MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

Financial Statements
as of December 31, 2011 and 2010
Together with
Independent Auditors' Report

Bonadio & Co., LLP
Certified Public Accountants

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

March 28, 2012

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

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, 2011 and 2010, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the respective changes in financial position, and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012, 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* and should be considered in assessing the results of our audit.

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INDEPENDENT AUDITORS' REPORT
(Continued)

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 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.

Bonadio & Co., LLP

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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, 2011 and 2010. 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 assets increased by $863,327 in 2011 and increased by $4,568,283 in 2010, as a result of the individual year's operations.

- The assets of the Corporation exceeded its liabilities by $7,001,574 and $6,138,247 at December 31, 2011 and 2010, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net assets and the statements of revenues, expenses, and changes in net assets 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 assets and changes in them from one year to the next. The Corporation's net assets, 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 assets are 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 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 assets (Table 1) and change in net assets (Table 2) of the Corporation as of and for the years ended December 31, 2011, 2010 and 2009.

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

	2011	2010	2009
ASSETS:			
Cash and equivalents	$ 4,164	$ 3,605	$ 1,472
Investment in limited partnerships	2,199	2,246	-
Loans receivable	588	237	53
Investment in Laser Max, Inc.	50	50	50
Total assets	7,001	6,138	1,575
LIABILITIES:			
Accounts payable	-	-	5
Total liabilities	-	-	5
NET ASSETS:			
Unrestricted	$ 7,001	$ 6,138	$ 1,570

Cash and net assets 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.

Cash and net assets significantly increased at December 31, 2010 from December 31, 2009 as a result of the operations of the Corporation, see the analysis on the following page of this MD&A. In 2010, a separate governmental entity contributed certain loans receivable and the investment in certain limited partnership interests to the Corporation so the Corporation could further promote economic development in the community.

THE CORPORATION (Continued)

Table 2 shows the changes in net assets for the years ended December 31, 2011, 2010 and 2009.

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

	2011	2010	2009
REVENUES:			
Bond fee income	$ 946	$ 1,142	$ -
Contributions	17	1,135	100
Fees	239	281	215
Assignment of loans	-	188	-
Interest, dividends, and investment income	8	12	26
Other	6	4	2
Total revenues	1,216	2,762	343
EXPENSES:			
Interest subsidy	188	354	378
GreatRebate	30	69	54
Management and general	71	38	36
Other	64	33	23
Total expenses	353	494	491
Change in net assets before special item	863	2,268	(148)
SPECIAL ITEM:			
Contribution of limited partnership interests	-	2,300	-
Change in net assets	$ 863	$ 4,568	$ (148)

The County of Monroe authorized the Corporation to issue tax exempt and/or taxable bonds and/or notes on behalf of certain not-for-profit organizations. In 2011, contributions decreased significantly as a result of significant previous year contributions from County of Monroe Industrial Development Agency (COMIDA). Also in the previous year, COMIDA assigned the rights to two limited partnership interests to the Corporation. Interest subsidy is linked to the GreatRate program, and fewer companies took advantage of this program by purchasing equipment in 2011.

In 2010, the Corporation issued bonds to 9 organizations, which led to significant bond fee income. Contributions increased significantly as a result of contributions from County of Monroe Industrial Development Agency (COMIDA). COMIDA also assigned the rights to two limited partnership interests to the Corporation and additional loans receivable. Interest, dividend, and investment income increased approximately $40,000 or 154% because of the income earned from the new limited partnership interests. Expenses remained consistent in 2010 and 2009.

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 ASSETS
DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 4,164,201	$ 3,604,578
Loans receivable - current portion	103,514	80,443
Total current assets	4,267,715	3,685,021
NON-CURRENT ASSETS:		
Investment in limited partnerships	2,199,628	2,245,894
Investment in Laser Max, Inc.	49,950	49,950
Loans receivable - net of current portion	484,281	157,382
Total non-current assets	2,733,859	2,453,226
Total assets	7,001,574	6,138,247
NET ASSETS		
UNRESTRICTED	$ 7,001,574	$ 6,138,247

The accompanying notes are an integral part of these statements.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
REVENUES:		
Bond fee income	$ 946,296	$ 1,142,450
Contributions	17,353	1,135,461
Fees	239,247	281,366
Assignment of loans	-	187,685
Interest and dividends	8,046	12,129
Interest earned on loans	5,607	4,344
Total revenues	1,216,549	2,763,435
EXPENSES:		
Program -		
Interest subsidy	188,296	353,961
GreatRebate	30,000	69,000
Legal fees	20,000	21,439
Rewards programs	40,500	9,000
Other	3,849	2,716
Total program	282,645	456,116
Management and general -		
Administrative expense	25,000	25,000
Professional fees	16,869	5,994
Supplies	7,630	2,055
Travel	9,067	1,545
Other	12,011	4,122
Total management and general	70,577	38,716
Total expenses	353,222	494,832
Operating income	863,327	2,268,603
CHANGE IN NET ASSETS BEFORE SPECIAL ITEM	863,327	2,268,603
SPECIAL ITEM:		
Contribution of limited partnership interests	-	2,299,680
Total special item	-	2,299,680
CHANGE IN NET ASSETS	863,327	4,568,283
NET ASSETS - beginning of year	6,138,247	1,569,964
NET ASSETS - end of year	$ 7,001,574	$ 6,138,247

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, 2011 AND 2010

	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from providing services	$ 866,579	$ 2,578,707
Payments to suppliers	(353,222)	(499,832)
Net cash flow from operating activities	513,357	2,078,875
CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in limited partnership interests	(10,625)	-
Distributions from limited partnership interests	56,891	53,786
Net cash flow from investing activities	46,266	53,786
NET CHANGE IN CASH AND EQUIVALENTS	559,623	2,132,661
CASH AND EQUIVALENTS - beginning of year	3,604,578	1,471,917
CASH AND EQUIVALENTS - end of year	$ 4,164,201	$ 3,604,578
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	$ 863,327	$ 2,268,603
Assignment of loans	-	(187,685)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Principal payments received on loans	120,780	160,847
Issuance of new loans	(470,750)	(157,890)
Change in accounts payable	-	(5,000)
Net cash flow from operating activities	$ 513,357	$ 2,078,875
NON-CASH INVESTING ACTIVITY:		
Contribution of limited partnership interests	$ -	$ 2,299,680

The accompanying notes are an integral part of these statements.

1. THE CORPORATION

The Monroe County Industrial Development Corporation (the Corporation) is a not-for-profit corporation organized under the laws of the State of New York in 1962. In December 2009, the County of Monroe 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 for proprietary funds. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent they do not conflict or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds. The Corporation has elected not to follow subsequent private sector guidance.

Basis of Presentation
GASB requires the classification of net assets into three classifications defined as follows:

- Invested in capital assets, net of related debt - This component of net assets 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 assets component as the unspent proceeds. At December 31, 2011 and 2010, the Corporation had no amounts invested in capital assets.

- Restricted net assets - This component of net assets 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, 2011 and 2010, the Corporation has no restricted net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- Unrestricted net assets - This component of net assets consists of net assets that do not 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 assets.

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, 2011 and 2010, 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 purchased 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 assets. The market value of these assets is not readily available. Distributions from the investment in limited partnership interests is treated as a reduction to the cost basis of the 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 provides for $25,000 of general administrative and overhead fees which are paid to Monroe County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest Subsidy Expense

The Corporation administers the GreatRate program, which 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. Local is defined as Monroe, Genesee, Livingston, Orleans, Ontario, Wayne, Yates, Seneca, or Wyoming County. The interest subsidy expense resulting from this program in the financial statements is recognized as incurred.

Monroe Manufactures Jobs LoansPlus, Monroe Manufactures Jobs, and Monroe Manufacturing Rewards Programs

The Corporation administers the Monroe Manufactures Jobs LoansPlus program, which 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. Expenses are recognized as incurred under these programs in the accompanying financial statements.

Monroe On-the-Job Program

The Corporation administers the Monroe On-the-Job program, which provides matching funds for skilled trades training that leads to industry recognized certifications for employees. Expenses are recognized as incurred under this program in the accompanying financial statements.

Bond Fee Income

The Corporation is authorized by the County of Monroe 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 changes in net assets 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, 2011 there were 13 tax-exempt bonds outstanding with an aggregate amount payable of approximately $520,000,000. At December 31, 2010, there were 8 tax-exempt bonds outstanding with an aggregate amount payable of approximately $273,000,000. In addition, at December 31, 2010, there was one special issue bond issued in accordance with the American Reinvestment and Recovery Act outstanding with an aggregate amount payable of $8,375,000.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

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 LaserMax, Inc. and various investments in entities transferred by Community Capital in 2010.

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, 2011 and 2010, 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, 2011 and 2010:

Borrower	Date of Issue	Original Loan	Rate of Interest	Maturity Date	Balance at 12/31/2011	Balance at 12/31/2010
James M. Plukas, LLC	5/2004	$ 58,000	3.00%	4/2011	$ -	$ 2,288
Zeller Corporation	6/2008	50,000	3.00%	10/2011	-	14,343
XLI Corporation	9/2010	57,890	1.00%	9/2017	47,848	55,892
Diamond Paperbox Co.	12/2010	100,000	1.00%	12/2017	84,978	98,850
Rochester Precision Optics*	12/2010	100,000	5.50%	9/2011	-	16,803
MWI*	12/2010	100,000	5.00%	2/2011	-	1,880
Flower City Printing*	12/2010	100,000	6.00%	7/2011	-	13,266
Roccera, LLC*	12/2010	50,000	1.25%	5/2014	24,556	34,503
Stamper Technology, Inc.	5/2011	28,250	1.00%	12/2018	25,971	-
Webster Precision, Inc.	4/2011	66,000	1.00%	12/2018	59,911	-
Duncan Industrial Equip.	1/2011	22,500	1.00%	1/2018	19,627	-
4659, LLC	8/2011	54,000	5.00%	12/2016	51,608	-
545 Colfax, Inc.	12/2011	100,000	1.00%	5/2017	100,000	-
Mastro Graphic Arts, Inc.	3/2011	100,000	1.00%	3/2018	89,617	-
Parlec, Inc.	2/2011	100,000	1.00%	5/2016	83,679	-
Total		$1,086,640			$ 587,795	$ 237,825

*These loans were assigned to the Corporation during 2010. See Note 5.

Principal Repayment Schedule	2012	2013	2014	2015	2016	Thereafter	Total
XLI Corporation	$ 8,125	$ 8,207	$ 8,288	$ 8,372	$ 8,456	$ 6,400	$ 47,848
Diamond Paperbox Co	14,012	14,147	14,295	14,438	14,571	13,515	84,978
Roccera, LLC	10,072	10,198	4,286	-	-	-	24,556
Stamper Technology, Inc.	3,939	3,978	4,018	4,059	4,099	5,878	25,971
Webster Precision, Inc.	9,209	9,302	9,395	9,490	9,585	12,930	59,911
Duncan Industrial Equip.	3,143	3,176	3,208	3,241	3,274	3,585	19,627
4659, LLC	9,872	10,378	10,908	11,467	8,983	-	51,608
545 Colfax, Inc.	11,411	19,717	19,915	20,115	20,317	8,285	100,000
Mastro Graphic Arts, Inc.	13,965	14,105	14,247	14,390	14,535	18,375	89,617
Parlec, Inc.	19,766	19,965	20,165	20	-	-	24,556
Total	$ 103,514	$ 113,173	$ 108,725	$ 105,940	$ 87,235	$ 69,208	$ 587,795

5. RELATED PARTY

The Corporation is related to the County of Monroe Industrial Development Agency (COMIDA) through common management. In 2011 and 2010, COMIDA contributed $10,625 and $1,135,461, respectively, to the Corporation.

During 2010, a separate economic development not-for-profit organization dissolved and assigned its loans receivable to COMIDA. COMIDA then immediately assigned these loans receivable to the Corporation in the amount of $187,685. This was a one time assignment and did not occur again in 2011.

6. INVESTMENTS IN LIMITED PARTNERSHIP INTERESTS

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

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

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

	Ownership %	2010
The Monroe Fund LLC	12.48%	$ 913,910
Trillium Lakefront Properties III, LP	4.48%	831,984
University Technology Seed Fund	8.06%	500,000
		$ 2,245,894

7. COMMITMENTS

The Corporation administers the GreatRebate and GreatRate Programs to promote job growth in Monroe County. 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 for companies who buy equipment outside the local area. At the end of both programs, if the companies increase their job base by ten percent, or create one job for every $75,000 in equipment purchased up to $300,000, whichever is less, the Corporation will pay them according to the terms of the respective program.

Future payments under these programs are anticipated as follows for the years ending December 31:

2012	$ 393,823
2013	245,962
2014	108,795
	$ 748,850

At December 31, 2011, 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 $148,441 outstanding until such time as all program requirements have been satisfied.

In 2011, the Corporation has also committed $400,000 to funding the Monroe-on-the-Job program. No awards have been made under this program.

Bonadio & Co., LLP
Certified Public Accountants

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, 2012

We have audited 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, 2011, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated March 28, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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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 of 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*.

This report is intended solely for the information and use of management, the Board of Directors of the Corporation, others within the entity, the New York State Authorities Budget Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bonadio & Co., LLP