

**MONROE COUNTY INDUSTRIAL
DEVELOPMENT CORPORATION**

**Financial Statements
as of December 31, 2012 and 2011
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

March 28, 2013

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Monroe County Industrial Development Corporation (the Corporation) as of and for the years ended December 31, 2012 and 2011, 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 business-type activities of the Corporation, as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–6 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 28, 2013 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.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

The following Management's Discussion and Analysis (MD&A) of Monroe County Industrial Development Corporation's (the Corporation's) financial statements provides an overview of the Corporation's financial activities for the years ended December 31, 2012 and 2011. The MD&A should be read in conjunction with the Corporation's financial statements and related notes, which follow the MD&A.

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

FINANCIAL HIGHLIGHTS

- The Corporation's net position decreased by \$151,866 in 2012 and increased by \$863,327 in 2011 as a result of the individual year's operations.
- The assets of the Corporation exceeded its liabilities by \$6,849,708 and \$7,001,574 at December 31, 2012 and 2011, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

THE CORPORATION

The analysis below summarizes the statements of net position (Table 1) and change in net position (Table 2) of the Corporation as of and for the years ended December 31, 2012, 2011 and 2010.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
ASSETS:			
Cash and equivalents	\$ 4,144	\$ 4,164	\$ 3,605
Investment in limited partnerships	2,027	2,199	2,246
Loans receivable	643	588	237
Investment in Laser Max, Inc.	<u>50</u>	<u>50</u>	<u>50</u>
Total assets	<u>6,864</u>	<u>7,001</u>	<u>6,138</u>
LIABILITIES:			
Accounts payable	<u>14</u>	-	-
Total liabilities	<u>14</u>	-	-
NET POSITION:			
Unrestricted	<u>\$ 6,850</u>	<u>\$ 7,001</u>	<u>\$ 6,138</u>

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

Cash and net position increased at December 31, 2011 from December 31, 2010 as a result of the operations of the Corporation, see the analysis on the following page of this MD&A. A contributing factor dealt with the increase in tax-exempt bonds issued during 2011.

THE CORPORATION (Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
REVENUES:			
Fees	\$ 231	\$ 239	\$ 281
Bond fee income	210	946	1,142
Interest, dividends, and investment income	8	8	12
Contributions	4	17	1,135
Assignment of loans	-	-	188
Other	<u>6</u>	<u>6</u>	<u>4</u>
 Total revenues	 <u>459</u>	 <u>1,216</u>	 <u>2,762</u>
EXPENSES:			
Program	497	282	456
Management and general	<u>114</u>	<u>71</u>	<u>38</u>
 Total expenses	 <u>611</u>	 <u>353</u>	 <u>494</u>
 Change in net position before special item	 (152)	 863	 2,268
SPECIAL ITEM:			
Contribution of limited partnership interests	<u>-</u>	<u>-</u>	<u>2,300</u>
 Change in net position	 <u>\$ (152)</u>	 <u>\$ 863</u>	 <u>\$ 4,568</u>

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

In 2011, contributions decreased significantly as a result of significant 2010 contributions from County of Monroe Industrial Development Agency (COMIDA). Also in 2010, COMIDA assigned the rights to two limited partnership interests to the Corporation. Interest subsidy, a significant program expense, is linked to the GreatRate program, and fewer companies took advantage of this equipment purchasing program in 2011 versus 2010.

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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 4,143,852	\$ 4,164,201
Loans receivable - current portion	<u>147,336</u>	<u>103,514</u>
Total current assets	<u>4,291,188</u>	<u>4,267,715</u>
NON-CURRENT ASSETS:		
Investment in limited partnerships	2,027,054	2,199,628
Investment in Laser Max, Inc.	49,950	49,950
Loans receivable - net of current portion	<u>495,789</u>	<u>484,281</u>
Total non-current assets	<u>2,572,793</u>	<u>2,733,859</u>
Total assets	<u>6,863,981</u>	<u>7,001,574</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	<u>14,273</u>	<u>-</u>
Total current liabilities	<u>14,273</u>	<u>-</u>
NET POSITION		
UNRESTRICTED	<u>\$ 6,849,708</u>	<u>\$ 7,001,574</u>

The accompanying notes are an integral part of these statements.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES:		
Fees	\$ 230,669	\$ 239,247
Bond fee income	209,309	946,296
Interest earned on loans	8,497	5,607
Interest and dividends	6,116	8,046
Contributions	<u>4,375</u>	<u>17,353</u>
Total revenues	<u>458,966</u>	<u>1,216,549</u>
EXPENSES:		
Program -		
Rewards programs	439,380	258,796
Economic development	35,000	-
Legal fees	20,000	20,000
Other	<u>2,911</u>	<u>3,849</u>
Total program	<u>497,291</u>	<u>282,645</u>
Management and general -		
Administrative expense	65,000	25,000
Professional fees	36,502	16,869
Travel	8,336	9,067
Supplies	2,648	7,630
Other	<u>1,055</u>	<u>12,011</u>
Total management and general	<u>113,541</u>	<u>70,577</u>
Total expenses	<u>610,832</u>	<u>353,222</u>
CHANGE IN NET POSITION	<u>(151,866)</u>	<u>863,327</u>
NET POSITION - beginning of year	<u>7,001,574</u>	<u>6,138,247</u>
NET POSITION - end of year	<u>\$ 6,849,708</u>	<u>\$ 7,001,574</u>

The accompanying notes are an integral part of these statements.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from providing services	\$ 403,636	\$ 866,579
Payments to suppliers	<u>(596,559)</u>	<u>(353,222)</u>
Net cash flow from operating activities	<u>(192,923)</u>	<u>513,357</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in limited partnership interests	(24,337)	(10,625)
Distributions from limited partnership interests	<u>196,911</u>	<u>56,891</u>
Net cash flow from investing activities	<u>172,574</u>	<u>46,266</u>
NET CHANGE IN CASH AND EQUIVALENTS	(20,349)	559,623
CASH AND EQUIVALENTS - beginning of year	<u>4,164,201</u>	<u>3,604,578</u>
CASH AND EQUIVALENTS - end of year	<u>\$ 4,143,852</u>	<u>\$ 4,164,201</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net position	\$ (151,866)	\$ 863,327
Adjustments to reconcile change in net position to net cash flow from operating activities:		
Principal payments received on loans	118,197	120,780
Issuance of new loans	(173,527)	(470,750)
Change in accounts payable	<u>14,273</u>	<u>-</u>
Net cash flow from operating activities	<u>\$ (192,923)</u>	<u>\$ 513,357</u>

The accompanying notes are an integral part of these statements.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

1. THE CORPORATION

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

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

- Invested in capital assets, net of related debt - 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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. At December 31, 2012 and 2011, the Corporation had no amounts invested 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, 2012 and 2011, the Corporation does not have restricted net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

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. The balances in these accounts may, at times, exceed federally insured limits. The Corporation has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and equivalents. Interest and dividend income from cash and equivalents is reported in operating revenue in the statements of revenues, expenses, and change in net position.

Loans Receivable

Loans receivable are carried at unpaid principal balances. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Corporation reviews outstanding loans receivable for uncollectibility and records an allowance for uncollectible accounts based on that review. When all collection efforts have been exhausted, the account is written-off as uncollectible. At December 31, 2012 and 2011, management considered all amounts fully collectible and, accordingly, no reserve had been established.

Revenue Recognition

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

Contributions

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

Investment in Laser Max, Inc.

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

Investment in Limited Partnership Interests

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

Administrative Expense

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rewards Programs

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

- The Monroe Manufactures Jobs LoansPlus program lends manufacturing companies 10% of the purchase price of new manufacturing equipment, up to \$100,000, at 1% interest.
- The Monroe Manufactures Jobs program connects graduates of the Monroe Community College Applied Technology Center with local manufacturing companies by providing both the employee and employer a \$1,500 bonus if the employee works for the company for one full year.
- The Monroe Manufacturing Rewards Program provides manufacturing businesses with a rebate of \$1,000 on qualified equipment purchases from \$25,000 to \$49,999.
- The Monroe On-the-Job program provides matching funds for skilled trades training that leads to industry recognized certifications for employees.
- The GreatRebate program is a two year program for companies who buy \$50,000 or more of equipment. The Corporation will give a rebate of \$5,000 to companies who buy equipment locally or a rebate of \$4,000 to companies who buy equipment outside the local area.
- The GreatRate program is a three-year program that subsidizes interest rates by 4% for bank loans or capital leases for job creating companies purchasing equipment locally or 3% for bank loans or capital leases for job creating companies not purchasing locally.

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

Bond Fee Income

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

Industrial Development Bonds

The Corporation issues tax-exempt bonds and special issue bonds to provide financial assistance on behalf of certain not-for-profit organizations for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers back to the not-for-profit organization served by the bond issuance. The Corporation is not obligated in any manner for repayment of the bonds at any time. Accordingly, related property is not reported as assets, and the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2012, there were 16 tax-exempt bonds outstanding with an aggregate amount payable of approximately \$563,500,000. At December 31, 2011, there were 13 tax-exempt bonds outstanding with an aggregate amount payable of approximately \$520,000,000.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Policies

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

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

At December 31, 2012 and 2011, all of the Corporation's deposits were covered by FDIC insurance.

4. LOANS RECEIVABLE

The following is a summary of the Corporation's balance of outstanding loans receivable at December 31, 2012 and 2011:

<u>Borrower</u>	<u>Date of Issue</u>	<u>Original Loan</u>	<u>Rate of Interest</u>	<u>Maturity Date</u>	<u>Balance at 12/31/2012</u>	<u>Balance at 12/31/2011</u>
XLI Corporation	9/2010	\$ 57,890	1.00%	9/2017	\$ 39,723	\$ 47,848
Diamond Paperbox Co.	12/2010	100,000	1.00%	12/2017	70,966	84,978
Roccera, LLC	12/2010	50,000	1.25%	5/2014	14,485	24,556
Stamper Technology, Inc.	5/2011	28,250	1.00%	12/2018	22,032	25,971
Webster Precision, Inc.	4/2011	66,000	1.00%	12/2018	50,702	59,911
Duncan Industrial Equip.	1/2011	22,500	1.00%	1/2018	16,484	19,627
4659, LLC	8/2011	54,000	5.00%	12/2016	41,736	51,608
545 Colfax, Inc.	12/2011	100,000	1.00%	5/2017	88,589	100,000
Mastro Graphic Arts, Inc.	3/2011	100,000	1.00%	3/2018	75,652	89,617
Partec, Inc.	2/2011	100,000	1.00%	5/2016	63,913	83,679
Boundary Fence of Rochester	3/2012	100,000	1.00%	12/2017	85,316	-
Roccera, LLC 2	4/2012	<u>73,527</u>	1.00%	12/2017	<u>73,527</u>	<u>-</u>
Total		<u>\$ 852,167</u>			<u>\$ 643,125</u>	<u>\$ 587,795</u>

<u>Principal Repayment Schedule</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>	<u>Total</u>
XLI Corporation	\$ 8,207	\$ 8,288	\$ 8,372	\$ 8,456	\$ 6,400	\$ -	\$ 39,723
Diamond Paperbox Co	14,147	14,295	14,438	14,571	13,515	-	70,966
Roccera, LLC	10,198	4,287	-	-	-	-	14,485
Stamper Technology, Inc.	3,978	4,018	4,059	4,099	4,141	1,737	22,032
Webster Precision, Inc.	9,302	9,395	9,490	9,585	9,681	3,249	50,702
Duncan Industrial Equip.	3,176	3,208	3,241	3,274	3,307	278	16,484
4659, LLC	10,378	10,908	11,467	8,983	-	-	41,736
545 Colfax, Inc.	19,717	19,915	20,115	20,317	8,525	-	88,589
Mastro Graphic Arts, Inc.	14,105	14,247	14,390	14,535	14,681	3,694	75,652
Partec, Inc.	19,965	20,165	20,368	3,415	-	-	63,913
Boundary Fence of Rochester	19,750	19,948	20,148	20,351	5,119	-	85,316
Roccera, LLC 2	<u>14,413</u>	<u>14,558</u>	<u>14,704</u>	<u>14,852</u>	<u>15,000</u>	<u>-</u>	<u>73,527</u>
Total	<u>\$ 147,336</u>	<u>\$ 143,232</u>	<u>\$ 140,792</u>	<u>\$ 122,438</u>	<u>\$ 80,369</u>	<u>\$ 8,958</u>	<u>\$ 643,125</u>

5. RELATED PARTY

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

The Corporation is related to the County of Monroe Industrial Development Agency (COMIDA) through common management. In 2012 and 2011, COMIDA contributed \$6,728 and \$4,375, respectively, to the Corporation.

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

6. INVESTMENTS IN LIMITED PARTNERSHIP INTERESTS

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

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

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

	Ownership %	<u>2011</u>
The Monroe Fund LLC	12.48%	\$ 857,019
Trillium Lakefront Properties III, LP	4.48%	842,609
University Technology Seed Fund	8.06%	<u>500,000</u>
		<u>\$ 2,199,628</u>

7. COMMITMENTS

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

2013	\$ 434,367
2014	295,862
2015	<u>82,936</u>
	<u>\$ 813,165</u>

At December 31, 2012, several companies have been approved for GreatRebate and GreatRate programs, but have not submitted final documentation for payment. Therefore, the Corporation has conditional payments of \$91,336 outstanding until such time as all program requirements have been satisfied.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

March 28, 2013

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Monroe County Industrial Development Corporation (the Corporation) as of and for the year ended December 31, 2012, 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 28, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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