MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

Financial Statements
as of December 31, 2017 and 2016
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 22, 2018

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, 2017 and 2016, 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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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, 2017 and 2016, 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 22, 2018, 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, 2017 AND 2016

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, 2017 and 2016. 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.

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, 2017, 2016 and 2015.

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

	2017	2016	2015
ASSETS:			
Cash and equivalents	$6,783	$5,778	$5,390
Investment in limited partnerships	1,298	1,299	1,299
Accounts receivable	-	2	-
Fee income receivable	234	-	-
Loans receivable	396	460	1,151
Prepaid expenses	61	61	44
Investment in Laser Max, Inc.	50	50	50
Total assets	8,822	7,650	7,934
LIABILITIES:			
Accounts payable	4	52	-
Total liabilities	4	52	-
NET POSITION:			
Unrestricted	$8,818	$7,598	$7,934

Cash increased at December 31, 2017 as a result of an increase in bond fee income in 2017. Net position increased as a result of the operations of the Corporation; see the analysis on the following page of this MD&A. The Corporation had fee income receivable of $234,000 due to an issuance of a Tax Exempt Civic Facility Bond before year-end. Due to the timing of the issuance, the related bond fees were not received prior to December 31, 2017. Loans receivable decreased by $64,000 due to repayments in the current year of approximately $115,000 offset by the issuance of new loans of approximately $50,000. 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 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 2016, three of which were paid off early.

THE CORPORATION (Continued)

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

	2017	2016	2015
REVENUES:			
Bond fee income	$1,855	$ 356	$1,036
Fees	202	243	242
Interest, dividends, and investment income	16	23	32
Total revenues	2,073	622	1,310
EXPENSES:			
Program	661	746	614
Management and general	193	212	157
Total expenses	854	958	771
Change in net position	$1,219	$ (336)	$ 539

In 2017, bond fee income increased substantially as there was a large increase in the monetary value of closed projects in the current year. The monetary value of closed projects in 2017 was approximately $681 million, which is substantially higher than the monetary value of closed projects in 2016 of approximately $91.3 million. Program expenses decreased approximately $86,000 as a result of a decrease in expenses related to the Manufacturing Reward Program of approximately $200,000, offset by an increase in expense related to the Great Rebate Program of approximately $130,000.

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.

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, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 6,783,238	$ 5,777,742
Accounts receivable	-	1,752
Fee income receivable	234,000	-
Loans receivable - current portion	93,872	124,836
Prepaid expenses	60,840	60,840
Total current assets	7,171,950	5,965,170
NON-CURRENT ASSETS:		
Investment in limited partnerships	1,297,973	1,299,265
Investment in Laser Max, Inc.	49,950	49,950
Loans receivable - net of current portion	301,577	335,328
Total non-current assets	1,649,500	1,684,543
Total assets	8,821,450	7,649,713
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	4,379	52,061
Total current liabilities	4,379	52,061
NET POSITION		
UNRESTRICTED	$ 8,817,071	$ 7,597,652

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, 2017 AND 2016

	2017	2016
REVENUES:		
Bond fee income	$ 1,854,238	$ 356,492
Fees	202,483	242,650
Interest earned on loans	12,371	18,573
Interest and dividends	3,784	3,572
Total revenues	2,072,876	621,287
EXPENSES:		
Program -		
Rewards programs	549,309	650,952
Legal fees	20,000	20,000
PTAC	85,792	73,753
Other	5,467	931
Total program	660,568	745,636
Management and general -		
Administrative expense	90,000	90,000
Professional fees	69,365	59,545
Travel	1,642	5,435
Supplies	9,831	8,519
Other	22,051	48,213
Total management and general	192,889	211,712
Total expenses	853,457	957,348
CHANGE IN NET POSITION	1,219,419	(336,061)
NET POSITION - beginning of year	7,597,652	7,933,713
NET POSITION - end of year	$ 8,817,071	$ 7,597,652

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, 2017 AND 2016

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from providing services	$ 1,905,343	$ 1,310,678
Payments to suppliers	(901,139)	(922,794)
Net cash flow from operating activities	1,004,204	387,884
CASH FLOW FROM OPERATING ACTIVITIES:		
Distributions from limited partnership interests	1,292	-
Net cash flow from operating activities	1,292	-
NET CHANGE IN CASH AND EQUIVALENTS	1,005,496	387,884
CASH AND EQUIVALENTS - beginning of year	5,777,742	5,389,858
CASH AND EQUIVALENTS - end of year	$ 6,783,238	$ 5,777,742
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net position	$ 1,219,419	$ (336,061)
Adjustments to reconcile change in net position to net cash flow from operating activities:		
Principal payments received on loans	114,715	691,143
Issuance of new loans	(50,000)	-
Change in accounts receivable	1,752	(1,752)
Change in bond fee receivable	(234,000)	-
Change in prepaid expenses	-	(17,507)
Change in accounts payable	(47,682)	52,061
Net cash flow from operating activities	$ 1,004,204	$ 387,884

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 (d/b/a Imagine Monroe).

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 reporting 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, 2017 and 2016, 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, 2017 and 2016, 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.

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, 2017, 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. The Corporation has an agreement to fund a portion of the Monroe County Finger Lakes Procurement Technical Assistance Center's (PTAC) operating expense. The Corporation paid $91,260 to PTAC, which covers PTAC's fiscal year from September 1, 2017 to August 31, 2018. Of the amount paid to PTAC in 2017, $60,840 is related to the 2018 portion of PTAC's funding arrangement, and is a prepaid expense for the Corporation.

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. The Corporation issued a Tax-Exempt Civic Facility Bond that resulted in $234,000 in bond fee income that was not received prior to December 31, 2017, which is recognized in the statement of net position as fee income receivable.

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, 2017, there were 39 tax-exempt bonds outstanding with an aggregate amount payable of approximately $1,871,671,000. At December 31, 2016, there were 30 tax-exempt bonds outstanding with an aggregate amount payable of approximately $1,348,432,000.

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, 2017 and 2016, 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 (including petty cash) consisted of the following at December 31:

	2017		2016	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Demand deposits	$5,838,259	$5,709,495	$4,756,030	$4,705,118
Time deposits	1,073,743	1,073,743	1,072,624	1,072,624
Total	$6,912,002	$6,783,238	$5,828,654	$5,777,742

These deposits were insured or collateralized as follows:

	2017	2016
FDIC insurance	$2,502,330	$2,600,184
Collateralized by third-party	4,393,894	3,295,077
Uncollateralized	101,934	-
Total	$6,998,158	$5,895,261

4. LOANS RECEIVABLE

The following is a summary of the Corporation's balance of outstanding loans receivable at December 31, 2017 and 2016:

Borrower	Date of Issue	Original Loan	Rate of Interest	Maturity Date	Balance at 12/31/17	Balance at 12/31/16
XLI Corp.	9/2010	$ 57,890	1.00%	Sep-17	$ -	$ 7,048
Duncan Industrial Equipment	1/2011	22,500	1.00%	Jan-18	278	3,585
Mastro Graphic Arts, Inc.	3/2011	100,000	1.00%	Mar-18	3,694	18,375
Stamper Technology, Inc.	5/2011	28,250	1.00%	Dec-18	2,084	5,878
545 Colfax, Inc.	12/2011	100,000	1.00%	May-17	-	8,525
Roccera, LLC 2	4/2012	73,527	1.00%	Dec-17	5,018	16,231
Canfield & Tack, Inc	11/2013	65,000	2.00%	Dec-18	13,524	26,781
Trillitek Inc./ Steel Works	8/2014	40,000	1.00%	Sep-21	21,776	27,446
Northern Air Sys. Holdings	11/2014	180,000	4.00%	Dec-24	131,950	148,186
RocCera, LLC.	11/2014	80,000	4.00%	Jan-20	41,642	52,531
Alkemy Machine, LLC	2/2015	125,000	3.00%	Feb-20	94,268	104,796
Tracey Door Company	12/2015	50,000	4.00%	Dec-20	32,003	40,782
Abundance Food Co-op	11/2017	50,000	2.25%	Nov-22	49,212	-
Total		$ 972,167			$ 395,449	$ 460,164

4. LOANS RECEIVABLE (Continued)

Principal Repayment Schedule	2018	2019	2020	2021	2022	Total
Duncan Industrial Equipment	$ 278	$ -	$ -	$ -	$ -	$ 278
Mastro Graphic Arts, Inc.	3,694	-	-	-	-	3,694
Stamper Technology, Inc.	2,084	-	-	-	-	2,084
Roccera, LLC 2	5,018	-	-	-	-	5,018
Canfield & Tack, Inc	13,524	-	-	-	-	13,524
Trillitek Inc./ Steel Works	5,727	5,785	5,843	4,421	-	21,776
Northern Air Sys. Holdings	16,842	17,529	18,243	79,336	-	131,950
RocCera, LLC.	15,301	15,924	10,417	-	-	41,642
Alkemy Machine, LLC	11,847	12,207	70,214	-	-	94,268
Tracey Door Company	9,984	10,391	11,628	-	-	32,003
Abundance Food Co-op	9,573	9,791	10,014	10,241	9,593	49,212
Total	$ 93,872	$ 71,627	$126,359	$93,998	$ 9,593	$ 395,449

5. RELATED PARTIES

The Corporation has a contract with Imagine Monroe, which states that the Corporation will reimburse Imagine Monroe for the cost of certain professional services up to $40,000 annually. The current contract runs through February 1, 2018. For the years ended December 31, 2017 and 2016, the Corporation paid approximately $40,000 and $49,500, respectively, to Imagine Monroe. Of the amount paid in 2017, approximately $4,400 is considered payable as of year-end. Of the amount paid in 2016, approximately $9,500 related to the final quarter of 2015 and $5,200 is considered payable as of year-end.

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 2017 and 2016 contracts required a payment of $90,000 for general administrative and overhead fees to the County. In 2017 and 2016, 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:

	Ownership %	2017
The Monroe Fund, LLC	12.48%	$ 790,360
Trillium Lakefront Properties III, LP	4.49%	142,063
University Technology Seed Fund	8.06%	365,550
		$ 1,297,973

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

	Ownership %	2016
The Monroe Fund, LLC	12.48%	$ 790,360
Trillium Lakefront Properties III, LP	4.48%	142,063
University Technology Seed Fund	8.06%	366,842
		$ 1,299,265

7. COMMITMENTS

Future payments under the Manufacturing Rewards, Monroe On the Jobs, GreatRebate, and GreatRate programs are anticipated to be as follows for the years ending December 31:

2018	$ 340,230
2019	169,453
2020	94,090
2021	95,305
	$ 699,078

At December 31, 2017, several companies have been approved for the Manufacturing Rewards, Monroe On the Jobs, GreatRebate, and GreatRate programs, but have not submitted final documentation for payment. Therefore, the Corporation has conditional payments of $53,250 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 22, 2018

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, 2017, 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 22, 2018.

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

Bonadio & Co., LLP
Certified Public Accountants

March 22, 2018

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, 2017. 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 October 27, 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 2017. 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.

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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 22, 2018.

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, 2017

Change in net position - unaudited	$ 958,290
Audit adjustments:	
To record bond fee income related to closing at year end.	234,000
To record prepaid PTAC expense.	17,507
To record professional fees.	(4,379)
To record distribution from investments.	(1,292)
Total audit adjustments	245,836
Client adjustment:	
To record fee income.	15,293
Total client adjustments	15,293
Total adjustments	261,129
Change in net position - audited	$ 1,219,419

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

March 22, 2018

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, 2017 and 2016, 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 22, 2018.

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.

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Bonadio & Co., LLP
Certified Public Accountants

March 29, 2018

Monroe County Industrial Development Corporation
50 West Main Street, Suite 8100
Rochester, New York 14614

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

In planning and performing our audit of the financial statements of the Monroe County Industrial Development Corporation (the "Corporation") as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

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

Very truly yours,

BONADIO & CO., LLP

By:
Randall R. Shepard, CPA
Partner

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