WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK AND SUBSIDIARY

CONSOLIDATED AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Consolidated Audited Financial Statements

WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK AND SUBSIDIARY

DECEMBER 31, 2009 AND 2008

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To the Board of Directors
Westside Industrial Retention and Expansion Network and subsidiary

Report of Independent Auditors

We have audited the accompanying consolidated statement of financial position of Westside Industrial Retention and Expansion Network (a nonprofit organization) and subsidiary (collectively "WIRE-Net") as of December 31, 2009 and 2008, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of WIRE-Net'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 audits 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 the 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 WIRE-Net as of December 31, 2009 and 2008, 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 June 11, 2010, on our consideration of WIRE-Net'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 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.

Pease & Associates, Inc.

Cleveland, Ohio
June 11, 2010

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To the Board of Directors
Westside Industrial Retention and Expansion Network and subsidiary

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

We have audited the consolidated financial statements of Westside Industrial Retention and Expansion Network (a nonprofit organization) and subsidiary (collectively "WIRE-Net") as of and for the year ended December 31, 2009, and have issued our report thereon dated June 11, 2010. 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 WIRE-Net'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 WIRE-Net's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WIRE-Net'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 a 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 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 WIRE-Net'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 management, the Finance Committee, others within the entity, and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Pease & Associates, Inc.

Cleveland, Ohio
June 11, 2010

WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 133,173	$ 505,368
Grants receivable	440,497	632,454
Accounts receivable	38,208	54,842
Prepaid expenses	18,147	2,078
Total Current Assets	630,025	1,194,742
Property and Equipment		
Office furniture and equipment	185,312	185,312
Less: accumulated depreciation	(185,312)	(184,823)
	-	489
Other Assets		
Note receivable	158,000	-
Deposits	6,809	6,809
	164,809	6,809
TOTAL ASSETS	$ 794,834	$ 1,202,040
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 103,707	$ 160,456
Accrued expenses	40,624	2,288
Total Current Liabilities	144,331	162,744
Net Assets		
Unrestricted	266,668	385,118
Temporarily restricted	383,835	654,178
Total Net Assets	650,503	1,039,296
TOTAL LIABILITIES AND NET ASSETS	$ 794,834	$ 1,202,040

See notes to consolidated financial statements.

WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Amount
REVENUE AND OTHER SUPPORT			
Grants	$ 1,305,226	$ 396,500	$ 1,701,726
Consulting fees	187,783		187,783
Membership dues and contributions	152,045		152,045
Interest income	6,456		6,456
Program events and workshops	192,864		192,864
Net assets released from donor restrictions	666,843	(666,843)	
TOTAL REVENUE AND OTHER SUPPORT	2,511,217	(270,343)	2,240,874
EXPENSES			
Program services	2,307,646		2,307,646
Supporting services:			
Management and general expenses	230,706		230,706
Fundraising expenses	91,315		91,315
	2,629,667		2,629,667
CHANGE IN NET ASSETS	(118,450)	(270,343)	(388,793)
NET ASSETS AT BEGINNING OF YEAR	385,118	654,178	1,039,296
NET ASSETS AT END OF YEAR	$ 266,668	$ 383,835	$ 650,503

See notes to consolidated financial statements.

WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2008

	Unrestricted	Temporarily Restricted	Amount
REVENUE AND OTHER SUPPORT			
Grants	$ 1,407,140	$ 698,000	$ 2,105,140
Consulting fees	257,580		257,580
Membership dues and contributions	245,979		245,979
Interest income	18,193		18,193
Program events and workshops	21,755		21,755
Net assets released from donor restrictions	389,634	(389,634)	
TOTAL REVENUE AND OTHER SUPPORT	2,340,281	308,366	2,648,647
EXPENSES			
Program services	2,038,068		2,038,068
Supporting services:			
Management and general expenses	281,079		281,079
Fundraising expenses	92,386		92,386
	2,411,533		2,411,533
CHANGE IN NET ASSETS	(71,252)	308,366	237,114
NET ASSETS AT BEGINNING OF YEAR	456,370	345,812	802,182
NET ASSETS AT END OF YEAR	$ 385,118	$ 654,178	$ 1,039,296

See notes to consolidated financial statements.

WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK
AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2009

	Program Services								Supporting Services		
	Manufacturing Assistance	Great Lakes WIND Network™ (GLWN™)	Youth Workforce Development	Adult Workforce Development	Membership	Redevelopment	SAFE-16	Total Program Services	Management and general	Fundraising	Total
Payroll	$ 319,689	$ 354,048	$ 139,637	$ 54,817	$ 47,598	$ 56,131	$ 45,651	$ 1,017,571	$ 139,040	$ 71,593	$ 1,228,204
Payroll taxes and fringes	60,293	54,690	30,488	12,408	10,246	16,698	6,698	191,521	29,378	15,196	236,095
	379,982	408,738	170,125	67,225	57,844	72,829	52,349	1,209,092	168,418	86,789	1,464,299
Contractual services	117,464	435,967	8,722	32,227	26,651		1,840	622,871	13,606		636,477
Job training/management education			93,665					93,665			93,665
Occupancy	21,547	10,730	14,118	7,666	893	3,771		58,725		3,520	62,245
Travel	6,131	48,455	8,886	833	689	610	483	66,087	3,052	54	69,193
Office supplies and equipment	2,315	3,378	3,828	178			1,237	10,936	26,370	32	37,338
Communication	25,141	10,362	709	295	1,255			37,762	873		38,635
Other events and workshops	9,544	98,710			1,188			109,442			109,442
Uncollectible accounts	6,300	15,642		1,470	22,037			45,449			45,449
Telephone	2,115	3,832	6,467	1,355	391	663	2,423	17,246		619	17,865
Split dues					11,971			11,971			11,971
Meetings	196	1,328	247	10	6,052	33		7,866	609		8,475
Dues and subscriptions	956	3,401				4,712		9,069	1,504	60	10,633
Staff and board development	1,273	75	4,429	305	85	75		6,242	5,195		11,437
Postage and shipping	224	231	39	50				544	3,701	241	4,486
Depreciation								-	489		489
Staff recruitment		23						23	9		32
Bank charges and fees						21		21	3,791		3,812
Insurance								-	2,864		2,864
Scholarship award								-			-
Miscellaneous		635						635	225		860
	$ 573,188	$ 1,041,507	$ 311,235	$ 111,614	$ 129,056	$ 82,714	$ 58,332	$ 2,307,646	$ 230,706	$ 91,315	$ 2,629,667

See notes to consolidated financial statements.

WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2008

	Program Services								Supporting Services		
	Manufacturing Assistance	Great Lakes WIND Network™ (GLWN™)	Youth Workforce Development	Adult Workforce Development	Membership	Redevelopment	SAFE-16	Total Program Services	Management and general	Fundraising	Total
Payroll	$ 299,020	$ 170,893	$ 174,265	$ 96,101	$ 44,480	$ 52,792	$ 45,195	$ 882,746	$ 166,833	$ 71,475	$ 1,121,054
Payroll taxes and fringes	57,256	24,476	46,895	23,637	10,640	18,126	4,743	185,773	40,122	14,328	240,223
	356,276	195,369	221,160	119,738	55,120	70,918	49,938	1,068,519	206,955	85,803	1,361,277
Contractual services	270,388	286,540		33,204	16,266	10,044	990	617,432	14,324		631,756
Job training/management education			95,766	256				96,022			96,022
Occupancy	21,192	7,395	14,310	9,838	1,071	2,554		56,360		4,268	60,628
Travel	9,912	25,494	5,294	605	416	1,042	1,165	43,928	2,651	342	46,921
Office supplies and equipment	6,488	9,090	2,495	40	623		3,052	21,788	19,947	806	42,541
Communication	1,963	15,403	750		2,498			20,614	10,262		30,876
Other events and workshops	7,808	15,852	2,058	284	2,848			28,850	1,500		30,350
Uncollectible accounts	645		200		18,580	1,800		21,225		160	21,385
Telephone	2,970	2,602	7,135	1,649	546	414	2,761	18,077		691	18,768
Split dues					16,704			16,704			16,704
Meetings	819	1,143	205	256	8,453	300	60	11,236	1,216		12,452
Dues and subscriptions	2,395	398		190		4,667		7,650	3,610	60	11,320
Staff and board development	987	75	369	264	867	35		2,597	4,980		7,577
Postage and shipping	56	285			207			548	4,202	256	5,006
Depreciation									4,865		4,865
Staff recruitment	3,485			125				3,610	225		3,835
Bank charges and fees									3,148		3,148
Insurance									2,882		2,882
Scholarship award			1,908					1,908			1,908
Miscellaneous					1,000			1,000	312		1,312
	$ 685,384	$ 559,646	$ 351,650	$ 166,449	$ 125,199	$ 91,774	$ 57,966	$ 2,038,068	$ 281,079	$ 92,386	$ 2,411,533

See notes to consolidated financial statements.

WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	$ (388,793)	$ 237,114
Adjustments to reconcile (decrease) increase in net assets to net cash used for operating activities:		
Depreciation	489	4,865
Changes in assets and liabilities:		
Grants and accounts receivables	208,591	(410,677)
Prepaid expenses	(16,069)	(8)
Accounts payable and accrued expenses	(18,413)	109,658
NET CASH USED FOR OPERATING ACTIVITIES	(214,195)	(59,048)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans made	(158,000)	
NET CASH USED FOR INVESTING ACTIVITIES	(158,000)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(372,195)	(59,048)
CASH AND CASH EQUIVALENTS, beginning of year	505,368	564,416
CASH AND CASH EQUIVALENTS, end of year	$ 133,173	$ 505,368

See notes to consolidated financial statements.

WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTE 1 – ORGANIZATION AND OPERATIONS

The mission of the Westside Industrial Retention and Expansion Network (formed in 1988) and subsidiary (formed in 1996) ("WIRE-Net" or the "Organization") is to strengthen manufacturing in order to create healthy communities and fuel economic growth. The Organization provides expertise that is responsive to manufacturing-related businesses and their employees. WIRE-Net also connects leaders to each other and engages them in their communities.

WIRE-Net's website is www.wire-net.org.

WIRE-Net currently engages in the following programs:

- ***Manufacturing Assistance Program*** – working directly with manufacturing businesses to help them cut costs, innovate, increase their effectiveness and grow their business. Competitiveness is improved through training and consulting services for companies in LEAN, ISO, and through Manufacturing Innovation for the Next Decade (MIND). WIRE-Net manages the Cleveland Industrial Retention Initiative (CIRI) in coordination with the City of Cleveland's Department of Economic Development. CIRI is a program of the City of Cleveland providing outreach efforts to raise industry awareness of available resources to stimulate business and neighborhood investment, foster job creation, and make Cleveland more "user friendly."

- ***Great Lakes WIND Network™ (GLWN™) Program*** – assists in business development and job creation through growth in the wind industry by developing and implementing a comprehensive plan to identify, expand and promote the wind energy supply chain. The Great Lakes WIND Network™ (GLWN™) was launched by WIRE-Net in 2007 and has grown substantially and has become a force in the U.S. wind industry. Great Lakes WIND Network™ (GLWN™) provides linkages between wind turbine companies seeking to grow in America, manufacturers looking to gain new business through components production, and economic development groups that are seeking ways to promote local investment and job growth.

- ***Youth Workforce Development Program*** – provides a continuum of services to youth in junior high through post-secondary education. The School-to-Career Program, for younger students, is based at Max Hayes High School and provides students with employability and life skills training and manufacturing career awareness activities, as well as mentoring, tutoring, leadership development, work experiences, and social service supports. WIRE-Net's Accelerated Introduction to Manufacturing Camp (AIM) in an intensive 5-week summer career exploration program designed to interest 8th grade students in pursuing careers in advanced manufacturing. Project HIPHOP, WIRE-Net's program for older youth, helps participants earn a diploma or GED and, with technical training, transition from unemployment or underemployment to family-sustaining employment.

- ***Adult Workforce Development Program*** – provides a range of services to individual job seekers, incumbent workers, and manufacturing companies throughout Northeast Ohio. Services include candidate recruitment, screening, and referrals to job openings or to supportive services; training program development in conjunction with technical training providers; workplace assessment followed by development and implementation of improvement strategies, and human resource consulting.

- ***Membership Program*** – WIRE-Net is a membership-based organization devoted to the advancement of manufacturing. WIRE-Net assists its membership by engaging manufacturing company leaders in networking activities, connecting companies to resources and providing a collective voice for the manufacturing community in the areas of policy, research and education.

- ***Redevelopment Program*** – providing extensive industrial site search assistance to companies, increasing the availability of developable industrial land and providing infrastructure planning and advocacy.

- ***SAFE-16 Program*** – WIRE-Net is the fiscal agent for the SAFE-16 Program, which provides technical assistance to local neighborhood businesses and their employees regarding safety issues and resolving business district and neighborhood concerns about actual and potential criminal activity through increased awareness, education and crime prevention strategies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation policy: The accompanying consolidated financial statements include the accounts of WIRE-Net and its wholly-owned subsidiary, WIRE-Net Development Company. WIRE-Net Development Company is a corporation formed to hold land purchased for an economic redevelopment project in Cleveland, Ohio. The land was sold in 2006 and WIRE-Net Development Company's accounts and transactions are not material to the accompanying consolidated financial statements.

Basis of accounting: The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

In June 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 105, "*Generally Accepted Accounting Principles*" (formerly Statement of Financial Accounting Standards ("SFAS") No. 168). Effective for reporting periods ending after September 15, 2009, this pronouncement established the FASB ASC as the single source of authoritative nongovernmental U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). The Company adopted this statement as of December 31, 2009. The adoption of this statement did not have a material effect on the financial statements or related disclosures, which have been updated to include appropriate references to the FASB ASC.

Basis of presentation: Financial statement presentation follows the requirements of the FASB ASC 958, "*Financial Statements of Not-for-Profit Organizations*" (formerly SFAS No. 117). Under FASB ASC 958, the Organization 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. WIRE-Net has no permanently restricted net assets at December 31, 2009 and 2008.

Revenue recognition: WIRE-Net follows FASB ASC 958 605-15, "*Accounting for Contributions Received and Contributions Made*" (formerly SFAS No. 116). Accordingly, contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

WIRE-Net uses the allowance method to provide for uncollectible contributions receivable. At December 31, 2009 and 2008, no allowance was considered necessary by management as all contributions receivable were deemed fully collectible.

Cash and cash equivalents: WIRE-Net considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents.

Cash and cash equivalents at December 31, 2009 consist of three checking accounts with two financial institutions. Cash and cash equivalents at December 31, 2008 consist of four checking accounts and certificates of deposit with two financial institutions. Cash in these accounts may, at times, exceed the federally-insured limit. The Organization has not experienced any losses in such accounts and management does not believe they are exposed to any substantial credit risk.

Grants and accounts receivables: Grants and accounts receivable are recognized as revenues or gains in the period in which an unconditional promise to give is received or, in the case of cost reimbursement based grants, in the period in which the related expenditures are incurred. Assets, reductions of liabilities, or expenses are recognized depending on the form of the benefits received. The Organization uses the allowance method to provide for uncollectible grants and accounts receivable. Estimates of uncollectible amounts are based on prior years' experience and management's analysis of individual accounts.

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance deemed necessary for grants and accounts receivable at December 31, 2009 and 2008.

Property and equipment: Property and equipment are recorded at cost at the date of acquisition. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are 5-10 years for office furniture and equipment. Depreciation expense for 2009 and 2008 totaled $489 and $4,865, respectively.

Membership dues revenue and split dues expense: WIRE-Net has a joint membership agreement with five community development corporations that sponsor WIRE-Net. WIRE-Net remits a portion of dues received, classified as split dues expense, to these sponsoring community development corporations.

Contributed services: FASB ASC 958 605-15 states that for donated services to be recognized in the financial statements, the services must either (a) create or enhance non-financial assets or (b) require specialized skills, provided by entities or persons possessing those skills that would have to be purchased if not donated.

A number of volunteers have donated significant amounts of their time assisting WIRE-Net with specific programs, management and internal functions, campaign solicitations and various committee assignments. These donated services have not been recognized in the accompanying financial statements because the criteria for recognition of such volunteer efforts under FASB ASC 958 605-15 have not been satisfied.

Allocation of expenses by function: Amounts in the accompanying statements of functional expenses are allocated between program expenses, management and general expenses, and fundraising expenses based on estimated percentages deemed appropriate by the Organization's management.

Financial instruments: The Organization's financial instruments are cash and cash equivalents, grants and accounts receivable, note receivable and accounts payable. The recorded values of cash and cash equivalents, grants and accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded value of the note receivable approximate fair value as its interest rate approximates market rates.

Income taxes: WIRE-Net is a non-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization other than a private foundation under Section 509(a) of the Internal Revenue Code. WIRE-Net Development Company is a taxable nonprofit corporation and is, therefore, responsible for income taxes on its taxable income, if any.

In 2009, the Organization adopted the provisions of FASB ASC 740-10 (formerly FASB Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes"*) which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740-10 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Based on management's evaluation, the Organization has concluded that there are no significant uncertain tax positions requiring recognition in the Organization's financial statements.

Compensated absences: Employees of WIRE-Net are entitled to paid vacation depending on job classification, length of service, and other factors. In 2009, the Organization began accruing for such compensated absences and the accrued balance as of December 31, 2009 totaled $35,958. Prior to 2009, WIRE-Net recognized the cost of compensated absences when actually paid to the employees.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events: In May 2009, the FASB issued ASC 855, "*Subsequent Events*" (formerly SFAS No. 165). FASB ASC 855 establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before financial statements are issued or are available to be issued. FASB ASC 855 was effective for fiscal years ending after June 15, 2009. The implementation of this standard did not have a material impact on the Organization's financial statements.

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 11, 2010, the date the consolidated financial statements were available to be issued.

NOTE 3 – GOVERNMENTAL AND FOUNDATION FUNDING

The Organization received approximately 58% and 54% of its funding for 2009 and 2008, respectively, through Federal, state, county, and city grants and purchases of service agreements. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's activities. Grants receivable from government funding sources totaled $237,677 and $385,554 at December 31, 2009 and 2008, respectively.

Also, during 2009 and 2008, the Organization received $235,000 and $400,000, respectively, of additional grant funding for three programs from one foundation. Grants receivable from this foundation totaled $115,000 and $160,000 at December 31, 2009 and 2008, respectively.

NOTE 4 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2009 and 2008 are restricted for and relate to the following programs:

	2009	2008
Great Lakes WIND Network™ (GLWN™)	$ 39,180	$ 249,048
Redevelopment	7,325	187,305
Youth Workforce Development	269,158	137,760
Manufacturing Assistance	68,172	59,474
Membership	-	16,619
Adult Workforce Development	-	3,972
	$ 383,835	$ 654,178

NOTE 5 – COMMITMENTS

As of December 31, 2008, net assets temporarily restricted for the redevelopment program included $156,156 of cash and cash equivalents, related to proceeds from WIRE-Net Development Company's sale of land located in Walworth Run Industrial Park to the Cleveland Municipal School District in 2006. Upon completion of the sale, the State of Ohio restricted $158,000 of the sale proceeds for use in another economic redevelopment project to be disbursed by November 2009.

As described in Note 6, to satisfy the release of the State of Ohio's restriction, in 2009, WIRE-Net loaned $158,000 to a company for property redevelopment and job creation.

NOTE 6 – NOTE RECEIVABLE

In 2009, the Organization loaned $158,000 to a company for property redevelopment and job creation. The note requires quarterly interest-only payments commencing on September 1, 2009 through May 31, 2011. The total amount of the note is due May 31, 2011. The note bears interest at 3%.

NOTE 7 – RENTAL COMMITMENTS

WIRE-Net leases its office facility and certain office equipment under various operating leases. The office equipment leases expire at various times through September 2012. WIRE-Net renewed its office facility lease for a one-year term, beginning July 2009. In May 2010, WIRE-Net extended its office facility lease for a two-year term beginning July 2010.

Rent expense for all operating leases for the years ended December 31, 2009 and 2008 totaled $58,819 and $55,709, respectively.

At December 31, 2009, future minimum rental payments required under the leases, including the latest extension of the office facility lease, are as follows:

Year ending December 31,	Amount
2010	$ 48,540
2011	48,352
2012	25,205
	$ 122,097

WIRE-Net also pays rent on a month-to-month basis to house program employees for the City of Cleveland's Cleveland Industrial Retention Initiative program at off-site locations. Rent paid in 2009 and 2008 totaled $10,440 and $10,990, respectively.

NOTE 8 – LINE OF CREDIT

WIRE-Net has available a $100,000 bank demand line of credit. Each borrowing on the line of credit bears interest at the bank's prime rate (3.25% at December 31, 2009 and 2008) plus 0.75%. The line is secured by the assets of the Organization. As of December 31, 2009 there were no borrowings on the line.

NOTE 9 – RETIREMENT PLAN

The Organization has a defined contribution retirement plan (the "Plan") under Section 403(b) of the Internal Revenue Code. Under the Plan, employees may elect to defer a portion of their salary, subject to Plan provisions and Internal Revenue Code limits. It is the policy of WIRE-Net to match a portion of eligible employee salary deferral contributions. In addition, the Organization may make discretionary contributions to the Plan. Effective April 1, 2009, the Organization suspended its matching contributions. WIRE-Net did not make any discretionary contributions in 2009 and 2008. Matching contributions for 2009 and 2008 totaled $7,852 and $30,935, respectively.