

**MONROE COUNTY
INDUSTRIAL DEVELOPMENT CORPORATION**

ROCHESTER, NEW YORK

BASIC FINANCIAL STATEMENTS

For Years Ended December 31, 2021 and 2020



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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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 Industrial Development Corporation (the Corporation), as of and for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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 28, 2022 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, Baw & Co. LLP

Rochester, New York
April 28, 2022

**Monroe County Industrial Development Corporation
Rochester, New York**

Management's Discussion and Analysis (MD&A)

December 31, 2021

INTRODUCTION

Our discussion and analysis of the Monroe County Industrial Development Corporation's ("Corporation") financial performance provides an overview of the Corporation's financial activities for the year ended December 31, 2021. 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 \$7,100,039 at the end of 2021 as compared to \$7,439,809 at the end of 2020.
- The Corporation's total operating revenues were \$660,524 in 2021 as compared to \$2,581,851 in 2020
- The Corporation's total expenses were \$1,000,294 in 2021 as compared to \$1,178,612 in 2020.
- The Corporation's change in net position was (\$339,770) in 2021 as compared to \$1,403,239 in 2020.

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, 2021, 2020, and 2019.

Statement of Net Position

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 5,445,041	\$ 4,885,702	\$ 5,801,286
Other receivable	450,000	-	-
Loans receivable	1,327,045	2,545,340	340,003
Prepaid expenses	26,665	73,594	58,964
Investment in limited partnerships and related entities	142,063	142,063	212,825
Investment in Laser Max, Inc.	49,950	49,950	49,950
Total Assets	<u>\$ 7,440,764</u>	<u>\$ 7,696,649</u>	<u>\$ 6,463,028</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 340,725	\$ 256,840	\$ 426,458
Total Liabilities	<u>\$ 340,725</u>	<u>\$ 256,840</u>	<u>\$ 426,458</u>
<u>NET POSITION</u>			
Restricted	\$ 169,303	\$ -	\$ -
Unrestricted-Operating	6,930,736	7,439,809	6,036,570
Total Net Position	<u>\$ 7,100,039</u>	<u>\$ 7,439,809</u>	<u>\$ 6,036,570</u>

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.

Cash decreased at December 31, 2020 as a result of an increase in loans receivable. Net position increased as a result of the operations of the Corporation; see the analysis on the following page of this MD&A. Loans receivable increased by approximately \$2,200,000 based on the issuance of new loan proceeds in excess of principal payments made on existing loans. 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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Bond fee income	\$ -	\$ 1,332,002	\$ 282,075
Fees	221,490	229,565	197,850
Interest, dividends, and investment income	28,500	20,284	23,442
Miscellaneous income	241,231	-	-
Emergency loan support fee	-	1,000,000	-
State aid	169,303	-	-
Total Revenues	<u>\$ 660,524</u>	<u>\$ 2,581,851</u>	<u>\$ 503,367</u>
Expenses:			
Program	\$ 660,735	\$ 809,066	\$ 1,155,538
Management and general	339,559	298,784	298,381
Investment loss	-	70,762	820,328
Total Expenses	<u>\$ 1,000,294</u>	<u>\$ 1,178,612</u>	<u>\$ 2,274,247</u>
Operating Income	<u>\$ (339,770)</u>	<u>\$ 1,403,239</u>	<u>\$ (1,770,880)</u>
Net Position - Beginning of Year	<u>7,439,809</u>	<u>6,036,570</u>	<u>7,807,450</u>
Net Position - End of Year	<u>\$ 7,100,039</u>	<u>\$ 7,439,809</u>	<u>\$ 6,036,570</u>

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.

In 2020, bond fee income increased as a result of an increase in the monetary value of the closed project in the current year. The monetary value of closed projects in 2020 was approximately \$750 million, which is higher than the monetary value of closed projects in 2019 of approximately \$109 million. Program expenses decreased approximately \$346,000 as a result of discontinuing programs: Rockets, Mentor U, Make Monroe Home and Second Chance Monroe, and decreases in BOCES CDL, BOCES SAME, Other Economic Development, Manufacturing Reward, and Monroe on the Job program expenses. These decreases of approximately \$715,000 were offset by increases in the Great Rate, Great Rebate, and Loan Loss expense of approximately \$390,000. Investment losses decreased \$749,566 due to previous impairment losses recognized on certain investments.

FUTURE FACTORS

The impact of COVID-19 will most likely effect the future measurement of some assets of the organization, specifically the collectability of the loans relating to the emergency loan program. The impact is uncertain and will be closely monitored by management.

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 8100
Rochester, New York 14614

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF NET POSITION

December 31, 2021 and 2020

<u>ASSETS :</u>	<u>2021</u>	<u>2020</u>
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 5,445,041	\$ 4,885,702
Other receivable	450,000	-
Loans receivable - current portion, net	202,109	624,958
Prepaid expenses	26,665	73,594
Total Current Assets	\$ 6,123,815	\$ 5,584,254
<u>Noncurrent Assets -</u>		
Investment in limited partnerships and related entities	\$ 142,063	\$ 142,063
Investment in Laser Max, Inc.	49,950	49,950
Emergency small business loans receivable, net	-	1,288,550
Loans receivable-net of current portion	1,124,936	631,832
Total Noncurrent Assets	\$ 1,316,949	\$ 2,112,395
TOTAL ASSETS	\$ 7,440,764	\$ 7,696,649
 <u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ 336,077	\$ 256,840
Unearned revenue	4,648	-
TOTAL LIABILITIES	\$ 340,725	\$ 256,840
 <u>NET POSITION:</u>		
Restricted	\$ 169,303	\$ -
Unrestricted - Operating	6,930,736	7,439,809
TOTAL NET POSITION	\$ 7,100,039	\$ 7,439,809

(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, 2021 and 2020

<u>OPERATING REVENUES:</u>	<u>2021</u>	<u>2020</u>
Bond fee income	\$ -	\$ 1,332,002
Fees	221,490	229,565
Interest earned on loans	26,933	16,148
Interest and dividends	1,567	4,136
Miscellaneous income	241,231	-
Emergency loan support fee	-	1,000,000
State aid	169,303	-
TOTAL OPERATING REVENUES	<u>\$ 660,524</u>	<u>\$ 2,581,851</u>
<u>EXPENSES:</u>		
Program Expenses -		
Reward programs	\$ 314,654	\$ 600,367
Legal fees	6,500	-
PTAC	47,623	77,933
Economic development expense	195,008	12,464
Salaries	37,689	20,646
Other	59,261	97,656
Total Program Expenses	<u>\$ 660,735</u>	<u>\$ 809,066</u>
Management and General Expenses -		
Administrative expense	\$ 90,000	\$ 90,000
Professional fees	90,467	107,202
Salaries	140,450	82,582
Travel	708	183
Supplies	5,320	7,414
Other	12,614	11,403
Total Management and General Expenses	<u>\$ 339,559</u>	<u>\$ 298,784</u>
Loss on investment activity	\$ -	\$ 70,762
TOTAL EXPENSES	<u>\$ 1,000,294</u>	<u>\$ 1,178,612</u>
CHANGE IN NET POSITION	\$ (339,770)	\$ 1,403,239
NET POSITION - BEGINNING OF YEAR	<u>7,439,809</u>	<u>6,036,570</u>
NET POSITION - END OF YEAR	<u>\$ 7,100,039</u>	<u>\$ 7,439,809</u>

(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, 2021 and 2020

<u>Cash Flows From Operating Activities:</u>	<u>2021</u>	<u>2020</u>
Cash received from providing services	\$ 495,869	\$ 2,581,851
Principal payments received on loans	1,387,512	97,304
Issuance of new loans	(669,303)	(2,394,680)
Cash paid to suppliers	(649,030)	(1,105,520)
Cash paid for salaries & benefits	(175,012)	(94,539)
Net Cash Provided by Operating Activities	<u>\$ 390,036</u>	<u>\$ (915,584)</u>
<u>Cash Flows From Non - Capital Financing Activities:</u>		
Cash received from New York State grants	\$ 169,303	\$ -
Net Cash Provided By Non-Capital Financing Activities	<u>\$ 169,303</u>	<u>\$ -</u>
Net Increase in Cash	\$ 559,339	\$ (915,584)
Cash and Cash Equivalents - Beginning of Year	4,885,702	5,801,286
Cash and Cash Equivalents - End of Year	<u>\$ 5,445,041</u>	<u>\$ 4,885,702</u>
<u>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities</u>		
Change in net position	<u>\$ (339,770)</u>	<u>\$ 1,403,239</u>
Adjustments to reconcile Change in Net Position to Net Cash (Used)/ Provided from Operations:		
State grants	\$ (169,303)	\$ -
Loss on investment activities	-	70,762
Bad debt expense	50,086	92,039
Change in assets and liabilities -		
Other receivable	(450,000)	-
Loans receivable	1,168,209	(2,297,376)
Prepaid expense	46,929	(14,630)
Accounts payable	79,237	(169,618)
Unearned revenue	4,648	-
Total Adjustments to reconcile Change in Net Position to Net Cash (Used)/Provided from Operations	<u>\$ 729,806</u>	<u>\$ (2,318,823)</u>
Net Cash Provided by Operating Activities	<u>\$ 390,036</u>	<u>\$ (915,584)</u>

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

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

I. Summary of Significant Accounting Policies:

The financial statements of the Monroe County Industrial Development Corporation (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 Industrial Development Corporation, 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, 2021 and 2020, 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, 2021 and 2020, the Corporation had \$169,303 and \$0 of restricted net position.

(I.) (Continued)

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, 2021 and 2020 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 investment is stated at cost in the amount of \$49,950 and the market value is not readily available.

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. As described in Note V, the Monroe Fund, LLC dissolved in 2020.

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 \$19,920 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.

(I.) (Continued)

5. 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.
6. 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.
7. 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, 2021, there were 39 tax-exempt bonds outstanding with an aggregate amount payable of approximately \$2,251,602,373. At December 31, 2020 there were 41 tax-exempt bonds outstanding with an aggregate amount payable of approximately \$2,341,719,713.

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, 2021, the Corporation implemented the following new standards issued by GASB:

GASB has issued Statement 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*.

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

O. Future Changes in Accounting Standards

GASB has issued Statement 87 *Leases*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement 91 *Conduct Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement 92 *Omnibus 2020 Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraph 11b*, which will be effective for reporting periods beginning after December 15, 2021.

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 December June 15, 2022.

GASB has issued Statement 97 *Certain Component Unit Criteria and Accounting and Financial Report for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for reporting periods beginning after December 15, 2021.

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

II. Reclassification:

Certain amounts in the 2020 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.

At December 31, 2021 and 2020, 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:

	<u>2021</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	\$ 4,601,149	\$ 4,598,403
Time deposits	846,638	846,638
Total	<u>\$ 5,447,787</u>	<u>\$ 5,445,041</u>
	<u>2020</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	\$ 3,807,044	\$ 3,804,298
Time deposits	1,081,571	1,081,404
Total	<u>\$ 4,888,615</u>	<u>\$ 4,885,702</u>

(III.) (Continued)

These deposits were insured or collateralized as follows:

	<u>2021</u>	<u>2020</u>
FDIC insurance	\$ 1,920,633	\$ 2,222,820
Collateralized by third-party	3,414,458	2,665,795
Uncollateralized	112,696	-
Total	<u>\$ 5,447,787</u>	<u>\$ 4,888,615</u>

IV. Loan Receivables

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, 2021 the Corporation has 9 emergency loans outstanding, totaling \$84,250.

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.

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

<u>Borrower</u>	<u>Date of Issue</u>	<u>Original Loan</u>	<u>Rate of Interest</u>	<u>Maturity Date</u>	<u>Balance at 12/31/2021</u>	<u>Balance at 12/31/2020</u>
<i>Revolving loans -</i>						
Trillitek Inc./Steel Works	08/2014	\$ 40,000	1.00%	09/2021	\$ -	\$ 3,931
Northern Air Sys. Holdings	11/2014	\$ 180,000	4.00%	12/2024	-	79,159
Alkemy Machine, LLC	03/2020	\$ 66,131	3.00%	04/2025	43,703	56,664
Abundance Food Co-op	11/2017	\$ 50,000	2.25%	11/2022	9,592	18,989
Precision Laser Technology	05/2019	\$ 28,293	1.00%	05/2026	17,747	21,735
Iron Smoke Whiskey, LLC	07/2019	\$ 50,000	4.00%	07/2026	34,860	41,522
RocCera, LLC	12/2019	\$ 48,258	4.50%	12/2031	41,909	45,419
Iron Smoke Whiskey, LLC #2	10/2020	\$ 43,180	4.00%	10/2027	36,795	43,180
Mecury Print	09/2020	\$ 500,000	3.50%	09/2030	446,629	485,995
GAIN - Brightly Farms, LLC	05/2021	\$ 169,303	1.00%	05/2028	153,685	-
Zweigle's, Inc.	11/2021	\$ 500,000	1.00%	11/2031	500,000	-
<i>Emergency loans -</i>						
Various	Various	\$ 1,861,500	0.00%	06/2023	84,250	1,840,785
Total					\$ 1,369,170	\$ 2,637,379
Less: Current Portion, net					(202,109)	(624,958)
Less: Allowance for doubtful accounts					(42,125)	(92,039)
Noncurrent Portion					\$ 1,124,936	\$ 1,920,382
<i>Summary of Noncurrent Portion -</i>						
Noncurrent Portion-Loan Fund					\$ 1,124,936	\$ 631,832
Noncurrent Portion-Emergency Loan					-	1,288,550
Total Summary of Noncurrent Portion, net					\$ 1,124,936	\$ 1,920,382

(IV.) (Continued)

Payment Repayment							
Schedule	2022	2023	2024	2025	2026	Thereafter	Total
Alkemy Machine	\$ 12,818	\$ 13,481	\$ 13,891	\$ 3,513	\$ -	\$ -	\$ 43,703
Mercury Print	44,410	45,987	47,624	49,318	51,072	208,219	446,630
Iron Smoke Whiskey, LLC #2	5,716	5,947	6,190	6,442	6,705	5,795	36,795
Abundance Food Co-op	9,592	-	-	-	-	-	9,592
Precision Laser Technology	3,690	4,065	4,106	4,147	1,740	-	17,748
Iron Smoke Whiskey, LLC	6,933	7,216	7,510	7,815	5,386	-	34,860
RocCera, LLC	3,395	3,551	3,714	3,885	4,063	23,299	41,907
GAIN - Brightly Farms, LLC	21,646	23,841	24,081	24,323	24,567	35,227	153,685
Zweigle's, Inc.	51,784	48,301	48,786	49,277	49,772	252,080	500,000
Emergency Loans	63,188	21,062	-	-	-	-	84,250
Total	\$ 223,172	\$ 173,451	\$ 155,902	\$ 148,720	\$ 143,305	\$ 524,620	\$ 1,369,170

V. **Related Parties**

The Corporation has a contract with the County of Monroe Industrial Development Agency (COMIDA), which states the Corporation will reimburse COMIDA for the cost of certain professional services up to \$100,000. This contract is effective January 1, 2020 and runs through December 31, 2020. For the 2021 year, the IDC did not renew their contract with COMIDA. As of and for the years ended December 31, 2021 and 2020, the Corporation spent approximately \$0 and \$38,000, respectively, with COMIDA. Of the amount expended in 2020, approximately \$27,000 was considered payable as of December 31, 2020.

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 2021 and 2020 contracts required a payment of \$90,000 for general administrative and overhead fees to the County. In 2021 and 2020, 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:

	2021	2020
	Ownership %	Ownership %
Trillium Lakefront Properties III, LP	4.49%	4.49%
Total	\$ 142,063	\$ 142,063

(VI.) (Continued)

During December 2020 the Monroe Fund, LLC was dissolved. The Corporation adjusted its cost basis in the fund to recognize an impairment of \$70,762 for the year ended December 31, 2020.

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:

<u>Year</u>	<u>Amount</u>
2022	\$ 187,642
2023	98,445
2024	46,989
2025	14,701
2026	600
Total	<u><u>\$ 348,377</u></u>

At December 31, 2021, 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 \$57,501 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.

IX. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Corporation’s financial condition, liquidity, budgetary projections and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, budgetary projections, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Corporation is not able to estimate the effects of the COVID-19 outbreak on its budgetary projections, results of operations, financial condition, or liquidity for year 2022.

**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***

Independent Auditors' Report

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 Industrial Development Corporation (the Corporation) as of and for the years ended December 31, 2021 and 2020, 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 28, 2022.

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, Bar & Co. LLP

Rochester, New York
April 28, 2022

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, 2021 to December 31, 2021. 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, 2021 to December 31, 2021.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
April 28, 2022

**MONROE COUNTY INDUSTRIAL
DEVELOPMENT CORPORATION**

ROCHESTER, NEW YORK

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN
AUDIT**

For Year Ended December 31, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

April 28, 2022

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 Industrial Development Corporation as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Monroe County Industrial Development 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 over financial reporting, 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.

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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Current Year Deficiencies in Internal Control:

There were no current year deficiencies.

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.

Rochester, New York
April 28, 2022

Mengel, Metzger, Barr & Co. LLP

**MONROE COUNTY
INDUSTRIAL DEVELOPMENT CORPORATION**

ROCHESTER, NEW YORK

LETTER OF COMMUNICATION

For Year Ended December 31, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

April 28, 2022

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, 2021, and have issued our report thereon dated April 28, 2022. 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 November 23, 2021, 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 23, 2021.

C. Significant Risks Identified

We identified the following significant risks:

- Management override of internal controls
- Revenue recognition

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 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* and GASB Statement 93, *Replacement of Interbank Offered Rates Paragraphs 1-11a and 12*. 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 28, 2022.

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 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.

* * *

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, Barw & Co. LLP

Rochester, New York
April 28, 2022