | 1,319.51 | 833.33 | 5,409.00 | 10,000.00 | 0.54 |
| Contractual Services | 351.00 | 1,250.00 | 16,620.27 | 15,000.00 | 1.11 |
| Bank Charges | - | - | - | - | |
| Ad Valorem Taxes | - | 5,416.67 | 53,395.57 | 65,000.00 | 0.82 |
| Airport Land Lease | 5,550.10 | 2,916.67 | 22,686.60 | 35,000.00 | 0.65 |
| Auto Allowance | 692.31 | 500.00 | 4,184.03 | 6,000.00 | 0.70 |
| Solid Waste Utility Service | - | - | - | - | - |
| Water/Sewer Utility Service | - | 166.67 | - | 2,000.00 | - |
| Office Machinery & Equipment | - | - | 216.41 | - | - |
| City Admin Fee | - | 2,083.33 | - | 25,000.00 | - |
| Debt Service | 25,476.74 | - | 203,813.92 | - | - |
| Autos | - | - | 4,999.00 | - | - |

Gainesville Economic Development Corporation

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- GENERAL FUND-CASH BASIS

FOR THE ONE MONTH AND EIGHT MONTHS ENDED MAY 31, 2008

| | 1 MONTH ENDED May 31, 2008 | CURRENT PERIOD BUDGET | 8 MONTHS ENDED May 31, 2008 | YTD BUDGET | YTD % |
|---------------------------------|-------------------------------|--------------------------|--------------------------------|-------------------|----------|
| TOTAL OPERATING EXPENSES | 60,878.75 | 34,327.97 | 458,448.99 | 411,935.64 | |
| Commitment-Impact Project | - | - | - | - | - |
| Commitment-EPC | - | - | 23,500.00 | 50,000.00 | - |
| Commitment-B29 Project | - | - | - | - | - |
| Commitment-MFG Texas Expansion | - | - | - | - | - |
| Commitment-Lazart Project | - | - | 27,000.00 | 30,000.00 | - |
| Commitment-NCTC | - | - | - | - | - |
| Commitment-Complete Production | - | - | 93,750.00 | 187,500.00 | - |
| Commitment-i35 & California | - | - | - | - | - |
| Commitment-GAF | - | - | 50,625.00 | 42,252.00 | - |
| Commitment-Comfort Inn Suites | - | - | - | - | - |
| Commitment-NTQuality Chrome | - | - | - | 129,498.00 | - |
| Commitment-Major Rig Project | 1,562.50 | - | 22,687.50 | 22,500.00 | - |
| Commitment-Allied Production | - | - | 125,000.00 | - | - |
| TOTAL COMMITMENTS | 1,562.50 | - | 342,562.50 | 461,750.00 | |
| Chamber-Supervisory Salaries | 3,807.72 | - | 22,846.32 | 35,000.00 | |
| Chamber-Clerical Salaries | 2,972.94 | - | 17,569.89 | 25,300.00 | |
| Chamber-TMRS Retirement | 550.96 | - | 3,084.17 | 3,955.44 | |
| Chamber-FICA | 500.92 | - | 2,770.57 | 3,711.96 | |
| Chamber-Life Insurance | 4.80 | - | 36.00 | 28.80 | |
| Chamber-Health Insurance | 786.33 | - | 6,204.43 | 9,088.32 | |
| Chamber-Worker Compensation | 12.67 | - | 73.21 | 96.84 | |
| Chamber-Professional Fees | - | - | - | - | |
| Chamber-Overtime | 384.08 | - | 384.08 | - | |
| TOTAL CHAMBER EXPENSES | 9,020.42 | - | 52,968.67 | 77,181.36 | |

UNAUDITED-See Accountant's Compilation Report

Gainesville Economic Development Corporation

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE- GENERAL FUND-CASH BASIS
 FOR THE ONE MONTH AND EIGHT MONTHS ENDED MAY 31, 2008

| | <u>1 MONTH ENDED</u> <u>May 31, 2008</u> | <u>CURRENT PERIOD</u> <u>BUDGET</u> | <u>8 MONTHS ENDED</u> <u>May 31, 2008</u> | <u>YTD</u> <u>BUDGET</u> | <u>YTD</u> <u>%</u> |
|---|---|--|--|-----------------------------|------------------------|
| TOTAL EXPENDITURES | <u>71,461.67</u> | <u>34,327.97</u> | <u>853,980.16</u> | <u>950,867.00</u> | |
| EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENDITURES | <u>77,785.72</u> | <u>83,332.20</u> | <u>252,686.31</u> | <u>461,055.00</u> | |
| FUND BALANCE- | | | | | |
| BEGINNING OF PERIOD | <u>2,365,501.33</u> | | <u>2,160,975.09</u> | | |
| FUND BALANCE- | | | | | |
| END OF PERIOD | <u>2,443,287.05</u> | <u>83,332.20</u> | <u>2,413,661.40</u> | <u>461,055.00</u> | |

GAINESVILLE ECONOMIC DEVELOPMENT CORPORATION
Schedule of Commitments
As of May 31, 2008

| Project | Total Commitment | Expense | | Total Expense | Expired Commitment | Balance of Commitment | Percentage Left |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|--------------------------|--------------------|
| | | This Fiscal Year | Prior Years | | | | |
| R & D Plastics, Inc. | 2,500.00 | - | 2,500.00 | 2,500.00 | - | - | 0.00% |
| North Texas Quality Chrome | 259,000.00 | - | - | - | 151,083.31 | 107,916.69 | 41.67% |
| GAF | 203,000.00 | 50,625.00 | 4,500.00 | 55,125.00 | 50,752.00 | 97,123.00 | 47.84% |
| Enhanced Powder Coatings, LLC | 227,000.00 | 23,500.00 | 86,207.00 | 109,707.00 | 50,000.00 | 67,293.00 | 29.64% |
| B29 | 480,000.00 | - | 480,000.00 | 480,000.00 | - | - | 0.00% |
| MFG Texas | 232,500.00 | - | 225,000.00 | 225,000.00 | 7,500.00 | - | 0.00% |
| Lazart | 550,000.00 | 27,000.00 | 523,000.00 | 550,000.00 | - | - | 0.00% |
| K & D | 8,325.00 | - | 8,325.00 | 8,325.00 | - | - | 0.00% |
| Comfort Suites | 8,024.00 | - | 8,024.00 | 8,024.00 | - | - | 0.00% |
| Innovative Pain & Wellness | 15,215.00 | - | 15,215.00 | 15,215.00 | - | - | 0.00% |
| Complete Production Services | 850,000.00 | 93,750.00 | 375,000.00 | 468,750.00 | - | 381,250.00 | 44.85% |
| 135 & California Entryway | 25,000.00 | - | 25,000.00 | 25,000.00 | - | - | 0.00% |
| Major Rig | 60,000.00 | 22,687.50 | 37,312.50 | 60,000.00 | - | - | 0.00% |
| Impact Energy Services | 160,000.00 | - | 160,882.00 | 160,882.00 | (882.00) | - | 0.00% |
| NCTC | 2,520.00 | - | 2,520.00 | 2,520.00 | - | - | 0.00% |
| Allied Production | 500,000.00 | 125,000.00 | - | 125,000.00 | - | 375,000.00 | 75.00% |
| | <u>3,580,584.00</u> | <u>342,562.50</u> | <u>1,953,485.50</u> | <u>2,296,048.00</u> | <u>258,453.31</u> | <u>1,026,082.69</u> | |