MONROE COUNTY
INDUSTRIAL DEVELOPMENT CORPORATION

ROCHESTER, NEW YORK

B A S I C F I N A N C I A L S T A T E M E N T S

For Years Ended December 31, 2022 and 2021

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T A B L E   O F   C O N T E N T S

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Monroe County Industrial Development Corporation
Rochester, New York

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Monroe County IDC (the Corporation), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Corporation's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Monroe County Industrial Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Monroe County Industrial Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 April 3, 2023 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 solely 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 the effectiveness of 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.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
April 3, 2023

Monroe County Industrial Development Corporation
Rochester, New York

Management's Discussion and Analysis (MD&A)

December 31, 2022

INTRODUCTION

Our discussion and analysis of the Monroe County IDC's ("Corporation") financial performance provides an overview of the Corporation's financial activities for the year ended December 31, 2022. It should be read in conjunction with the basic financial statements to enhance understanding of the Corporation's financial performance, which immediately follows this section.

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.

FINANCIAL HIGHLIGHTS

- The Corporation's net position was $6,503,761 at the end of 2022 as compared to $7,100,039 at the end of 2021.
- The Corporation's total operating revenues were $435,908 in 2022 as compared to $660,524 in 2021.
- The Corporation's total expenses were $1,032,186 in 2022 as compared to $1,000,294 in 2021.
- The Corporation's change in net position was ($596,278) in 2022 as compared to ($339,770) in 2021.

THE CORPORATION

The analysis below summarizes the statements of net position and change in net position of the Corporation as of and for the years ended December 31, 2022, 2021, and 2020.

Statement of Net Position

ASSETS	2022	2021	2020
Cash and cash equivalents	$ 4,704,472	$ 5,445,041	$ 4,885,702
Other receivable	-	450,000	-
Loans receivable	1,928,068	1,327,045	2,545,340
Prepaid expenses	21,180	26,665	73,594
Investment in limited partnerships and related entities	117,474	142,063	142,063
Investment in Laser Max, Inc.	-	49,950	49,950
Total Assets	**$ 6,771,194**	**$ 7,440,764**	**$ 7,696,649**
LIABILITIES			
Accounts payable and unearned revenue	$ 267,433	$ 340,725	$ 256,840
Total Liabilities	**$ 267,433**	**$ 340,725**	**$ 256,840**
NET POSITION			
Restricted	$ 169,303	$ 169,303	$ -
Unrestricted-Operating	6,334,458	6,930,736	7,439,809
Total Net Position	**$ 6,503,761**	**$ 7,100,039**	**$ 7,439,809**

Cash decreased at December 31, 2022 as a result of the issuance of new loans. 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 increased by $601,023 as a result of $800,000 of new revolving loan fund loans issued offset by the forgiveness of $42,000, net of the remaining emergency loans and $157,000 of principal payments on existing loans.

Cash increased at December 31, 2021 as a result of emergency loans being paid down. 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 $1,200,000 based on the forgiveness of emergency loans by Monroe County. Management has reviewed the remaining loans in the portfolio and determined all payments have been made in accordance with established agreements and no collection issues exist at this time.

Statement of Revenues, Expenses, and Changes in Net Position

	2022	2021	2020
Revenues:			
Bond fee income	$ 215,838	$ -	$ 1,332,002
Fees	191,611	221,490	229,565
Interest, dividends, and investment income	28,459	28,500	20,284
Miscellaneous income	-	241,231	-
Emergency loan support fee	-	-	1,000,000
State aid	-	169,303	-
Total Revenues	**$ 435,908**	**$ 660,524**	**$ 2,581,851**
Expenses:			
Program	$ 586,436	$ 660,735	$ 809,066
Management and general	371,211	339,559	298,784
Investment loss	74,539	-	70,762
Total Expenses	**$ 1,032,186**	**$ 1,000,294**	**$ 1,178,612**
Operating Income	**$ (596,278)**	**$ (339,770)**	**$ 1,403,239**
Net Position - Beginning of Year	7,100,039	7,439,809	6,036,570
Net Position - End of Year	**$ 6,503,761**	**$ 7,100,039**	**$ 7,439,809**

In 2022 there was one bond project. The value of closed bond projects in 2022 was approximately $22,000,000. Program expenses decreased by approximately $74,000 largely due to the $43,712 decrease in PTAC expenses and $19,237 decrease in economic development activity. PTAC changed funding entities and is no longer receiving funding from Monroe County Industrial Development Corporation. Payroll increased approximately $50,000 contributing to an $11,000 and $39,000 increase in program expenses and management and general expenses, respectively. Investment losses increased $74,539 because of impairment losses recognized on two investments.

In 2021 there was no bond project. The monetary value of closed bond projects in 2020 was approximately $750 million. Program expenses decreased approximately $148,000; decreases of approximately $286,000 for program activity in the GreatRate, GreatRebate, Manufacturing Reward, Monroe Manufactures Jobs, Monroe on the Jobs were offset by an increase of approximately $152,000 in economic development activity. Investment losses decreased $70,762 because there were no impairment losses recognized.

FUTURE FACTORS

The Corporation relies extensively upon bond fees and SBA fees to generate the majority of its annual revenue. As a result of uncertain economic conditions, the Corporation's ability to generate fees to support the operations may be impacted in the future.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Monroe County Industrial Development Corporation's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Monroe County Industrial Development Corporation
50 West Main Street, Suite 1150
Rochester, New York 14614

Statement 1

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF NET POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS :		
Current Assets -		
Cash and cash equivalents	$ 4,704,472	$ 5,445,041
Other receivable	-	450,000
Loans receivable - current portion, net	163,717	202,109
Prepaid expenses	21,180	26,665
Total Current Assets	$ 4,889,369	$ 6,123,815
Noncurrent Assets -		
Investment in Laser Max, Inc.	$ -	$ 49,950
Investment in limited partnerships and related entities	117,474	142,063
Loans receivable-net of current portion	1,764,351	1,124,936
Total Noncurrent Assets	$ 1,881,825	$ 1,316,949
TOTAL ASSETS	**$ 6,771,194**	**$ 7,440,764**
LIABILITIES:		
Current Liabilities -		
Accounts payable	$ 262,785	$ 336,077
Unearned revenue	4,648	4,648
TOTAL LIABILITIES	**$ 267,433**	**$ 340,725**
NET POSITION:		
Restricted	$ 169,303	$ 169,303
Unrestricted - Operating	6,334,458	6,930,736
TOTAL NET POSITION	**$ 6,503,761**	**$ 7,100,039**

(The accompanying notes are an integral part of the financial statements)

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING REVENUES:		
Bond fee income	$ 215,838	$ -
Fees	191,611	221,490
Interest earned on loans	26,871	26,933
Interest and dividends	1,588	1,567
Miscellaneous income	-	241,231
State aid	-	169,303
TOTAL OPERATING REVENUES	$ 435,908	$ 660,524
EXPENSES:		
Program Expenses -		
Reward programs	$ 305,656	$ 314,654
Legal fees	-	6,500
PTAC	3,911	47,623
Economic development expense	175,771	195,008
Salaries	48,465	37,689
Other	52,633	59,261
Total Program Expenses	$ 586,436	$ 660,735
Management and General Expenses -		
Administrative expense	$ 90,000	$ 90,000
Professional fees	80,737	90,467
Salaries	179,399	140,450
Travel	994	708
Supplies	6,112	5,320
Other	13,969	12,614
Total Management and General Expenses	$ 371,211	$ 339,559
Loss on investment activity	$ 74,539	$ -
TOTAL EXPENSES	$ 1,032,186	$ 1,000,294
CHANGE IN NET POSITION	$ (596,278)	$ (339,770)
NET POSITION - BEGINNING OF YEAR	7,100,039	7,439,809
NET POSITION - END OF YEAR	**$ 6,503,761**	**$ 7,100,039**

(The accompanying notes are an integral part of the financial statements)

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

For Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities:		
Cash received from providing services	$ 435,908	$ 495,869
Principal payments received on loans	606,852	1,387,512
Issuance of new loans	(800,000)	(669,303)
Cash paid to suppliers	(757,054)	(649,030)
Cash paid for salaries & benefits	(226,275)	(175,012)
Net Cash Provided by Operating Activities	$ (740,569)	$ 390,036
Cash Flows From Non - Capital Financing Activities:		
Cash received from New York State grants	$ -	$ 169,303
Net Cash Provided By Non-Capital Financing Activities	**$ -**	**$ 169,303**
Net Increase in Cash	$ (740,569)	$ 559,339
Cash and Cash Equivalents - Beginning of Year	5,445,041	4,885,702
Cash and Cash Equivalents - End of Year	**$ 4,704,472**	**$ 5,445,041**
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities		
Change in net position	$ (596,278)	$ (339,770)
Adjustments to reconcile Change in Net Position to Net Cash (Used)/ Provided from Operations:		
State grants	$ -	$ (169,303)
Loss on investment activities	74,539	-
Bad debt expense	42,125	50,086
Change in assets and liabilities -		
Other receivable	450,000	(450,000)
Loans receivable	(643,148)	1,168,209
Prepaid expense	5,485	46,929
Accounts payable and accrued payroll	(73,292)	79,237
Unearned revenue	-	4,648
Total Adjustments to reconcile Change in Net Position to Net Cash (Used)/Provided from Operations	$ (144,291)	$ 729,806
Net Cash Provided by Operating Activities	**$ (740,569)**	**$ 390,036**
NON-CASH TRANSACTIONS:		
Impairment of investments	$ 74,539	$ -

(The accompanying notes are an integral part of the financial statements)

I. Summary of Significant Accounting Policies:

The financial statements of the Monroe County IDC (the Corporation) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Organization

The Monroe County IDC, New York (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 bylaws 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).

B. Basis of Presentation

GASB requires the reporting of net position into three classifications defined as follows:

1. 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 borrowing 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, 2022 and 2021, the Corporation has no net investment in capital assets.

2. 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, 2022 and 2021, the Corporation had $169,303 of restricted net position.

3. 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 needed.

C. Cash and Cash Equivalents

Cash and cash equivalents includes demand deposits, money markets, and certificates of deposit and are carried at cost plus accrued interest, which approximates fair value. For purposes of presenting the statement of cash flows, the Corporation considers all highly liquid short-term investments with maturities of twelve months or less from the date of purchase to be cash or cash equivalents. Interest and dividend income from cash and cash equivalents is reported in operating revenue in the Statement of Revenues, Expenses and Changes in Net Position.

D. Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position since events could potentially occur that jeopardize tax-exempt status. Management is not aware of any events that could jeopardize the Corporation’s tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements. The Corporation has requested a determination letter from the IRS.

E. 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, 2022 and 2021 loan balances are reported net of the amounts deemed by management to be potentially uncollectible.

F. 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.

G. 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.

(I.) (Continued)

H. Investments

1. LaserMax, Inc.

The Corporation owns 333 shares of common stock of Laser Max, Inc. The Corporation adjusted its cost basis in the stock to recognize an impairment of $49,950 for the year ended December 31,2022.

2. Limited Partnership Interests

The Corporation has an investment in limited partnership interest of Trillium Lakefront Partners, III, LP. This investment is valued at cost in the statement of net position. The market value of this asset is not readily available. Distributions from the investment in limited partnership interest are treated as a reduction to the cost basis of the respective limited partnership interest.

I. 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 had a remaining unspent balance of $16,009 relating to PTAC.

J. Reward 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:

1. 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.

2. 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.

3. The Monroe Manufacturing Rewards program provides manufacturing businesses with a rebate of $2,000 on qualified equipment purchases from $25,000 to $49,999.

4. The Monroe On-the-Job program provides matching funds for skilled trades training that leads to industry recognized certifications for employees.

5. The Small Business Monroe Manufacturing Rewards program provides manufacturing businesses with a rebate of $1,000 on qualified equipment purchases from $10,000 to $24,999.

6. 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.

7. 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.

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

K. 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 statement of activities as bond fee income.

L. 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, 2022, there were 37 tax-exempt bonds outstanding with an aggregate amount payable of approximately $2,180,899,814. At December 31, 2021, there were 39 tax-exempt bonds outstanding with an aggregate amount payable of approximately $2,251,602,000.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(I.) (Continued)

N. New Accounting Standards

The Corporation has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2022, the Corporation implemented the following new standards issued by GASB:

GASB has issued Statement 87 *Leases*.

GASB has issued Statement 91 *Conduit Debt Obligations*.

GASB has issued Statement 92 *Omnibus 2020 Paragraphs 6, 7, 8, 9, 10, 12*.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraphs 11b, 13 and 14*.

GASB has issued Statement 97 *Certain Component Unit Criteria and Accounting and Financial Report for Internal Revenue Code Section 457 Deferred Compensation Plans*.

O. Future Changes in Accounting Standards

GASB has issued Statement 94 *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement 96 *Subscription Based Information Technology*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement 99 *Omnibus 2022-Leases, PPP, and SPITAS*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement 99 *Omnibus 2022-Financial Guarantees, etc.*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement 100 *Accounting Changes and Error Corrections – An Amendment of GASB statement No. 62*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement 101, *Compensated Absences*, which will be effective for reporting periods beginning after December 15, 2023.

The Corporation is currently studying these statements and plans on adoption as required.

II. Reclassification:

Certain amounts in the 2021 financial statements have been reclassified to conform to the current year presentation.

III. Deposits with Financial Institutions and Investments:

A. 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 deposit or deposits with banks with an investment grade rating by a Rating Agency, d) commercial paper rates 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.

B. 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.

C. 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.

D. 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.

(III.) (Continued)

At December 31, 2022 and 2021, 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:

	2022	
	Bank Balance	**Carrying Amount**
Demand deposits	$ 3,952,441	$ 3,949,893
Time deposits	754,580	754,579
Total	$ 4,707,021	$ 4,704,472

	2021	
	Bank Balance	**Carrying Amount**
Demand deposits	$ 4,601,149	$ 4,598,403
Time deposits	846,638	846,638
Total	$ 5,447,787	$ 5,445,041

These deposits were insured or collateralized as follows:

	2022	**2021**
FDIC insurance	$ 1,921,752	$ 1,920,633
Collateralized by third-party	2,785,269	3,414,458
Uncollaterized	-	112,696
Total	$ 4,707,021	$ 5,447,787

IV. Loans Receivable

The Corporation administers a revolving loan fund established in 1984 through an initial contribution of $350,000 from COMIDA. On April 14, 2020 the Corporation signed an agreement with COMIDA to implement and administer an $1,000,000 Emergency Small Business Assistance loan program. During the award phase, the program provided loans of up to $10,000 to businesses located in Monroe County. The loans bear no interest and are payable in 24 equal installments after the initial deferment period. Under the terms of the agreement, the COMIDA paid the Corporation $500,000 to administer the program through December 31, 2022. On May 12, 2020, the Board of the Corporation approved accepting an additional $500,000 from COMIDA and increasing the total base for the loan program to $2,000,000. On November 21, 2020 the Board of the Corporation extended the initial period of deferment until July 1, 2021, extending the program through July 1, 2023. As of December 31, 2022 there were no emergency loans outstanding.

During 2021 Monroe County developed a program which would allow emergency loan applicants to submit a request to Monroe County through the Fast Forward Monroe Program which would provide a reimbursement to the Corporation for the outstanding emergency loan balance if the County approved the application.

(IV.) (Continued)

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

Borrower	Date of Issue	Original Loan	Rate of Interest	Maturity Date	Balance at 12/31/2022	Balance at 12/31/2021
Revolving loans -						
Alkemy Machine, LLC	03/2020	$ 66,131	3.00%	04/2025	$ 30,347	$ 43,703
Abundance Food Co-op	11/2017	$ 50,000	2.25%	11/2022	-	9,592
Precision Laser Technology	05/2019	$ 28,293	1.00%	05/2026	13,720	17,747
Iron Smoke Whiskey, LLC	07/2019	$ 50,000	4.00%	07/2026	27,927	34,860
RocCera, LLC	12/2019	$ 48,258	4.50%	12/2031	38,514	41,909
Iron Smoke Whiskey, LLC #2	10/2020	$ 43,180	4.00%	10/2027	31,080	36,795
Mecury Print	09/2020	$ 500,000	3.50%	09/2030	402,222	446,629
GAIN - Brightly Farms, LLC	05/2021	$ 169,303	1.00%	05/2028	132,039	153,685
Zweigle's, Inc.	11/2021	$ 500,000	1.00%	11/2031	452,219	500,000
Simply Crepes (KPH Holdings)	12/2022	$ 300,000	5.00%	12/2027	300,000	-
Tailor Square Associates LLC	06/2022	$ 500,000	1.00%	06/2060	500,000	-
Emergency loans -						
Various	Various	$ 1,861,500	0.00%	06/2023	-	84,250
Total					**$ 1,928,068**	**$ 1,369,170**
Less: Current Portion, net					(163,717)	(202,109)
Less: Allowance for doubtful accounts					-	(42,125)
Noncurrent Portion					**$ 1,764,351**	**$ 1,124,936**

Payment Repayment Schedule	**2023**	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**
Alkemy Machine	$ 12,943	$ 13,891	$ 3,513	$ -	$ -	$ -	$ 30,347
Mercury Print	45,988	47,624	49,318	51,072	52,888	155,332	$ 402,222
Iron Smoke Whiskey, LLC #2	5,948	6,190	6,442	6,705	5,795	-	$ 31,080
Precision Laser Technology	3,727	4,106	4,147	1,740	-	-	$ 13,720
Iron Smoke Whiskey, LLC	7,216	7,510	7,815	5,386	-	-	$ 27,927
RocCera, LLC	3,551	3,714	3,885	4,064	4,250	19,050	$ 38,514
GAIN - Brightly Farms, LLC	23,841	24,081	24,323	24,567	24,814	10,413	$ 132,039
Zweigle's, Inc.	52,305	48,786	49,277	49,772	50,272	201,807	$ 452,219
Simply Crepes	8,198	9,381	9,862	10,366	262,193	-	$ 300,000
Tailor Square Associates LLC*	-	-	-	-	-	500,000	$ 500,000
Total	**$ 163,717**	**$ 165,283**	**$ 158,582**	**$ 153,672**	**$ 400,212**	**$ 886,602**	**$ 1,928,068**

* Per agreement, annual payments are not expected to start on this loan until after construction period, estimated during 2025. The amount of the annual payment will vary under the terms of the agreement.

V. Related Parties

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 2022 and 2021 contracts required a payment of $90,000 for general administrative and overhead fees to the County. In 2022 and 2021, the Corporation paid the County $90,000 annually, based on an annual administrative agreement between the entities.

VI. Investments in Limited Partnership Interests

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

	2022 Ownership %	2022	2021 Ownership %	2021
Trillium Lakefront Properties III, LP	4.49%	$ 117,474	4.49%	$ 142,063
Total		**$ 117,474**		**$ 142,063**

VII. Commitments

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

Year	Amount
2023	$ 234,703
2024	124,308
2025	73,114
2026	33,996
2027	12,309
Total	**$ 478,430**

At December 31, 2022, several companies have been approved for the Manufacturing Rewards, Monroe On the Job, GreatRebate, and GreatRate programs, but have not submitted final documentation for payment. Therefore, the Corporation has conditional payments of $84,229 outstanding until such time as all program requirements have been satisfied.

VIII. Litigation

Management is not aware of any pending or threatened litigation as of the balance sheet date.

**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***

<u>Independent Auditors' Report</u>

To the Board of Directors
Monroe County Industrial Development Corporation
Rochester, New York

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 Monroe County IDC (the Corporation) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated April 3, 2023.

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 to determine the 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 Corporation'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.

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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
April 3, 2023

MMB+CO | BUSINESS ADVISORS AND CPAS

Independent Auditors' Report

To the Board Members
Monroe County Industrial Development Corporation
Rochester, New York

We have examined the Monroe County Industrial Development Corporation (the Corporation)'s compliance with its own investment guidelines, the New York State Comptroller's Investment Guidelines, or Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period January 1, 2022 to December 31, 2022. Management of the Corporation is responsible for the Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depending on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with its own investment guidelines, the New York State Comptroller's Investment Guidelines, or Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period January 1, 2022 to December 31, 2022.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
April 3, 2023

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

ROCHESTER, NEW YORK

COMMUNICATING INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN AN AUDIT

For Year Ended December 31, 2022

MMB+CO

BUSINESS
ADVISORS
AND CPAS

BUSINESS ADVISORS AND CPAS

MMB+CO

April 3, 2023

To the Board of Directors
Monroe County Industrial Development Corporation
Rochester, New York

In planning and performing our audit of the financial statements of the Monroe County IDC as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Monroe County IDC'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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Current Year Deficiencies in Internal Control:

There were no current year deficiencies.

Prior Year Recommendations:

There were no prior year recommendations.

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

* * *

We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
April 3, 2023

MONROE COUNTY
INDUSTRIAL DEVELOPMENT CORPORATION

ROCHESTER, NEW YORK

LETTER OF COMMUNICATION

For Year Ended December 31, 2022

MMB+CO BUSINESS ADVISORS AND CPAS

April 3, 2023

To the Board Members
Monroe County Industrial Development Corporation
Rochester, New York

We have audited the financial statements of the Monroe County Industrial Development Corporation, (Corporation) for the year ended December 31, 2022, and have issued our report thereon dated April 3, 2023. Professional standards require that we provide you with the following information related to our audit.

A. Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated November18, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Monroe County Industrial Development Corporation. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Monroe County Industrial Development Corporation's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

B. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management and the Board in our engagement letter dated November 18, 2022.

C. Significant Risks Identified

Professional standards require that we identify and assess risks and design and perform our audit procedures to assess those risks. The two risks which are always identified in an audit are management override of internal controls and revenue recognition. The identification of a risk does not mean that it has occurred, but rather it has the potential to impact the financial statements.

D. 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 Corporation are described in Note 1 to the financial statements. The new accounting pronouncements which were implemented were GASB Statement 87 *Leases*, GASB Statement 91 *Conduit Debt Obligations*, GASB Statement # 92 *Omnibus 2020 Paragraphs 6, 7, 8, 9, 10, 12*, GASB Statement 93 *Replacement of Interbank Offered Rates Paragraphs 11b, 13 and 14,* and GASB Statement 97 *Certain Component Unit Criteria and Accounting and Financial Report for Internal Revenue Code Section 457 Deferred Compensation Plans.* We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized 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 effecting them may differ significantly from those expected. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no individually sensitive disclosures affecting the financial statements.

E. Difficulties Encountered in Performing the Audit

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

F. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not identify any known or likely misstatements during our audit.

G. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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.

H. Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 3, 2023.

I. 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 governmental unit'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.

J. 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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

K. Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced Finance Director who reviews draft financial statements prior to issuance and accepts responsibility for them.

L. Other Matters

We applied certain limited procedures to the management's discussion and analysis, which are 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 inquires, 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.

* * *

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

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
April 3, 2023

PARIS
Public Authorities Reporting Information System

Certified Financial Audit for Monroe County Industrial Development Corporation

Fiscal Year Ending: 12/31/2022

Run Date: 04/21/2023
Status: CERTIFIED
Certified Date : 04/21/2023

Financial Documents

Question	Response
1. Attach the independent audit of the Authority's financial statements.	N/A

URL (If Applicable)	Attachments
http://www.mcidcweb.com/reports	Attachment Included

Question	Response
2. Has the Authority's independent auditor issued a management letter to the Authority in connection with its audit of the Authority's financial statements?	No

URL (If Applicable)	Attachments

Question	Response
3. Has the Authority's independent auditor issued a Report on Internal Controls Over Financial Reporting to the Authority?	Yes

URL (If Applicable)	Attachments
http://www.mcidcweb.com/reports	Attachment Included

Question	Response
4. Attach any other communication required or allowed by government auditing standards issued by the Comptroller General of the United States to be issued by the Authority's independent auditor in connection with its annual audit of the Authority's financial statements.	

URL (If Applicable)	Attachments

Additional Comments

PARIS
Public Authorities Reporting Information System

Investment Report for Monroe County Industrial Development Corporation

Fiscal Year Ending: 12/31/2022

Run Date : 04/21/2023
Status: CERTIFIED
Certified Date: 04/21/2023

Investment Information

Question		Response	URL (If Applicable)
1.	Has the Authority prepared an Annual Investment Report for the reporting period as required by Section 2925 (6) of PAL?	Yes	http://www.mcidcweb.com/reports
2.	Are the Authority's investment guidelines reviewed and approved annually?	Yes	
3.	Did the Authority have an independent audit of investments as required by Section 2925(3)(f) of PAL?	No	
4.	Has the Authority's independent auditor issued a management letter to the Authority in connection with its annual audit of investments?	No	

Additional Comments