

**CHEMUNG TOBACCO ASSET SECURITIZATION CORPORATION**  
**Statements of Financial Position**  
**December 31, 2011 and 2010**

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	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 103,254	\$ 80,991
Tobacco settlement proceeds receivable	<u>728,841</u>	<u>719,497</u>
Total current assets	832,095	800,488
<b>Restricted Cash - Liquidity Reserve</b>	648,254	648,254
<b>Unamortized Bond Issuance Costs - Net</b>	<u>148,249</u>	<u>158,425</u>
<b>Total Assets</b>	<u>\$ 1,628,598</u>	<u>\$ 1,607,167</u>
<b>LIABILITIES AND NET DEFICIT</b>		
<b>Liabilities</b>		
Bonds payable - net	\$ 6,012,109	\$ 6,137,759
<b>Net Deficit</b>		
Unrestricted net deficit	<u>(4,383,511)</u>	<u>(4,530,592)</u>
<b>Total Liabilities and Net Deficit</b>	<u>\$ 1,628,598</u>	<u>\$ 1,607,167</u>

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

**CHEMUNG TOBACCO ASSET SECURITIZATION CORPORATION**  
**Statements of Activities**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>%</u>	<u>2010</u>	<u>%</u>
<b>Revenues</b>				
Tobacco settlement proceeds	\$ 592,896	99.9	\$ 735,207	99.9
Interest and investment income	105	0.1	138	0.1
Total revenues	<u>593,001</u>	<u>100.0</u>	<u>735,345</u>	<u>100.0</u>
<b>Expenses</b>				
Administrative fees	10,000	1.7	5,000	0.7
Amortization expense	10,176	1.7	10,176	1.4
Insurance expense	5,020	0.8	5,029	0.7
Interest expense	402,084	67.8	414,080	56.3
Investment fees	12,390	2.1	6,819	0.9
Miscellaneous	-	-	789	0.1
Professional fees	6,250	1.1	6,650	0.9
Telephone	-	-	146	-
Transfer to Chemung County	-	-	378,249	51.4
Total expenses	<u>445,920</u>	<u>75.2</u>	<u>826,938</u>	<u>112.4</u>
<b>Change in Net Deficit</b>	147,081	<u>24.8</u>	(91,593)	<u>(12.4)</u>
<b>Net Deficit - Beginning</b>	<u>(4,530,592)</u>		<u>(4,438,999)</u>	
<b>Net Deficit - Ending</b>	<u>\$ (4,383,511)</u>		<u>\$ (4,530,592)</u>	

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**CHEMUNG TOBACCO ASSET SECURITIZATION CORPORATION**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities</b>		
Proceeds of tobacco receipts	\$ 583,552	\$ 725,852
Interest and investment income received	105	138
Payments of operating expenses	(33,660)	(24,513)
Payments of bond interest expense	<u>(397,734)</u>	<u>(409,759)</u>
Net cash flows from operating activities	152,263	291,718
<b>Cash Flows from Financing Activities</b>		
Principal repayment of bonds payable	<u>(130,000)</u>	<u>(265,000)</u>
<b>Net Change in Cash and Cash Equivalents</b>	22,263	26,718
<b>Cash and Cash Equivalents - Beginning</b>	<u>80,991</u>	<u>54,273</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 103,254</u>	<u>\$ 80,991</u>
<b>Reconciliation of Change in Net Deficit to Net Cash Flows from Operating Activities</b>		
Change in net deficit	\$ 147,081	\$ (91,593)
Adjustments		
Transfer to Chemung County	-	378,249
Amortization	10,176	10,176
Consumption of discount on bonds	4,350	4,321
Changes in assets and liabilities		
Change in tobacco proceeds receivable	(9,344)	(9,355)
Change in accounts payable	-	(80)
Net cash flows from operating activities	<u>\$ 152,263</u>	<u>\$ 291,718</u>

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