

**MONROE COUNTY INDUSTRIAL  
DEVELOPMENT CORPORATION**

**Financial Statements  
as of December 31, 2016 and 2015  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**

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## INDEPENDENT AUDITOR'S REPORT

March 14, 2017

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Monroe County Industrial Development Corporation (the Corporation) as of and for the years ended December 31, 2016 and 2015, 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.

**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 Corporation, as of December 31, 2016 and 2015, 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.

**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 14, 2017, 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, 2016 AND 2015**

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The following Management's Discussion and Analysis (MD&A) of Monroe County Industrial Development Corporation's (the Corporation) financial statements provides an overview of the Corporation's financial activities for the years ended December 31, 2016 and 2015. 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 decreased by \$336,061 and increased by \$538,770 in 2016 and 2015, respectively, as a result of each year's operations.
- The assets of the Corporation exceeded its liabilities by \$7,597,652 and \$7,933,713 at December 31, 2016 and 2015, 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, is one way to measure the Corporation'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, 2016, 2015 and 2014.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>			
Cash and equivalents	\$ 5,778	\$ 5,390	\$ 4,644
Investment in limited partnerships	1,299	1,299	1,496
Accounts receivable	2	-	-
Loans receivable	460	1,151	1,223
Prepaid expenses	61	44	-
Investment in Laser Max, Inc.	<u>50</u>	<u>50</u>	<u>50</u>
Total assets	<u>7,650</u>	<u>7,934</u>	<u>7,413</u>
<b>LIABILITIES:</b>			
Accounts payable	<u>52</u>	<u>-</u>	<u>18</u>
Total liabilities	<u>52</u>	<u>-</u>	<u>18</u>
<b>NET POSITION:</b>			
Unrestricted	<u>\$ 7,598</u>	<u>\$ 7,934</u>	<u>\$ 7,395</u>

Cash increased at December 31, 2016 as a result of a decrease in loans receivable in 2016. Net position decreased 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 \$691,000 due to four loans being paid off in the current year, three of which were paid off early. Management has reviewed the remaining loans in the portfolio and has determined that all payments have been made in accordance with established agreements and no collection issues exist at this time.

Cash and net position increased at December 31, 2015 from December 31, 2014 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 \$72,000 due to the Corporation writing off the Boundary Fence of Rochester (Boundary) loan receivable in 2015. Boundary had begun bankruptcy proceedings and the Corporation was notified in 2014 that a confession of judgment was executed. It was anticipated that payments would be received on this loan in April 2015; however, no payments were received and the balance of the receivable was written off in the current year.

## THE CORPORATION (Continued)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES:			
Bond fee income	\$ 356	\$ 1,036	\$ 528
Fees	243	242	230
Interest, dividends, and investment income	19	27	8
Other	<u>4</u>	<u>5</u>	<u>6</u>
Total revenues	<u>622</u>	<u>1,310</u>	<u>772</u>
EXPENSES:			
Program	746	614	533
Management and general	<u>212</u>	<u>157</u>	<u>139</u>
Total expenses	<u>958</u>	<u>771</u>	<u>672</u>
Change in net position	<u>\$ (336)</u>	<u>\$ 539</u>	<u>\$ 100</u>

In 2016, bond fee income decreased substantially as there was a large decrease in the monetary value of closed projects at year end. Program expenses increased approximately \$132,000 as a result of an increase in interest subsidy payments, education enrichment, and Monroe County Finger Lakes Procurement Technical Assistance Center (PTAC) expenses. These increases of approximately \$337,000 were offset by decreases in bad debt expense, Great Rebate, Manufacturing Reward Program, and Monroe on the Job Program expenses of approximately \$207,000.

In 2015, bond fee income increased substantially as there was a large increase in the monetary value of closed projects at year end. Program expenses increased approximately \$81,000 as a result of a payment of \$65,000 to PTAC in 2015. The remaining amount, \$43,333, is included in prepaid expenses in the current year.

### 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, 2016 AND 2015

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and equivalents	\$ 5,777,742	\$ 5,389,858
Accounts receivable	1,752	-
Loans receivable - current portion	124,836	166,486
Prepaid expenses	<u>60,840</u>	<u>43,333</u>
Total current assets	<u>5,965,170</u>	<u>5,599,677</u>
NON-CURRENT ASSETS:		
Investment in limited partnerships	1,299,265	1,299,265
Investment in Laser Max, Inc.	49,950	49,950
Loans receivable - net of current portion	<u>335,328</u>	<u>984,821</u>
Total non-current assets	<u>1,684,543</u>	<u>2,334,036</u>
Total assets	<u>7,649,713</u>	<u>7,933,713</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	<u>52,061</u>	<u>-</u>
Total current liabilities	<u>52,061</u>	<u>-</u>
<b>NET POSITION</b>		
UNRESTRICTED	<u>\$ 7,597,652</u>	<u>\$ 7,933,713</u>

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, 2016 AND 2015

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	<u>2016</u>	<u>2015</u>
REVENUES:		
Bond fee income	\$ 356,492	\$ 1,035,664
Fees	242,650	242,193
Interest earned on loans	18,573	26,905
Interest and dividends	<u>3,572</u>	<u>4,545</u>
Total revenues	<u>621,287</u>	<u>1,309,307</u>
EXPENSES:		
Program -		
Rewards programs	650,952	492,976
Legal fees	20,000	21,773
PTAC	73,753	21,667
Bad debt	-	72,172
Other	<u>931</u>	<u>5,445</u>
Total program	<u>745,636</u>	<u>614,033</u>
Management and general -		
Administrative expense	90,000	90,000
Professional fees	59,545	44,936
Travel	5,435	5,156
Supplies	8,519	9,318
Other	<u>48,213</u>	<u>7,094</u>
Total management and general	<u>211,712</u>	<u>156,504</u>
Total expenses	<u>957,348</u>	<u>770,537</u>
CHANGE IN NET POSITION	<u>(336,061)</u>	<u>538,770</u>
NET POSITION - beginning of year	<u>7,933,713</u>	<u>7,394,943</u>
NET POSITION - end of year	<u>\$ 7,597,652</u>	<u>\$ 7,933,713</u>

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, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Receipts from providing services	\$ 1,310,678	\$ 1,381,413
Payments to suppliers	<u>(922,794)</u>	<u>(832,074)</u>
Net cash flow from operating activities	<u>387,884</u>	<u>549,339</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Distributions from limited partnership interests	<u>-</u>	<u>196,830</u>
Net cash flow from investing activities	<u>-</u>	<u>196,830</u>
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	<b>387,884</b>	<b>746,169</b>
CASH AND EQUIVALENTS - beginning of year	<u>5,389,858</u>	<u>4,643,689</u>
CASH AND EQUIVALENTS - end of year	<u><u>\$ 5,777,742</u></u>	<u><u>\$ 5,389,858</u></u>
<b>RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net position	\$ (336,061)	\$ 538,770
Adjustments to reconcile change in net position to net cash flow from operating activities:		
Principal payments received on loans	691,143	209,578
Bad debt expense	-	72,172
Issuance of new loans	-	(209,644)
Change in accounts receivable	(1,752)	-
Change in prepaid expenses	(17,507)	(43,333)
Change in accounts payable	<u>52,061</u>	<u>(18,204)</u>
Net cash flow from operating activities	<u><u>\$ 387,884</u></u>	<u><u>\$ 549,339</u></u>

The accompanying notes are an integral part of these statements.

# MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

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### 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 (COMIDA).

### 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, 2016 and 2015, 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, 2016 and 2015, the Corporation does not have restricted net position.
- Unrestricted net position - This component of net position consists of net position that does not 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. 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, 2016, 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 SBA. 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.

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

### **Prepaid Items**

Prepaid items represent payments made by the Corporation for which benefits extend beyond year-end. These payments reflect costs applicable to future accounting periods and are recorded as assets on the statement of net position. A current asset for the prepaid amounts is recorded at the time of disbursement and an expense is reported in the year the goods or services are consumed.

### **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 \$2,000 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 to five 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.

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

### **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, 2016, there were 30 tax-exempt bonds outstanding with an aggregate amount payable of approximately \$1,429,374,000. At December 31, 2015, there were 28 tax-exempt bonds outstanding with an aggregate amount payable of approximately \$1,387,700,000.

## 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.

### 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

#### 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, 2016 and 2015, 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:

	2016		2015	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Demand deposits	\$ 4,756,030	\$4,705,118	\$4,330,322	\$4,318,348
Time deposits	1,072,624	1,072,624	1,071,510	1,071,510
Total	<u>\$ 5,828,654</u>	<u>\$5,777,742</u>	<u>\$5,401,832</u>	<u>\$5,389,858</u>

These deposits were insured or collateralized as follows:

	2016	2015
FDIC insurance	\$2,600,184	\$2,841,364
Collateralized by third-party	<u>3,295,077</u>	<u>2,611,595</u>
Total FDIC insurance and collateral	<u>\$5,895,261</u>	<u>\$5,452,959</u>

### 4. LOANS RECEIVABLE

The following is a summary of the Corporation's balance of outstanding loans receivable at December 31, 2016 and 2015:

Borrower	Date of Issue	Original Loan	Rate of Interest	Maturity Date	Balance at 12/31/16	Balance at 12/31/15
XLI Corp.	9/2010	\$ 57,890	1.00%	Sep-17	\$ 7,048	\$ 15,186
Diamond Paperbox	12/2010	100,000	1.00%	Dec-17	-	29,289
Duncan Industrial Equipment	1/2011	22,500	1.00%	Jan-18	3,585	6,859
Parlec, Inc.	2/2011	100,000	1.00%	Dec-16	-	5,072
Mastro Graphic Arts, Inc.	3/2011	100,000	1.00%	Mar-18	18,375	32,910
Webster Precision, Inc.	4/2011	66,000	1.00%	Dec-18	-	22,515
Stamper Technology, Inc.	5/2011	28,250	1.00%	Dec-18	5,878	10,317
545 Colfax, Inc.	12/2011	100,000	1.00%	May-17	8,525	28,842
Roccera, LLC 2	4/2012	73,527	1.00%	Dec-17	16,231	31,083
Canfield & Tack, Inc	11/2013	65,000	2.00%	Dec-18	26,781	39,776
Trillitek Inc./ Steel Works	8/2014	40,000	1.00%	Sep-21	27,446	33,060
Retrotech, Inc.	10/2014	500,000	2.00%	Dec-18	-	500,000
Northern Air Sys. Holdings	11/2014	180,000	4.00%	Dec-24	148,186	163,787
RocCera, LLC.	11/2014	80,000	4.00%	Jan-20	52,531	66,657
Alkemy Machine, LLC	2/2015	125,000	3.00%	Feb-20	104,796	115,954
Tracey Door Company	12/2015	<u>50,000</u>	4.00%	Dec-20	<u>40,782</u>	<u>50,000</u>
Total		<u>\$1,688,167</u>			<u>\$ 460,164</u>	<u>\$1,151,307</u>

#### 4. LOANS RECEIVABLE (Continued)

Principal Repayment Schedule	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
XLI Corp.	\$ 7,048	\$ -	\$ -	\$ -	\$ -	\$ 7,048
Duncan Industrial Equipment	3,307	278	-	-	-	3,585
Mastro Graphic Arts, Inc.	14,681	3,694	-	-	-	18,375
Stamper Technology, Inc.	4,141	1,737	-	-	-	5,878
545 Colfax, Inc.	8,525	-	-	-	-	8,525
RocCera, LLC 2	16,231	-	-	-	-	16,231
Canfield & Tack, Inc	13,257	13,524	-	-	-	26,781
Trillitek Inc./ Steel Works	5,670	5,727	5,785	5,843	4,421	27,446
Northern Air Sys. Holdings	16,183	16,842	17,529	18,243	79,389	148,186
RocCera, LLC.	14,702	15,302	15,924	6,603	-	52,531
Alkemy Machine, LLC	11,498	11,847	12,207	69,244	-	104,796
Tracey Door Company	9,593	9,984	10,391	10,814	-	40,782
Total	<u>\$ 124,836</u>	<u>\$ 78,935</u>	<u>\$ 61,836</u>	<u>\$ 110,747</u>	<u>\$ 83,810</u>	<u>\$ 460,164</u>

#### 5. RELATED PARTIES

The Corporation has 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 \$40,000 each year through February 1, 2018. For the years ended December 31, 2016 and 2015, the Corporation paid approximately \$49,500 and \$28,000, respectively, to COMIDA under the terms of this agreement. Of the amount paid in 2016, approximately \$9,500 related to the final quarter of 2015.

The Corporation is related to the County through the appointment of board members to the Corporation. The Monroe County Department of Planning and Development has executed contracts with the Corporation to provide administrative services. The 2016 and 2015 contracts required a payment of \$90,000 for general administrative and overhead fees to the County. In 2016 and 2015, the Corporation paid \$90,000 annually, 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:

	<u>Ownership %</u>	<u>2016</u>
The Monroe Fund, LLC	12.48%	\$ 790,360
Trillium Lakefront Properties III, LP	4.50%	142,063
University Technology Seed Fund	8.06%	<u>366,842</u>
		<u>\$ 1,299,265</u>

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

	<u>Ownership %</u>	<u>2015</u>
The Monroe Fund, LLC	12.48%	\$ 790,360
Trillium Lakefront Properties III, LP	4.48%	142,063
University Technology Seed Fund	8.06%	<u>366,842</u>
		<u>\$ 1,299,265</u>

## 7. COMMITMENTS

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

2017	\$ 488,899
2018	154,979
2019	104,048
2020	<u>125,144</u>
	<u>\$ 873,070</u>

At December 31, 2016, several companies have been approved for the GreatRebate and GreatRate programs, but have not submitted final documentation for payment. Therefore, the Corporation has conditional payments of \$63,000 outstanding until such time as all program requirements have been satisfied.

**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 14, 2017

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 Monroe County Industrial Development Corporation (the Corporation) as of and for the year ended December 31, 2016, 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 14, 2017.

**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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(Continued)

**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

**INDEPENDENT ACCOUNTANT'S REPORT**

March 14, 2017

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Monroe County Industrial Development Corporation (the Corporation), which comprise the statement of net position as of December 31, 2016 and 2015, and the related statements of revenues, expenses, and change in net position and cash flow for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2017.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with its own investment policy. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Corporation's noncompliance with its investment policy, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of the Corporation and the New York State Authorities Budget Office, and is not intended to be and should not be used by anyone other than these specified parties.

*Bonadio & Co., LLP*

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March 14, 2017

To the Board of Directors of  
Monroe County Industrial Development Corporation

We have audited the financial statements of the Monroe County Industrial Development Corporation (the "Corporation") for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 5, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### **SIGNIFICANT AUDIT FINDINGS**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 2 to the financial statements.

***No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

***There were no particularly sensitive estimates included in the current year financial statements.***

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

***There were no particularly sensitive disclosures affecting the financial statements in the current year.***

***The financial statement disclosures are neutral, consistent, and clear.***

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

## **SIGNIFICANT AUDIT FINDINGS (Continued)**

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

***The misstatements identified by our audit and corrected by management are displayed on Exhibit A.***

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

***We are pleased to report that no such disagreements arose during the course of our audit.***

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 14, 2017.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

***To our knowledge, there were no such consultations with other accountants.***

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors.

***However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.***

### **Other Matters**

We applied certain limited procedures to management's discussion and analysis ("MD&A"), which is required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### **Restriction on Use**

This information is intended solely for the use of the Board of Directors and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

*Bonadio & Co., LLP*

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION****SUMMARY OF AUDIT ADJUSTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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Change in net position - unaudited	<u>\$ (328,846)</u>
Audit adjustments:	
To record change in prepaid PTAC expense in 2016.	17,507
To record amount payable as of year-end.	<u>(52,061)</u>
Total audit adjustments	<u>(34,554)</u>
Client adjustment:	
To record Wells Fargo income.	<u>27,339</u>
Total client adjustments	<u>27,339</u>
Total adjustments	<u>(7,215)</u>
Change in net position - audited	<u><u>\$ (336,061)</u></u>