# MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

**Financial Statements**
**as of December 31, 2013 and 2012**
**Together with**
**Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**

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Bonadio & Co., LLP
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

March 27, 2014

To the Board of Directors of
Monroe County Industrial Development Corporation:

**Report on the Financial Statements**
We have audited the accompanying financial statements of the business-type activities of Monroe County Industrial Development Corporation (the Corporation) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***
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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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(Continued)

**INDEPENDENT AUDITOR'S REPORT**
(Continued)

***Opinion***
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation, as of December 31, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Required Supplementary Information**
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***
In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014 on our consideration of the Corporation'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* in considering the Corporation's internal control over financial reporting and compliance.

Bonadio & Co., LLP

# MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
## FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

The following Management's Discussion and Analysis (MD&A) of Monroe County Industrial Development Corporation's (the Corporation's) financial statements provides an overview of the Corporation's financial activities for the years ended December 31, 2013 and 2012. The MD&A should be read in conjunction with the Corporation's financial statements and related notes, which follow the MD&A.

The purpose of the Corporation is to provide financial assistance to small job creating businesses that demonstrate a need for financing which cannot be met entirely from conventional financing sources.

### FINANCIAL HIGHLIGHTS

- The Corporation's net position increased by $445,796 in 2013 and decreased by $151,866 in 2012 as a result of the individual year's operations.

- The assets of the Corporation exceeded its liabilities by $7,295,504 and $6,849,708 at December 31, 2013 and 2012, respectively.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net position and the statements of revenues, expenses, and changes in net position report information about the Corporation as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Revenue and expenses are recorded when earned and incurred, respectively, regardless of when cash is received or paid.

These two statements report the Corporation's net position and changes in them from one year to the next. The Corporation's net position, the difference between assets and liabilities, are one way to measure the Organization's financial health, or financial position. Over time, increases or decreases in the Corporation's net position is one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Corporation's income and the fluctuation of the Corporation's expenses, to assess the overall health of the Corporation.

### NOTES TO THE FINANCIAL STATEMENTS

The financial statements also include the notes to the financial statements, which explain certain information in the financial statements. They are essential to a full understanding of the information provided in the financial statements.

## THE CORPORATION

The analysis below summarizes the statements of net position (Table 1) and change in net position (Table 2) of the Corporation as of and for the years ended December 31, 2013, 2012 and 2011.

**Table 1 - Statements of Net Position (000s omitted)**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| ASSETS: | | | |
| Cash and equivalents | $ 4,613 | $ 4,144 | $ 4,164 |
| Investment in limited partnerships | 2,028 | 2,027 | 2,199 |
| Loans receivable | 604 | 643 | 588 |
| Investment in Laser Max, Inc. | 50 | 50 | 50 |
| Total assets | 7,295 | 6,864 | 7,001 |
| LIABILITIES: | | | |
| Accounts payable | - | 14 | - |
| Total liabilities | - | 14 | - |
| NET POSITION: | | | |
| Unrestricted | $ 7,295 | $ 6,850 | $ 7,001 |

Cash and net position increased at December 31, 2013 from December 31, 2012 as a result of the operations of the Corporation, see the analysis on the following page of this MD&A. Loans receivable decreased by approximately $39,000 due to the current year principal payments on the loans offset by the issuance of two new loans.

Cash and net position decreased at December 31, 2012 from December 31, 2011 as a result of the operations of the Corporation, see the analysis on the following page of this MD&A. Loans receivable increased due to two additional loans issued in the current year. Accounts payable increased due to two GreatRate program payments that were outstanding at year end.

**THE CORPORATION (Continued)**

**Table 2 - Statements of Revenues, Expenses, and Change in Net Position (000s omitted)**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| REVENUES: | | | |
| Fees | $ 235 | $ 231 | $ 239 |
| Bond fee income | 862 | 210 | 946 |
| Interest, dividends, and investment income | 7 | 8 | 8 |
| Contributions | - | 4 | 17 |
| Other | 5 | 6 | 6 |
| Total revenues | 1,109 | 459 | 1,216 |
| EXPENSES: | | | |
| Program | 550 | 497 | 282 |
| Management and general | 113 | 114 | 71 |
| Total expenses | 663 | 611 | 353 |
| Change in net position | $ 446 | $ (152) | $ 863 |

In 2013, bond fee income increased as there was a large increase in the monetary value of closed projects at year end. Program expenses increased as there was a larger participation of companies using the different rewards programs that the Corporation offers. Also in the current year the Corporation established a new program, Helmets for Hardhats, which contributed to the increase as well. Management and general expenses increased due to an increase in legal notices during the year.

In 2012, bond fee income decreased significantly as there was a large decrease in the monetary value of closed projects at year end. The increase in the program expenses is due to a larger participation of companies using the different rewards programs that the Corporation offers. Management and general expenses increased as a result of the increase in the contract with Monroe County.

**REQUEST FOR INFORMATION**

This financial report is designed to provide financial statement users with a general overview of the Corporation's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the Monroe County Industrial Development Corporation's Executive Director at 50 West Main Street, Suite 8100, Rochester, New York, 14614.

## MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

### STATEMENTS OF NET POSITION
### DECEMBER 31, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and equivalents | $ 4,613,292 | $ 4,143,852 |
| Loans receivable - current portion | 168,769 | 147,336 |
| Total current assets | 4,782,061 | 4,291,188 |
| NON-CURRENT ASSETS: | | |
| Investment in limited partnerships | 2,028,032 | 2,027,054 |
| Investment in Laser Max, Inc. | 49,950 | 49,950 |
| Loans receivable - net of current portion | 435,461 | 495,789 |
| Total non-current assets | 2,513,443 | 2,572,793 |
| Total assets | 7,295,504 | 6,863,981 |
| **LIABILITIES** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | - | 14,273 |
| Total current liabilities | - | 14,273 |
| **NET POSITION** | | |
| UNRESTRICTED | $ 7,295,504 | $ 6,849,708 |

The accompanying notes are an integral part of these statements.

## MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

### STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
### FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| REVENUES: | | |
| Bond fee income | $ 861,900 | $ 209,309 |
| Fees | 234,596 | 230,669 |
| Interest earned on loans | 7,246 | 8,497 |
| Interest and dividends | 5,453 | 6,116 |
| Contributions | - | 4,375 |
| Total revenues | 1,109,195 | 458,966 |
| EXPENSES: | | |
| Program - | | |
| Rewards programs | 526,249 | 439,380 |
| Economic development | - | 35,000 |
| Legal fees | 20,810 | 20,000 |
| Other | 2,912 | 2,911 |
| Total program | 549,971 | 497,291 |
| Management and general - | | |
| Administrative expense | 65,000 | 65,000 |
| Professional fees | 38,988 | 36,502 |
| Travel | 4,433 | 8,336 |
| Supplies | 1,115 | 2,648 |
| Other | 3,892 | 1,055 |
| Total management and general | 113,428 | 113,541 |
| Total expenses | 663,399 | 610,832 |
| CHANGE IN NET POSITION | 445,796 | (151,866) |
| NET POSITION - beginning of year | 6,849,708 | 7,001,574 |
| NET POSITION - end of year | $ 7,295,504 | $ 6,849,708 |

The accompanying notes are an integral part of these statements.

## MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

### STATEMENTS OF CASH FLOWS
### FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Receipts from providing services | $ 1,148,090 | $ 403,636 |
| Payments to suppliers | (677,672) | (596,559) |
| Net cash flow from operating activities | 470,418 | (192,923) |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Investment in limited partnership interests | (38,010) | (24,337) |
| Distributions from limited partnership interests | 37,032 | 196,911 |
| Net cash flow from investing activities | (978) | 172,574 |
| NET CHANGE IN CASH AND EQUIVALENTS | 469,440 | (20,349) |
| CASH AND EQUIVALENTS - beginning of year | 4,143,852 | 4,164,201 |
| CASH AND EQUIVALENTS - end of year | $ 4,613,292 | $ 4,143,852 |
| RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Change in net position | $ 445,796 | $ (151,866) |
| Adjustments to reconcile change in net position to net cash flow from operating activities: | | |
| Principal payments received on loans | 141,795 | 118,197 |
| Issuance of new loans | (102,900) | (173,527) |
| Change in accounts payable | (14,273) | 14,273 |
| Net cash flow from operating activities | $ 470,418 | $ (192,923) |

The accompanying notes are an integral part of these statements.

## 1. THE CORPORATION

The Monroe County Industrial Development Corporation (the Corporation) is a not-for-profit corporation organized under the laws of the State of New York in 1962. In December 2009, the County of Monroe (the County) authorized the Corporation to issue tax exempt and/or taxable bonds and/or notes on behalf of certain not-for-profit organizations. As a result, the by-laws of the Corporation were amended to provide for control over Board appointments by the Monroe County Executive.

The purpose of the Corporation is to provide financial assistance to small job creating businesses that demonstrate a need for financing which cannot be met entirely from conventional financing sources. In addition, the Corporation acts as a Certified Development Corporation for the Small Business Administration (SBA) 504 Program.

A revolving loan fund was established in 1984 through an initial contribution of $350,000 from the County of Monroe Industrial Development Agency.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**
The Corporation's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

**Basis of Presentation**
GASB requires the classification of net position into three classifications defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. At December 31, 2013 and 2012, the Corporation had no net investment in capital assets.

- Restricted net position - This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At December 31, 2013 and 2012, the Corporation does not have restricted net position.

- Unrestricted net position - This component of net position consists of net position that doesn't meet the definition of "net investment in capital assets," or "restricted".

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, and then unrestricted resources as they are needed.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Income Taxes**

The Corporation is a New York not-for-profit corporation qualified under Section 501(c)(6) of the Internal Revenue Code.

The Corporation is exempt from Federal reporting requirements under Internal Revenue Service Revenue Procedure 95-48, 1992 C.C 418 as a governmental unit or affiliate of a governmental unit as described in the procedure.

**Cash and Equivalents**

Cash and equivalents includes demand deposits, money markets, and certificates of deposit with original maturities of twelve months or less. The Corporation maintains its cash and equivalents in bank accounts. The balances in these accounts may, at times, exceed federally insured limits. The Corporation has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and equivalents. Interest and dividend income from cash and equivalents is reported in operating revenue in the statements of revenues, expenses, and change in net position.

**Loans Receivable**

Loans receivable are carried at unpaid principal balances. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Corporation reviews outstanding loans receivable for uncollectibility and records an allowance for uncollectible accounts based on that review. When all collection efforts have been exhausted, the account is written-off as uncollectible. At December 31, 2013 and 2012, management considered all amounts fully collectible and, accordingly, no allowance had been established.

**Revenue Recognition**

Fees are assessed on a monthly basis for those loans processed by the Corporation and granted through the Small Business Administration. These fees are for processing and maintenance of the loans and are based on 0.5% of the outstanding principal balance.

**Contributions**

Contributions are recognized when unconditional promises to give are received by the Corporation. Contributions represent amounts provided by unrelated third parties to support the activities of the Corporation.

**Investment in Laser Max, Inc.**

The Corporation owns 333 shares of common stock of Laser Max, Inc. The investment is stated at cost in the amount of $49,950 and the market value is not readily available.

**Investment in Limited Partnership Interests**

The Corporation has investments in limited partnership interests of Trillium Lakefront Partners, III, LP, The Monroe Fund LLC, and University Technology Seed Fund. These investments are valued at cost in the statements of net position. The market value of these assets is not readily available. Distributions from the investment in limited partnership interests are treated as a reduction to the cost basis of the respective limited partnership interests.

**Administrative Expense**

The Monroe County Department of Planning and Development has executed contracts with the Corporation to provide administrative services. The current contract requires a payment of $65,000 for general administrative and overhead fees to the County.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Rewards Programs

The Corporation provides various incentive programs to local businesses and individuals to support local economic development initiatives. The summary of the programs in place are as follows:

- The Monroe Manufactures Jobs LoansPlus program lends manufacturing companies 10% of the purchase price of new manufacturing equipment, up to $100,000, at 1% interest.
- The Monroe Manufactures Jobs program connects graduates of the Monroe Community College Applied Technology Center with local manufacturing companies by providing both the employee and employer a $1,500 bonus if the employee works for the company for one full year.
- The Monroe Manufacturing Rewards Program provides manufacturing businesses with a rebate of $1,000 on qualified equipment purchases from $25,000 to $49,999.
- The Monroe On-the-Job program provides matching funds for skilled trades training that leads to industry recognized certifications for employees.
- The GreatRebate program is a two year program for companies who buy $50,000 or more of equipment. The Corporation will give a rebate of $5,000 to companies who buy equipment locally or a rebate of $4,000 to companies who buy equipment outside the local area.
- The GreatRate program is a three-year program that subsidizes interest rates by 4% for bank loans or capital leases for job creating companies purchasing equipment locally or 3% for bank loans or capital leases for job creating companies not purchasing locally.
- The Helmets to Hardhats program offers veterans enrolled in the Rochester Building and Trades Council (RBTC) an award for completion of a training program. Qualified veterans completing a minimum of three years in the RBTC training program will be awarded $1,500 while those qualified veterans who have already received a certification through RBTC and are currently employed in that field of certification will be awarded $500.

Expenses are recognized when an eligible program disbursement is provided by the participating company under these programs in the accompanying financial statements.

### Bond Fee Income

The Corporation is authorized by the County to issue Tax-Exempt Civic Facility Bonds on behalf of certain not-for-profit organizations. Associated with each issuance are application fees, administrative fees and/or counsel fees incurred by those organizations, which are recognized in the statements of revenues, expenses, and change in net position as bond fee income.

### Industrial Development Bonds

The Corporation issues tax-exempt bonds and special issue bonds to provide financial assistance on behalf of certain not-for-profit organizations for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers back to the not-for-profit organization served by the bond issuance. The Corporation is not obligated in any manner for repayment of the bonds at any time. Accordingly, related property is not reported as assets, and the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2013, there were 20 tax-exempt bonds outstanding with an aggregate amount payable of approximately $912,800,000. At December 31, 2012, there were 16 tax-exempt bonds outstanding with an aggregate amount payable of approximately $563,500,000.

## 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

### Policies

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the funds of the Corporation and funds under the control of the Corporation; to provide sufficient liquidity of invested funds in order to meet obligations as they become due; and to earn the maximum yield possible given the objectives previously listed. Oversight of investment activity is the responsibility of the Executive Director. The Corporation's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies as designated by the Board of Directors. Permissible investments include: a) obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal or state government, b) obligations of New York State or in general obligations of the State's political subdivisions, c) certificates of deposits or deposits with banks with an investment grade rating by a Rating Agency, d) commercial paper rated Prime-1 and/or A-1, e) money market funds with AAA ratings, and f) investments in Laser Max, Inc. and various other investments in entities.

### Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### Credit Risk

The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits.

At December 31, 2013 and 2012, the Corporation's cash was covered by FDIC insurance, or by eligible securities held in the Corporation's name by a third-party custodial bank or by the bank's trust department. The Corporation's deposits consisted of the following at December 31.

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Bank Balance | Carrying Amount | Bank Balance | Carrying Amount |
| Demand deposits | $ 4,633,471 | $ 4,613,292 | $ 4,148,962 | $ 4,143,852 |

These deposits were insured or collateralized as follows:

| | 2013 | 2012 |
|---|---|---|
| FDIC insurance | $ 2,597,562 | $ 4,148,962 |
| Collateralized by third party | 2,076,628 | - |
| Total FDIC insurance and collateral | $ 4,674,190 | $ 4,148,962 |

## 4. LOANS RECEIVABLE

The following is a summary of the Corporation's balance of outstanding loans receivable at December 31, 2013 and 2012:

| Borrower | Date of Issue | Original Loan | Rate of Interest | Maturity Date | Balance at 12/31/2013 | Balance at 12/31/2012 |
|---|---|---|---|---|---|---|
| XLI Corporation | 9/2010 | $ 57,890 | 1.00% | 9/2017 | $ 31,516 | $ 39,723 |
| Diamond Paperbox Co. | 12/2010 | 100,000 | 1.00% | 12/2017 | 57,995 | 70,966 |
| Roccera, LLC | 12/2010 | 50,000 | 1.25% | 5/2014 | 4,287 | 14,485 |
| Stamper Technology, Inc. | 5/2011 | 28,250 | 1.00% | 12/2018 | 18,054 | 22,032 |
| Webster Precision, Inc. | 4/2011 | 66,000 | 1.00% | 12/2018 | 41,400 | 50,702 |
| Duncan Industrial Equip. | 1/2011 | 22,500 | 1.00% | 1/2018 | 13,308 | 16,484 |
| 4659, LLC | 8/2011 | 54,000 | 5.00% | 12/2016 | 31,315 | 41,736 |
| 545 Colfax, Inc. | 12/2011 | 100,000 | 1.00% | 5/2017 | 68,872 | 88,589 |
| Mastro Graphic Arts, Inc. | 3/2011 | 100,000 | 1.00% | 3/2018 | 61,547 | 75,652 |
| Parlec, Inc. | 2/2011 | 100,000 | 1.00% | 5/2016 | 43,932 | 63,913 |
| Boundary Fence of Rochester | 3/2012 | 100,000 | 1.00% | 12/2017 | 72,172 | 85,316 |
| Roccera, LLC 2 | 4/2012 | 73,527 | 1.00% | 12/2017 | 59,114 | 73,527 |
| Eyeworks, Inc. | 7/2013 | 37,900 | 1.00% | 7/2020 | 35,718 | - |
| Canfield & Tack, Inc. | 11/2013 | 65,000 | 2.00% | 12/2018 | 65,000 | - |
| Total | | $ 955,067 | | | $ 604,230 | $ 643,125 |

| Principal Repayment Schedule | 2014 | 2015 | 2016 | 2017 | 2018 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| XLI Corporation | $ 8,288 | $ 8,372 | $ 8,456 | $ 6,400 | $ - | $ - | $ 31,516 |
| Diamond Paperbox Co | 14,295 | 14,438 | 14,571 | 14,691 | - | - | 57,995 |
| Roccera, LLC | 4,287 | - | - | - | - | - | 4,287 |
| Stamper Technology, Inc. | 4,018 | 4,059 | 4,099 | 4,141 | 1,737 | - | 18,054 |
| Webster Precision, Inc. | 9,395 | 9,490 | 9,585 | 9,681 | 3,249 | - | 41,400 |
| Duncan Industrial Equip. | 3,208 | 3,241 | 3,274 | 3,307 | 278 | - | 13,308 |
| 4659, LLC | 10,908 | 11,467 | 8,940 | - | - | - | 31,315 |
| 545 Colfax, Inc. | 19,915 | 20,115 | 20,317 | 8,525 | - | - | 68,872 |
| Mastro Graphic Arts, Inc. | 15,417 | 14,390 | 14,535 | 14,681 | 2,524 | - | 61,547 |
| Parlec, Inc. | 20,165 | 20,368 | 3,399 | - | - | - | 43,932 |
| Boundary Fence of Rochester | 26,554 | 20,148 | 20,351 | 5,119 | - | - | 72,172 |
| Roccera, LLC 2 | 14,558 | 14,704 | 14,852 | 15,000 | - | - | 59,114 |
| Eyeworks, Inc. | 5,275 | 5,328 | 5,382 | 5,436 | 5,490 | 8,807 | 35,718 |
| Canfield & Tack, Inc. | 12,486 | 12,738 | 12,995 | 13,257 | 13,524 | - | 65,000 |
| Total | $ 168,769 | $ 158,858 | $ 140,756 | $ 100,238 | $ 26,802 | $ 8,807 | $ 604,230 |

## 5. RELATED PARTY

The Corporation is related to the County of Monroe Industrial Development Agency (COMIDA) through common management. In 2012, COMIDA contributed $4,375 to the Corporation.

The Corporation contributed $35,000 to COMIDA to pass through funds to a local company for purposes of economic development during 2012. This contribution allowed the local company to provide training in construction to students in the community.

In 2012, the Corporation entered into a contract with COMIDA which states that the Corporation will reimburse COMIDA for the cost of certain professional services. The contract states that the Corporation will not reimburse COMIDA more than $30,000 each year for the next three years. For the years ended December 31, 2013 and 2012, the Corporation paid approximately $23,500 and $21,500, respectively, to COMIDA under the terms of this agreement.

## 5. RELATED PARTY (Continued)

The Corporation is related to the County through the appointment of board members to the Corporation. In 2013, the Corporation paid $65,000 to the County based on an annual administrative agreement between the entities.

## 6. INVESTMENTS IN LIMITED PARTNERSHIP INTERESTS

Investments in limited partnership interests consisted of the following at December 31:

| | Ownership % | 2013 |
|---|---|---|
| The Monroe Fund LLC | 12.48% | $ 790,360 |
| Trillium Lakefront Properties III, LP | 4.48% | 737,672 |
| University Technology Seed Fund | 8.06% | 500,000 |
| | | $ 2,028,032 |

Investments in limited partnership interests consisted of the following at December 31:

| | Ownership % | 2012 |
|---|---|---|
| The Monroe Fund LLC | 12.48% | $ 827,391 |
| Trillium Lakefront Properties III, LP | 4.48% | 699,663 |
| University Technology Seed Fund | 8.06% | 500,000 |
| | | $ 2,027,054 |

## 7. COMMITMENTS

Future payments under the GreatRebate and GreatRate programs are anticipated as follows for the years ending December 31:

| | |
|---|---|
| 2014 | $ 400,889 |
| 2015 | 221,680 |
| 2016 | 79,665 |
| | $ 702,234 |

At December 31, 2013, several companies have been approved for GreatRebate and GreatRate programs, but have not submitted final documentation for payment. Therefore, the Corporation has conditional payments of $201,307 outstanding until such time as all program requirements have been satisfied.

Bonadio & Co., LLP
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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***

March 27, 2014

To the Board of Directors of
Monroe County Industrial Development Corporation:

We have audited, in accordance with the 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, the financial statements of the business-type activities of Monroe County Industrial Development Corporation (the Corporation) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 27, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**INDEPENDENT AUDITOR'S 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***
(Continued)

**Compliance and Other Matters**
As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from 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*.

**Purpose of this Report**
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP