

**GREATER ROCHESTER SPORTS AUTHORITY**

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

**Bonadio & Co., LLP**  
Certified Public Accountants

**GREATER ROCHESTER SPORTS AUTHORITY**

**TABLE OF CONTENTS**

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|  | <u>Page</u>                         |
|--|-------------------------------------|
| INDEPENDENT AUDITORS' REPORT .....   | 1 - 2                               |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) .....   | 3 - 5                               |
| FINANCIAL STATEMENTS:  |                                     |
| Balance Sheets .....   | 6                                   |
| Statements of Revenues, Expenses and Change in Net Assets .....  | 7                                   |
| Statements of Cash Flows .....   | 8                                   |
| Notes to Financial Statements .....  | 9 - 11                              |
| <br>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING<br>AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN<br>AUDIT OF FINANCIAL STATEMENTS PERFORMED IN<br>ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> ..... | <br><br><br><br><br><br><br>12 - 13 |

## INDEPENDENT AUDITORS' REPORT

March 16, 2012

To the Board of Directors of  
Greater Rochester Sports Authority:

We have audited the accompanying financial statements of the business-type activities of Greater Rochester Sports Authority ("the Authority") a New York public benefit corporation as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority'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 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 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 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 Greater Rochester Sports Authority, 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 of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2012, on our consideration of the Authority'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**

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

# **GREATER ROCHESTER SPORTS AUTHORITY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2011 AND 2010**

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The Greater Rochester Sports Authority (the Authority) is a not-for-profit public benefit corporation that oversees the management of a sports stadium in Rochester, New York, known as Frontier Field (the Stadium). The County of Monroe owns the Stadium and leases it to the Greater Rochester Outdoor Sports Facility Corporation (GROSFC).

The Authority has a management agreement with GROSFC whereby the Authority oversees the operations of the Stadium. The Authority has, in turn, outsourced the day-to-day operations of the Stadium to Beau Productions and, acting as a disclosed agent for GROSFC, entered into a management agreement with Beau Productions. Under the terms of the management agreement with GROSFC, GROSFC is required to reimburse the Authority for all reasonable costs incurred by the Authority to oversee the operations of the Stadium. Since the day-to-day operations of the Stadium were outsourced to Beau Productions and GROSFC paid Beau Productions for services rendered, the Authority did not incur any costs related to the management agreement in either 2011 or 2010. As such, GROSFC did not reimburse the Authority for any costs in either 2011 or 2010.

The financial statements of the Authority include the balance sheets, the statements of revenues, expenses and change in net assets, the statements of cash flows, and related notes to the financial statements. The balance sheets provide information about the nature and the amounts of investments and resources (assets) and the obligations to the Authority's creditors (liabilities), with the difference reported as net assets. The statements of revenues, expenses and change in net assets show how the Authority's net assets changed during the year. They account for all of the year's revenues and expenses, measure the financial results of the Authority's operations for the year and can be used to determine how the Authority has funded its costs. The statements of cash flows provide information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, financing, and investing activities. The notes to the financial statements contain information that is essential to the understanding of the financial statements, such as the Authority's accounting methods and policies.

Management provides the discussion and analysis of the Authority's financial position and activities. This overview is provided for the years ended December 31, 2011 and 2010. The information contained in this analysis should be used by the reader in conjunction with the information contained in the audited financial statements and the notes to those financial statements, all of which follow this narrative.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts, management's discussion and analysis (this section) and the basic financial statements. The balance sheets and the statements of revenues, expenses and change in net assets provide both long-term and short-term information about the Authority's overall financial status.

## **FINANCIAL STATEMENTS**

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments, including public benefit corporations. 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 with or contradict guidance of the GASB. Governments also have the option of following private sector guidance for their business-type activities. The Authority has elected not to follow subsequent private sector guidance. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash transactions take place. All of the Authority's activities are classified as proprietary activities.

## **FINANCIAL ANALYSIS - 2011**

### **Financial Position**

The Authority's total assets increased \$4,651 due primarily to the delay in disbursement for legal expenses. Total net assets decreased \$5,349 to \$504,564 from 2010, due to the revenue and expense activity detailed below. Accrued expenses increased due to the timing of disbursements near year-end. Since the Authority had not yet received payment from the County, the payments to Monroe County Sports Development Corporation (MCSDC) were delayed.

### **Revenues and Expenses**

The Authority's major source of revenue continues to be the allocation of the Monroe County Hotel Room Occupancy Tax (the Tax). Revenue associated with the Tax was \$285,000 in both 2011 and 2010. On a quarterly basis, the Authority receives a check from Monroe County for its corresponding portion of the Tax. The Authority's only other source of revenue is interest income earned on cash. Total revenues slightly decreased from \$286,605 in 2010 to \$286,364 in 2011 due to the decrease in interest earnings. The Authority's expenses primarily consist of grants provided to MCSDC to promote organized sporting events in the Rochester area, and professional fees. The Authority granted \$275,000 to MCSDC in both 2011 and 2010. The Authority also paid professional fees of \$14,500 and \$14,917 in 2011 and 2010, respectively. Total expenses decreased from \$292,215 in 2010 to \$291,713 in 2011. The change in net assets resulting from the above activity was a decrease of \$5,349 and \$5,610 in 2011 and 2010, respectively.

## **FINANCIAL ANALYSIS - 2010**

### **Financial Position**

The Authority's total assets decreased \$74,360 due primarily to the disbursement of payables from the prior year. Total net assets decreased \$5,610 to \$509,913 from 2009, due to the revenue and expense activity detailed below. Accrued expenses decreased due to the timing of quarterly payments to Monroe County Sports Development Corporation near year-end. Since the Authority had not yet received payment from the County, the payments to MCSDC were delayed.

### **Revenues and Expenses**

The Authority's major source of revenue continues to be the allocation of the Monroe County Hotel Room Occupancy Tax (the Tax). Revenue associated with the Tax was \$285,000 in both 2010 and 2009. On a quarterly basis, the Authority receives a check from Monroe County for its corresponding portion of the Tax. The Authority's only other source of revenue is interest income earned on cash. Total revenues slightly decreased from \$287,247 in 2009 to \$286,605 in 2010 primarily due to the decrease in interest earnings. The Authority's expenses primarily consist of grants provided to MCSDC to promote organized sporting events in the Rochester area and professional fees. The Authority granted \$275,000 to MCSDC in both 2010 and 2009. The Authority also paid professional fees of \$14,917 and \$16,896 in 2010 and 2009, respectively. Total expenses decreased from \$293,600 in 2009 to \$292,215 in 2010. The change in net assets resulting from the above activity was a decrease of \$5,610 and \$6,353 in 2010 and 2009, respectively.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information contained in this report or requests for additional information should be addressed in writing to the Authority, 50 West Main Street, Suite 8100, Rochester, New York 14614.

**GREATER ROCHESTER SPORTS AUTHORITY**

**BALANCE SHEETS  
DECEMBER 31, 2011 AND 2010**

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|   | <u>2011</u>       | <u>2010</u>       |
|---|-------------------|-------------------|
| <b>ASSETS</b>                                     |                   |                   |
| CURRENT ASSETS:                                   |                   |                   |
| Cash  | \$ 514,230        | \$ 509,579        |
| Monroe County hotel room occupancy tax receivable | <u>71,250</u>     | <u>71,250</u>     |
| Total current assets                              | <u>\$ 585,480</u> | <u>\$ 580,829</u> |
| <b>LIABILITIES AND NET ASSETS</b>                 |                   |                   |
| CURRENT LIABILITIES:                              |                   |                   |
| Accrued expenses                                  | <u>\$ 80,916</u>  | <u>\$ 70,916</u>  |
| Total current liabilities                         | 80,916            | 70,916            |
| NET ASSETS - unrestricted                         | <u>504,564</u>    | <u>509,913</u>    |
|   | <u>\$ 585,480</u> | <u>\$ 580,829</u> |

The accompanying notes are an integral part of these statements.



# GREATER ROCHESTER SPORTS AUTHORITY

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

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|  | <u>2011</u>       | <u>2010</u>       |
|--|-------------------|-------------------|
| REVENUE:   |                   |                   |
| Allocation of Monroe County hotel room occupancy tax   | \$ 285,000        | \$ 285,000        |
| OPERATING EXPENSES:                                    |                   |                   |
| Grants to Monroe County Sports Development Corporation | 275,000           | 275,000           |
| Professional fees                                      | 14,500            | 14,917            |
| Miscellaneous  | <u>2,213</u>      | <u>2,298</u>      |
| Total operating expenses                               | <u>291,713</u>    | <u>292,215</u>    |
| Loss from operations                                   | (6,713)           | (7,215)           |
| INTEREST INCOME  | <u>1,364</u>      | <u>1,605</u>      |
| CHANGE IN NET ASSETS                                   | (5,349)           | (5,610)           |
| NET ASSETS - beginning of year                         | <u>509,913</u>    | <u>515,523</u>    |
| NET ASSETS - end of year                               | <u>\$ 504,564</u> | <u>\$ 509,913</u> |

The accompanying notes are an integral part of these statements.

# GREATER ROCHESTER SPORTS AUTHORITY

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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|  | <u>2011</u>       | <u>2010</u>        |
|--|-------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES:   |                   |                    |
| Receipts from Monroe County hotel room occupancy tax   | \$ 285,000        | \$ 285,000         |
| Payments to Monroe County Sports Development Corporation                                     | (275,000)         | (343,750)          |
| Payments to suppliers and vendors  | <u>(6,713)</u>    | <u>(17,215)</u>    |
| Net cash flow from operating activities  | <u>3,287</u>      | <u>(75,965)</u>    |
| CASH FLOW FROM INVESTING ACTIVITIES:   |                   |                    |
| Interest income  | <u>1,364</u>      | <u>1,605</u>       |
| Net cash flow from investing activities  | <u>1,364</u>      | <u>1,605</u>       |
| CHANGE IN CASH   | 4,651             | (74,360)           |
| CASH - beginning of year   | <u>509,579</u>    | <u>583,939</u>     |
| CASH - end of year   | <u>\$ 514,230</u> | <u>\$ 509,579</u>  |
| RECONCILIATION OF CHANGE IN NET ASSETS<br>TO NET CASH FLOW FROM OPERATING ACTIVITIES:        |                   |                    |
| Loss from operations   | \$ (6,713)        | \$ (7,215)         |
| Adjustments to reconcile change in net assets<br>to net cash flow from operating activities: |                   |                    |
| Changes in:  |                   |                    |
| Accrued expenses   | <u>10,000</u>     | <u>(68,750)</u>    |
| Net cash flow from operating activities  | <u>\$ 3,287</u>   | <u>\$ (75,965)</u> |

The accompanying notes are an integral part of these statements.

# GREATER ROCHESTER SPORTS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

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### 1. THE AUTHORITY

Greater Rochester Sports Authority (the Authority) is a not-for-profit public benefit corporation that oversees the management of a sports stadium in Rochester, New York, known as Frontier Field (the Stadium). The County of Monroe owns the Stadium and leases it to Greater Rochester Outdoor Sports Facility Corporation (GROSFC). In addition, the Authority is the recipient of funds allocated from the Monroe County Hotel Room Occupancy Tax as described in Note 2. These funds are paid as grants to recipient organizations.

The Authority has a management agreement with GROSFC whereby the Authority oversees the operations of the Stadium. The Authority has, in turn, outsourced the day-to-day operations of the Stadium to Beau Productions and, acting as a disclosed agent for GROSFC, entered into a management agreement with Beau Productions. However, the Authority remains ultimately responsible for and is involved in the decisions of GROSFC. Under the terms of the management agreement with GROSFC, GROSFC is required to reimburse the Authority for all reasonable costs incurred by the Authority to oversee the operations of the Stadium. Since the day-to-day operations of the Stadium were outsourced to Beau Productions and GROSFC paid Beau Productions for services rendered, the Authority did not incur any costs related to the management agreement in either 2011 or 2010. As such, GROSFC did not reimburse the Authority for any costs in either 2011 or 2010.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments, including public benefit corporations. 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 GASB. Governments also have the option of following private sector guidance for their business-type activities. The Authority has elected not to follow subsequent private sector guidance. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash transactions take place. All of the Authority's activities are classified as proprietary activities. All of the Authority's net assets were unrestricted in 2011 and 2010.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Cash**

State statutes govern the Authority's investment policies. Authority monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within, and authorized to do business in, New York State. Permissible investments include certificates of deposit and obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal government, or of New York State, and in general obligations of the State's political subdivisions.

Collateral is required for deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in New York State General Municipal Law, Section 10 and outlined in the New York State Comptroller's Financial Management Guide.

At December 31, 2011 and 2010, the Authority's cash was entirely covered by FDIC insurance, or by eligible securities held in the Authority's name by a third-party custodial bank.

### **Contracts Entered into on Behalf of GROSFC**

The Authority has a management contract with GROSFC to operate and maintain the Stadium. Pursuant to this contract, the Authority is authorized and required to act as GROSFC's disclosed agent and may enter into contracts on behalf of GROSFC for various services required to effectively operate and maintain the Stadium. The Authority is acting as GROSFC's agent in these transactions. As such, the expenses related to these contracts are not included in the Authority's financial statements, but are included as expenses on GROSFC's financial statements as the principal in the transaction.

### **Revenue Recognition**

The Authority receives an allocation of the Monroe County Hotel Room Occupancy Tax to be used in accordance with the purposes set forth in the Monroe County Hotel Occupancy Tax Law, including, but not limited to, supporting sports facility development. The Authority recognizes revenue from the occupancy tax in the period to which the payments relate. Since the fourth quarter payments are normally not received until after year-end, the Company includes them in receivables at year-end.

### **Income Taxes**

The Authority is a public benefit corporation and is not subject to income tax.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## **3. GRANTS TO MONROE COUNTY SPORTS DEVELOPMENT CORPORATION**

During 2011 and 2010, the Authority board approved disbursements of \$275,000 to Monroe County Sports Development Corporation (MCSDC) each year to develop and implement a comprehensive plan to attract, create and promote sports and sporting events in Monroe County. These efforts are expected to result in a significant increase in the number of visitors, hotel room nights, and events held in Monroe County. At both December 31, 2011 and 2010, \$68,750, was owed to MCSDC.

#### **4. CONCENTRATIONS**

During 2011 and 2010, approximately 99% of the Authority's revenue came from the Monroe County Hotel Room Occupancy Tax.

#### **5. MANAGEMENT CONTRACT - GROSFC**

The Authority, acting as agent for GROSFC, entered into a contract with Beau Productions to manage the day-to-day operations and develop marketing efforts for the stadium events through December 2012. The contract provides for payments of \$22,556 per month in 2012, with an option to renew for four additional one year terms upon the mutual written consent of the parties. As described in Note 2, the Authority entered into this contract as a disclosed agent on behalf of GROSFC.

**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 16, 2012

To the Board of Directors of  
Greater Rochester Sports Authority:

We have audited the financial statements of the business-type activities of Greater Rochester Sports Authority (the Authority) as of and for the year ended December 31, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 16, 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 Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority'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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 members of Greater Rochester Sports Authority, and others within the entity, and is not intended to be used and should not be used by anyone other than these specified parties.