



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Form 990

Return of Organization Exempt From Income Tax

OMB No 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2008 Open to Public Inspection

The organization may have to file a copy of this return to satisfy state reporting requirements.

Form 990 header section including: A For the 2008 calendar year, or tax year beginning 4/01/08 and ending 3/31/09; B Check if applicable; C Name of organization NORTHEAST AREA DEVELOPMENT INC; D Employer identification number 16-6091542; E Telephone number; F Name and address of principal officer; G Gross receipts \$ 1,192,394; H(a) Is this a group return for affiliates?; H(b) Are all affiliates included?; I Tax-exempt status; J Website: N/A; K Type of organization; L Year of formation; M State of legal domicile.

Part I Summary

Table with 3 columns: Description, Prior Year, Current Year. Rows include: 1 Briefly describe the organization's mission... Crime Prevention Fund...; 2 Check this box...; 3 Number of voting members...; 4 Number of independent voting members...; 5 Total number of employees...; 6 Total number of volunteers...; 7a Total gross unrelated business revenue...; 7b Net unrelated business taxable income...; 8 Contributions and grants...; 9 Program service revenue...; 10 Investment income...; 11 Other revenue...; 12 Total revenue...; 13 Grants and similar amounts paid...; 14 Benefits paid...; 15 Salaries, other compensation...; 16a Professional fundraising fees...; 16b Total fundraising expenses...; 17 Other expenses...; 18 Total expenses...; 19 Revenue less expenses...; 20 Total assets...; 21 Total liabilities...; 22 Net assets or fund balances.

Part II Signature Block

Signature Block section including: Sign Here with signature of John Page, Executive Director, dated 1-19-10; Preparer's Use Only with signature of Stephen Gaudino CPA, CFP PC, dated 1/15/10, firm name and address in Rochester, NY.

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [] No
DAA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2008)

Handwritten numbers: 616 and 3

Part III Statement of Program Service Accomplishments (see instructions)

1 Briefly describe the organization's mission:

Crime Prevention Fund: State subsidized program to implement anticrime activities and neighborhood watch programs.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses.

Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code:) (Expenses \$ **85,659** including grants of \$) (Revenue \$ **85,659**)

DIVISION OF HOUSING & COMMUNITY RENEWAL (FUND): State subsidized program for neighborhood preservation & renewal

4b (Code:) (Expenses \$ **88,208** including grants of \$) (Revenue \$ **88,208**)

SPECIAL MATERIALS GRAND FUND: City funded program to fund special material needs of local residents for their houses

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services. (Describe in Schedule O)

(Expenses \$ **797,748** including grants of \$) (Revenue \$ **797,748**)

4e Total program service expenses ♦ \$ **971,615** (Must equal Part IX, Line 25, column (B).)

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II		X
5 Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III		
6 Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11 Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	X	
12 Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the U.S.?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If "Yes," complete Schedule F, Part I		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III		X
17 Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I		X
18 Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H		X
21 Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22 Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23 Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J		X
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25.		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
28 During the tax year, did any person who is a current or former officer, director, trustee, or key employee:		
a Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? If "Yes," complete Schedule L, Part IV		X
b Have a family member who had a direct or indirect business relationship with the organization? If "Yes," complete Schedule L, Part IV		X
c Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1		X
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		X
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X

Part V Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		X
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
4b	If "Yes," enter the name of the foreign country: See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
6a	Did the organization solicit any contributions that were not tax deductible?		X
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization provide goods or services in exchange for any quid pro quo contribution of more than \$75?		X
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7d	If "Yes," indicate the number of Forms 8282 filed during the year		
7e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		X
7h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		X
8	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
9	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		X
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		X
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter:		
11a	Gross income from members or shareholders		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		

Part VI Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

Section A. Governing Body and Management

		Yes	No
For each "Yes" response to lines 2-7b below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.			
1a	Enter the number of voting members of the governing body		
b	Enter the number of voting members that are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a material diversion of the organization's assets?		X
6	Does the organization have members or stockholders?		X
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		X
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following.		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9a	Does the organization have local chapters, branches, or affiliates?		X
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990		X
11	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

Section B. Policies

		Yes	No
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13		X
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?		
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done		
13	Does the organization have a written whistleblower policy?		X
14	Does the organization have a written document retention and destruction policy?		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:		
a	The organization's CEO, Executive Director, or top management official?		X
b	Other officers or key employees of the organization? Describe the process in Schedule O (see instructions)		X
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ♦ **NY**
- 18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply
 Own website Another's website Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ♦ **KEN GRACI**
360 WEBSTER AVE
NY 14609
ROCHESTER

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	382,959				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	616,382				
	g Noncash contributions included in lines 1a-1f \$						
	h Total. Add lines 1a-1f			999,341			
Program Service Revenue		Busn Code					
	2a		1,980	1,980			
	b						
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f			1,980			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		156	156			
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross Rents	(i) Real	(ii) Personal				
	b Less: rental exps						
	c Rental inc or (loss)						
	d Net rental income or (loss)						
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b Less: cost or other basis & sales exps						
	c Gain or (loss)						
	d Net gain or (loss)						
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18						
		a					
		b Less: direct expenses					
	c Net income or (loss) from fundraising events						
	9a Gross income from gaming activities See Part IV, line 19						
a							
b Less: direct expenses							
c Net income or (loss) from gaming activities							
10a Gross sales of inventory, less returns and allowances							
	a						
	b Less: cost of goods sold						
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue		Busn. Code					
11a GROSS RENTS			133,719	133,719			
b MISCELLANEOUS			54,924	54,924			
c GAIN ON INVESTMENTS			2,274	2,274			
d All other revenue							
e Total. Add lines 11a-11d			190,917				
12 Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e			1,192,394	193,053	0	0	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	49,823	41,594	8,229	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	255,326	213,158	42,168	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits	11,934	9,596	2,338	
10 Payroll taxes	34,035	28,414	5,621	
11 Fees for services (non-employees).				
a Management				
b Legal				
c Accounting	9,262	8,698	564	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	31,586		31,586	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	46,992	42,293	4,699	
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a PROGRAM COSTS	389,033	389,033		
b GRANTS	152,655	152,655		
c BUILDING EXP & MAINTENANC	65,199	51,273	13,926	
d MISCELLANEOUS	9,793	5,812	3,981	
e TELEPHONE	7,450	6,930	520	
f All other expenses	24,336	22,159	2,177	
25 Total functional expenses. Add lines 1 through 24f	1,087,424	971,615	115,809	
26 Joint Costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year	
Assets	1	Cash—non-interest bearing	58,589	1	31,055
	2	Savings and temporary cash investments	104,218	2	74,931
	3	Pledges and grants receivable, net	148,901	3	183,500
	4	Accounts receivable, net		4	
	5	Receivables from current and former officers, directors, trustees, key employees, or other related parties Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment: cost basis	1,497,673		
	b	Less: accumulated depreciation. Complete Part VI of Schedule D	314,079	10c	1,183,594
	11	Investments—publicly traded securities		11	
	12	Investments—other securities. See Part IV, line 11		12	
	13	Investments—program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11	14,404	15	11,381
16	Total assets. Add lines 1 through 15 (must equal line 34)	1,380,566	16	1,484,461	
Liabilities	17	Accounts payable and accrued expenses	7,534	17	44,577
	18	Grants payable		18	
	19	Deferred revenue	187,539	19	86,307
	20	Tax-exempt bond liabilities		20	
	21	Escrow account liability Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties	317,469	23	324,988
	24	Unsecured notes and loans payable		24	
	25	Other liabilities. Complete Part X of Schedule D	84,107	25	139,702
	26	Total liabilities. Add lines 17 through 25	596,649	26	595,574
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	783,917	27	888,887
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	783,917	33	888,887
34	Total liabilities and net assets/fund balances	1,380,566	34	1,484,461	

Part XI Financial Statements and Reporting

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
b	Were the organization's financial statements audited by an independent accountant?		X
c	If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		
b	If "Yes," did the organization undergo the required audit or audits?		

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ◆	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	556,140	778,935	877,285			2,212,360
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1-3	556,140	778,935	877,285			2,212,360
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						2,156,963
6 Public support. Subtract line 5 from line 4						55,397

Section B. Total Support

Calendar year (or fiscal year beginning in) ◆	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4	556,140	778,935	877,285			2,212,360
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	815	91	149			1,055
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)	128,669	120,220	19,795			268,684
11 Total support. Add lines 7 through 10						2,482,099
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	14	2.2319 %
15 Public support percentage from 2007 Schedule A, Part IV-A, line 26f	15	88.4294 %
16a 33 1/3 % support test—2008. If the organization did not check the box on line 13, and line 14 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 33 1/3 % support test—2007. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization <input checked="" type="checkbox"/>		
17a 10%-facts-and-circumstances test—2008. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2007. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ◆	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1-5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ◆	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

15 Public support percentage for 2008 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2007 Schedule A, Part IV-A, line 27g	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2008 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2007 Schedule A, Part IV-A, line 27h	18	%

19a 33 1/3 % support tests—2008. If the organization did not check the box on line 14, and line 15 is more than 33 1/3 %, and line 17 is not more than 33 1/3 %, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3 % support tests—2007. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3 %, and line 18 is not more than 33 1/3 %, check this box and stop here. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

Part IV **Supplemental Information.** Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. (see instructions)

Part II, Line 10 - Other Income Detail

\$ 268,684

NORTH EAST AREA DEVELOPMENT, INC.

SCHEDULE OF FEDERAL AWARDS

FOR THE YEAR ENDED MARCH 31, 2002

Federal Grantor/Program Title	Federal CFDA Number	Program Expenditures
<u>Major Federal Awards:</u>		
United States Department of Housing and Urban Development Graffiti and Rap Program Passed through City of Rochester	14.218	197,036
United States Department of Housing and Urban Renewal Shelter Grant Program Passed through State of New York	14.218	<u>85,659</u>
Total Federal Awards		<u>282,695</u>

NORTH EAST AREA DEVELOPMENT, INC
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	CURRENT FUNDS		<u>2009</u>	<u>2008</u>
	UNRESTRICTED	RESTRICTED		
<u>PUBLIC SUPPORT & REVENUE</u>				
Grants:				
Dormitory Authority	0	0	0	50,000
Freedom School Construction	0	102,040	102,040	129,806
Freedom School	0	468,487	468,487	277,783
RACF	0	303	303	1,055
21st Century	0	0	0	26,707
Tool Library	0	0	0	2,283
DCJS	0	0	0	6,000
Landmark Grant	0	27,450	27,450	27,451
Enterprise Grant	0	72,814	72,814	105,000
DHCR	0	85,659	85,659	81,500
City of Rochester	0	197,036	197,036	531,324
United Way	0	5,000	5,000	10,000
Miscellaneous Grants	0	4,405	4,405	1,130
	0	963,194	963,194	1,250,039
Revenue:				
Donations	36,147	0	36,147	9,627
Individual memberships	1,980	0	1,980	980
Interest Income	156	0	156	264
Unrealized Gain on Investments	2,274	0	2,274	1,731
Other	54,924	0	54,924	4,493
Rent	133,719	0	133,719	86,336
	229,200	963,194	1,192,394	1,353,470
<u>EXPENSES</u>				
Program Services	0	971,615	971,615	1,039,153
Supporting Services	115,809	0	115,809	85,937
	115,809	971,615	1,087,424	1,125,090
EXCESS (DEFICIENCY) OF PUBLIC SUPPORT AND REVENUE OVER EXPENSES				
	113,391	(8,421)	104,970	228,380
FUND BALANCES, BEGINNING OF YEAR				
	783,917	0	783,917	555,537
FUND BALANCE TRANSFERS				
	(8,421)	8,421	0	0
FUND BALANCE, END OF YEAR				
	888,887	0	888,887	783,917

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

R

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2008

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

Name of the organization

Employer identification number

NORTHEAST AREA DEVELOPMENT INC

16-6091542

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate contributions to (during year), 3 Aggregate grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors... Yes/No, 6 Did the organization inform all grantees... Yes/No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

Form section for Conservation Easements. Includes checkboxes for purposes (land for public use, natural habitat, open space, historic area, historic structure), a table for 'Held at the End of the Year' (rows 2a-2d), and questions 3-9 regarding monitoring, expenses, and reporting.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- 1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items
b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
(I) Revenues included in Form 990, Part VIII, line 1
(II) Assets included in Form 990, Part X
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items:
a Revenues included in Form 990, Part VIII, line 1
b Assets included in Form 990, Part X

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Trust, Escrow and Custodial Arrangements. Complete if organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

- c Beginning balance
- d Additions during the year
- e Distributions during the year
- f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Pnor year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as:

- a Board designated or quasi-endowment ♦ _____ %
- b Permanent endowment ♦ _____ %
- c Term endowment ♦ _____ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other		1,497,673	314,079	1,183,594
Total. Add lines 1a–1e. (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				♦ 1,183,594

SCHEDULE O
(Form 990)Department of the Treasury
Internal Revenue Service

Name of the organization

Supplemental Information to Form 990

◆ Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.

OMB No 1545-0047

2008**Open to Public
Inspection****NORTHEAST AREA DEVELOPMENT INC**

Employer identification number

16-6091542**Form 990 - Organization's Mission or Most Significant Activities**

Graffiti Fund: City funded program to provide for graffiti removal on public utilities and approved private structures.

North East Drive for Drug Prevention: City and United Way funded program to promote drug prevention through a neighborhood festival and other local activities.

Form 990, Part III, Line 4d - All Other Achievements

State subsidized program for neighborhood preservation & renewal

Forms 990 / 990-PF	Mortgages and Other Notes Payable	2008
For calendar year 2008, or tax year beginning 4/01/08 , and ending 3/31/09		

Name NORTHEAST AREA DEVELOPMENT INC	Employer Identification Number 16-6091542
---	---

Form 990, Part X, Line 23 - Additional Information

Name of lender	Relationship to disqualified person
(1) LOAN PAYABLE	
(2) LOAN PAYABLE/CP	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1)	317,469	324,988
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Totals	317,469	324,988

NORTH EAST AREA DEVELOPMENT INC.

FINANCIAL STATEMENTS

MARCH 31, 2009

STEPHEN GAUDINO

Certified Public Accountant
Certified Financial Planner

101 Canal Landing Blvd. Suite 10
Rochester, New York 14626
585-232-7075 Telephone
585-232-7709 Fax
www.stevegaudino.com

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
North East Area Development, Inc.
Rochester New York

I have audited the accompanying balance sheets of North East Area Development, Inc. (a nonprofit organization) as March 31, 2009 and the related statements of support, revenue, expenses, and changes in net assets, functional revenues and expenses and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these combined financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, the 1995 Audit Manual For Selected DHCR Programs, Government Auditing Standards issued by the comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education, Other Nonprofit Institutions" and the standards prescribed by the Audit Guide for Recipients of New York State Housing Agency Funding. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North East Area Development, Inc. as of March 31, 2009 and the results of its operations and changes in fund balances for the year then ended, in conformity with generally accepted accounting principles.

Stephen Gaudino, CPA CFP

Rochester New York
December 18, 2009

NORTH EAST AREA DEVELOPMENT, INC.
BALANCE SHEET
AS OF MARCH 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	CURRENT FUNDS			
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>				
Current Assets:				
Prepaid Expense	1,636	0	1,636	1,394
Escrow	9,745	0	9,745	13,010
Cash	26,234	20,679	46,913	113,208
Other Receivables	0	183,500	183,500	148,901
Investments-Schwab/Vanguard	<u>59,073</u>	<u>0</u>	<u>59,073</u>	<u>49,599</u>
Total Current Assets	96,688	204,179	300,867	326,112
Property & Equipment, net of accumulated depreciation	<u>1,183,594</u>	<u>0</u>	<u>1,183,594</u>	<u>1,054,454</u>
Total Assets	<u><u>1,280,282</u></u>	<u><u>204,179</u></u>	<u><u>1,484,461</u></u>	<u><u>1,380,566</u></u>
<u>LIABILITIES & FUND BALANCE</u>				
Current Liabilities:				
Current Portion of Loans Payable	57,452	0	57,452	21,950
Accounts Payable	44,577	0	44,577	7,534
Payroll Tax Withholding	0	0	0	0
Security Deposits	6,875	0	6,875	6,275
Custodial A/C's	9,197	0	9,197	15,688
Line of Credit	5,758	117,872	123,630	62,144
Deferred Income	<u>0</u>	<u>86,307</u>	<u>86,307</u>	<u>187,539</u>
Total Current Liabilities	123,859	204,179	328,038	301,130
Long Term Liabilities:				
Loans Payable	267,536	0	267,536	295,519
Fund Balances	<u>888,887</u>	<u>0</u>	<u>888,887</u>	<u>783,917</u>
Total Liabilities and fund balances	<u><u>1,280,282</u></u>	<u><u>204,179</u></u>	<u><u>1,484,461</u></u>	<u><u>1,380,566</u></u>

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

NORTH EAST AREA DEVELOPMENT, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED MARCH 31, 2009
 (WITH COMPARATIVE TOTALS FOR 2008)

	<u>SUPPORTING SERVICES</u>			
	<u>Program Services</u>	<u>Management & General</u>	<u>2009</u>	<u>2008</u>
<u>PERSONNEL SERVICES</u>				
Salaries	254,752	50,397	305,149	226,876
Employee Fringe Benefits	9,596	2,338	11,934	7,167
Payroll Taxes	<u>28,414</u>	<u>5,621</u>	<u>34,035</u>	<u>18,128</u>
	292,762	58,356	351,118	252,171
 <u>OTHER THAN PERSONNEL SERVICES</u>				
Bad Debts	0	0	0	723
Advertising	0	0	0	0
Consultant	826	0	826	24,181
Grants	152,655	0	152,655	467,329
Audit/Legal/Accounting	8,698	564	9,262	22,055
Depreciation	42,293	4,699	46,992	41,621
Insurance	3,446	577	4,023	4,159
Mileage	965	95	1,060	1,501
Office Expense & Supplies	2,821	311	3,132	7,188
Postage	1,509	269	1,778	2,952
Telephone	6,930	520	7,450	8,006
Training & Workshops	1,658	426	2,084	802
Utilities	4,371	391	4,762	6,011
Building Expense/Maintenance	51,273	13,926	65,199	41,655
Miscellaneous	5,812	3,981	9,793	7,554
Program Costs	389,033	0	389,033	211,571
Copier Lease	6,563	108	6,671	2,892
Interest	<u>0</u>	<u>31,586</u>	<u>31,586</u>	<u>22,719</u>
 Total Expenses	 <u>971,615</u>	 <u>115,809</u>	 <u>1,087,424</u>	 <u>1,125,090</u>

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

NORTH EAST AREA DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2009

1. ORGANIZATION

North East Area Development, Inc. was organized in 1966 and qualifies as an exempt organization as defined in the Internal Revenue code Section 501 (c) (3). The Company is a non-profit, issue-oriented organization whose purpose is to assist in the revitalization and stabilization of living and working conditions in the northeast portion of Rochester, New York.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Company in the preparation of its financial statements.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed in the Industry Audit Guide, "Audits of Voluntary Health and Welfare Organizations", issued by the American Institute of Certified Public Accountants. To ensure observance of limitations and restrictions placed on the use of resources available to the Company, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund.

Property, Equipment and Depreciation

Property and equipment are stated at cost. Depreciation is provided for over the estimated useful lives of individual assets under accelerated methods. Maintenance and repairs are charged to expense as incurred; major improvements are capitalized.

One-Third Matching and In-Kind Contributions

The DHCR contract requires a one-third matching of its funds. This match may be cash and/or in-kind services. In-kind services consist mainly of services by individuals.

Deferred Grant Revenue

Restricted grant monies received in excess of expenditures are carried as deferred grant revenue on the balance sheet.

Notes – cont'd

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Property, office furniture and equipment:	<u>1,497,673</u>
Less: Accumulated Depreciation	<u>314,079</u>
	<u>\$1,183,594</u>

4. LOANS PAYABLE

Loans payable is comprised of 7 loans. The first amount payable totaling \$6,000 is actually a grant from the Martin Luther King, Jr. Fund of the United Way of Greater Rochester. The grant must be used exclusively for the construction of 634-636 Garson Ave. or it shall become due and payable immediately. There is no interest or payment due if this condition is met. This amount is not reflected in loans payable on the financial statements. The second loan is a mortgage by the City of Rochester on 634-636 Garson Ave. for \$61,000. The interest rate is one percent and the mortgage payment is for interest only. Interest payments of \$610 are due once per year on the anniversary of this note. The entire balance of \$61,000 shall become due and payable in 2012. The amount outstanding at March 31, 2009 on the third loan, payable to the Community Preservation Corporation, is \$202,330. The interest rate is a variable interest rate equal to 2.80% per year above the LIBOR rate. The loan is amortized over 20 years with a final payment date of 9/1/23. The fourth loan, which had a balance of \$4,351 on March 31, 2009, is payable to the Enterprise Foundation. The loan is due May 31, 2009 and has an interest rate of 7.25%. The fifth loan, which had a balance of \$30,000 at March 31, 2009, is a short-term loan payable to Rochester Area Community Foundation. The term of the loan is 64 days at an interest rate of 1%. The sixth loan, which had a balance of \$27,306 on March 31, 2009, is payable to the Clarion Opportunity Fund. The interest rate is 6.5% fixed. The line of credit with a balance of \$123,630 at March 31, 2009 is payable to M&T Bank at a variable interest rate. The interest rate on the line of credit was 2.25% at March 31, 2009.

STEPHEN GAUDINO

**Certified Public Accountant
Certified Financial Planner**

**101 Canal Landing Blvd. Suite 10
Rochester, New York 14626
585-232-7075 Telephone
585-232-7709 Fax
www.stevegaudino.com**

INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROLS

To the Executive Committee
North East Area Development, Inc.
And
The Commissioner of New York State
Division of Housing and Community Renewal
New York, New York

I have audited the general purpose financial statements of North East Area Development, Inc. as of and for the year ended March 31, 2009, and have issued my report thereon dated December 18, 2009

I have also audited the Organization's compliance with requirements applicable to federal awards programs for the period ended March 31, 2009 and have issued my report thereon dated December 18, 2009.

I conducted my audit in accordance with generally accepted auditing standards, the 1995 Audit Manual For Selected DHCR Programs and Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations" and the Audit Guidelines, issued by the New York State Division of Housing and Community Renewal. Those standards and OMB circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Organization complied with laws and regulations, noncompliance with which would be material to a federal award program.

In planning and performing my audit of the general purpose financial statements of North East Area Development, Inc. for the year ended March 31, 2009 I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of North East Area Development, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use of disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

To the Executive Committee
North East Area Development, Inc.
And
The Commissioner of New York State
Division of Housing and Community Renewal
Page Two

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

- Cash
- Support, receivables and receipts
- Payroll and related liabilities
- Property and equipment
- Debt and other liabilities
- Fund balances
- Governmental financial assistance programs
- General requirements:
 - Political Activity
 - Civil Rights
 - Cash Management
 - Federal financial reports
 - Allowable costs
 - Drug Free Workplace Act
- Specific requirements:
 - Types of services allowed or not allowed
 - Eligibility
 - Claims for reimbursement
 - Matching
 - Special reporting

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

During the year ended March 31, 2009 North East Area Development, Inc. expended 100 percent of its total federal awards for that period.

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, matching and special reporting that are applicable to the Organization's federal awards program, which are identified in the accompanying schedule of federal awards. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

Rochester, New York
December 18, 2009

STEPHEN GAUDINO

**Certified Public Accountant
Certified Financial Planner**

**101 Canal Landing Blvd. Suite 10
Rochester, New York 14626
585-232-7075 Telephone
585-232-7709 Fax
www.stevegaudino.com**

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS

To the Board of Directors
North East Area Development, Inc.

I have audited the basic financial statements of North East Area Development, Inc. (a nonprofit Organization) for the year ended March 31, 2009 and have issued my report thereon dated December 18, 2009. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, the 1995 Audit Manual For Selected DHCR Programs, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". Those standards and OMB circular A-133 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the basic financial statements of North East Area Development, Inc. taken as a whole. The accompanying schedule of federal awards for the year ended March 31, 2009 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Rochester, New York
December 18, 2009

STEPHEN GAUDINO

Certified Public Accountant
Certified Financial Planner

101 Canal Landing Blvd. Suite 10
Rochester, New York 14626
585-232-7075 Telephone
585-232-7709 Fax
www.stevegaudino.com

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL AWARD PROGRAMS

To the Executive Committee
North East Area Development, Inc.

I have applied procedures to test North East Area Development, Inc. compliance with the following requirements applicable to its federal award programs, which are identified in the accompanying schedule of federal awards for the period ended March 31, 2009:

- Political Activity
- Civil Rights
- Cash Management
- Federal financial reports
- Allowable costs
- Drug Free Workplace Act
- Administrative requirements

My procedures were limited to the applicable procedures in the Office of Management and Budget's "Compliance Supplement for Audits of Educational Institutions and Other Nonprofit Institutions". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on North East Area Development, Inc. compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that North East Area Development, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Directors, management, and the Department of Housing and Urban Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Rochester, New York
December 18, 2009

STEPHEN GAUDINO

Certified Public Accountant
Certified Financial Planner

101 Canal Landing Blvd. Suite 10
Rochester, New York 14626
585-232-7075 Telephone
585-232-7709 Fax
www.stevegaudino.com

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS

To the Board of Directors of
North East Area Development, Inc.

North East Area Development, Inc. (a nonprofit Organization) as of and for the year ended March 31, 2008 and have issued my report thereon dated December 18, 2009.

I conducted my audit in accordance with generally accepted auditing standards, the 1995 Audit Manual for Selected DHCR Programs and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of the Office of Management and Budget Circular A-133 "Audits of Institutions of Higher Education and Other Nonprofit Organizations". Those standards and OMB circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to North East Area Development, Inc. is the responsibility of Organization's management. As part of obtaining reasonable assurance about whether North East Area Development, Inc. financial statements are free of material misstatement, I performed tests of North East Area Development, Inc. compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions.

The results of my tests indicate that, with respect to the items tested, North East Area Development, Inc. complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that North East Area Development, Inc. had not complied, in all material respects, with those provisions.

This report is intended for the information of the Board of Directors, management, and the Department of Housing & Urban Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Rochester, New York
December 18, 2009