

**CORNELL AGRICULTURE AND FOOD
TECHNOLOGY PARK CORPORATION**

Financial Statements

December 31, 2012 And 2011

**CORNELL AGRICULTURE AND FOOD
TECHNOLOGY PARK CORPORATION**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Cornell Agriculture and Food Technology Park Corporation

We have audited the accompanying financial statements of Cornell Agriculture and Food Technology Park Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Andrew F. Fredericksen, CPA* • William T. Sirianni, CPA
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* Also licensed in the State of Florida

Members of the American Institute of Certified Public Accountants & the New York State Society of Certified Public Accountants.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cornell Agriculture and Food Technology Park Corporation as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of performing an opinion on the financial statements as a whole. The schedule of functional expenses at Schedule I is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Fredericksen & Sirianni LLP

Fredericksen and Sirianni, LLP
Certified Public Accountants

Rochester, New York
April 5, 2013

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CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements Of Financial Position
December 31, 2012 And 2011

ASSETS

	<u>2012</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Current Assets</u>			
Cash - Unrestricted	\$ 16,824	\$ 71,701	\$ 88,524
Program receivable	10,019	0	10,019
Prepaid expense	<u>2,265</u>	<u>0</u>	<u>2,265</u>
Total Current Assets	<u>29,108</u>	<u>71,701</u>	<u>100,809</u>
<u>Net Property, Plant and Equipment</u>			
Office furniture and equipment	123,055	0	123,055
Tenant furniture and equipment	197,949	0	197,949
Land improvements	2,596,332	0	2,596,332
Building	<u>6,675,813</u>	<u>0</u>	<u>6,675,813</u>
	9,593,149	0	9,593,149
Less: Accumulated depreciation	<u>(2,714,756)</u>	<u>0</u>	<u>(2,714,756)</u>
Total Property, Plant and Equipment, Net	<u>6,878,393</u>	<u>0</u>	<u>6,878,393</u>
<u>Other Assets</u>			
Loan commitment fees, net of accumulated amortization of \$37,514 and \$34,389 for 2012 and 2011, respectively	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ <u>6,907,501</u>	\$ <u>71,701</u>	\$ <u>6,979,202</u>

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements Of Financial Position
December 31, 2012 And 2011

ASSETS

	<u>2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Current Assets</u>			
Cash - Unrestricted	\$ 11,764	\$ 85,447	\$ 97,211
Program receivable	6,914	0	6,914
Prepaid expense	<u>736</u>	<u>0</u>	<u>736</u>
Total Current Assets	<u>19,414</u>	<u>85,447</u>	<u>104,861</u>
<u>Net Property, Plant and Equipment</u>			
Office furniture and equipment	115,806	0	115,806
Equipment	196,818	0	196,818
Land improvements	2,596,332	0	2,596,332
Building	<u>6,675,814</u>	<u>0</u>	<u>6,675,814</u>
	9,584,770	0	9,584,770
Less: Accumulated depreciation	<u>(2,339,533)</u>	<u>0</u>	<u>(2,339,533)</u>
Total Property, Plant and Equipment, Net	<u>7,245,237</u>	<u>0</u>	<u>7,245,237</u>
<u>Other Assets</u>			
Loan commitment fees, net of accumulated amortization of \$34,389 and \$26,886 for 2011 and 2010, respectively.	<u>3,125</u>	<u>0</u>	<u>3,125</u>
Total Assets	<u>\$ 7,267,776</u>	<u>\$ 85,447</u>	<u>\$ 7,353,223</u>

LIABILITIES AND NET ASSETS

	<u>2012</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Current Liabilities</u>			
Line of credit – Operating	\$ 0	\$ 0	\$ 0
Current portion of long-term debt	0	0	0
Accounts payable	23,329	0	23,329
Accrued expenses	275	0	275
Deferred revenue	0	0	0
Due to related party	<u>0</u>	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>23,604</u>	<u>0</u>	<u>23,604</u>
<u>Long-Term Liabilities</u>			
Long-term debt, Net of current portion	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>23,604</u>	<u>0</u>	<u>23,604</u>
<u>Net Assets</u>			
Unrestricted	6,883,897	0	6,883,897
Temporarily restricted	<u>0</u>	<u>71,701</u>	<u>71,701</u>
Total Net Assets	<u>6,883,897</u>	<u>71,701</u>	<u>6,955,598</u>
 Total Liabilities and Net Assets	 <u>\$ 6,907,501</u>	 <u>\$ 71,701</u>	 <u>\$ 6,979,202</u>

**The Accompanying Notes Are An
Integral Part Of These Financial Statements**

Exhibit "A"
(Continued)

LIABILITIES AND NET ASSETS

	<u>2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Current Liabilities</u>			
Line of credit – Operating	\$ 235,308	\$ 0	\$ 235,308
Current portion of long-term debt	2,821,003	0	2,821,003
Accounts payable	20,461	0	20,461
Accrued expenses	275	0	275
Deferred revenue	10,920	0	10,920
Due to related party	<u>8,325</u>	<u>0</u>	<u>8,325</u>
Total Current Liabilities	<u>3,096,292</u>	<u>0</u>	<u>3,096,292</u>
<u>Long-Term Liabilities</u>			
Long-term debt, Net of current portion	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>3,096,292</u>	<u>0</u>	<u>3,096,292</u>
<u>Net Assets</u>			
Unrestricted	4,171,484	0	4,171,484
Temporarily restricted	<u>0</u>	<u>85,447</u>	<u>85,447</u>
Total Net Assets	<u>4,171,484</u>	<u>85,447</u>	<u>4,256,931</u>
 Total Liabilities and Net Assets	 <u>\$ 7,267,776</u>	 <u>\$ 85,447</u>	 <u>\$ 7,353,223</u>

**The Accompanying Notes Are An
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CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements Of Activities
For The Years Ended December 31, 2012 And 2011

	<u>2012</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>			
Grants and agreements	\$ 920,000	\$ 0	\$ 920,000
Program revenue	193,336	0	193,336
Direct public support	10,000	0	10,000
Interest income	257	0	257
Miscellaneous income	281	0	281
Debt release	<u>2,269,281</u>	<u>0</u>	<u>2,269,281</u>
Total Support And Revenue	<u>3,393,155</u>	<u>0</u>	<u>3,393,155</u>
<u>Functional Expenses</u>			
Program services	454,820	0	454,820
Supporting services	239,668	0	239,668
Professional fund raising	<u>0</u>	<u>0</u>	<u>0</u>
Total Functional Expenses	<u>694,488</u>	<u>0</u>	<u>694,488</u>
<u>Other Changes in Net Assets</u>			
Restrictions satisfied by payments	<u>13,746</u>	(13,746)	<u>0</u>
Increase (Decrease) In Net Assets	2,712,413	(13,746)	2,698,667
Net Assets – Beginning	<u>4,171,484</u>	<u>85,447</u>	<u>4,256,931</u>
Net Assets – Ending	<u>\$ 6,883,897</u>	<u>\$ 71,701</u>	<u>\$ 6,955,598</u>

**The Accompanying Notes Are An
Integral Part Of These Financial Statements**

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements Of Activities
For The Years Ended December 31, 2012 And 2011

	<u>2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>			
Grants and agreements	\$ 566,850	\$ 0	\$ 566,850
Program revenue	172,584	0	172,584
Direct public support	10,000	0	10,000
Interest income	701	0	701
Miscellaneous income	<u>39</u>	<u>0</u>	<u>39</u>
Total Support And Revenue	<u>750,174</u>	<u>0</u>	<u>750,174</u>
<u>Functional Expenses</u>			
Program services	443,804	0	443,804
Supporting services	235,525	0	235,525
Professional fund raising	<u>0</u>	<u>0</u>	<u>0</u>
Total Functional Expenses	<u>679,329</u>	<u>0</u>	<u>679,329</u>
<u>Other Changes In Net Assets</u>			
Restrictions satisfied by payments	<u>19,303</u>	<u>(19,303)</u>	<u>0</u>
Increase (Decrease) In Net Assets	90,148	(19,303)	70,845
Net Assets – Beginning	<u>4,081,336</u>	<u>104,750</u>	<u>4,186,086</u>
Net Assets – Ending	<u>\$ 4,171,484</u>	<u>\$ 85,447</u>	<u>\$ 4,256,931</u>

Exhibit "C"

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements Of Cash Flows
For The Years Ended December 31, 2012 And 2011

	<u>2012</u>	<u>2011</u>
<u>Cash Flows From Operating Activities</u>		
Increase (Decrease) in net assets	\$ 2,698,667	\$ 70,845
Adjustments To Reconcile Increase In Net Assets To Net Cash Provided By Operating Activities:		
Depreciation and amortization	378,348	389,633
Debt released	(3,169,281)	(546,850)
Accrued interest on debt released	112,970	0
Change In Operating Assets And Liabilities:		
(Increase) Decrease in program receivable	(3,106)	(4,237)
(Increase) Decrease in prepaid expenses	(1,529)	47
Increase (Decrease) in accounts payable	2,868	569
Increase (Decrease) in deferred revenue	(10,920)	6,326
Increase (Decrease) from related party	<u>(8,325)</u>	<u>(1,161)</u>
Net Cash Used By Operating Activities	<u>(308)</u>	<u>(84,828)</u>
<u>Cash Flows From Investing Activities</u>		
Purchases of property, plant and equipment	<u>(8,379)</u>	<u>(19,824)</u>
Net Cash Used By Investing Activities	<u>(8,379)</u>	<u>(19,824)</u>
<u>Cash Flows From Financing Activities</u>		
Proceeds from line of credit	0	10,645
Proceeds from long-term debt	0	75,170
Payments on long-term debt	<u>0</u>	<u>0</u>
Net Cash Provided By Financing Activities	<u>0</u>	<u>85,815</u>
Net (Decrease) Increase in Cash	(8,686)	(18,837)
Beginning – Cash	<u>97,211</u>	<u>116,048</u>
Ending – Cash	\$ <u>88,525</u>	\$ <u>97,211</u>

**The Accompanying Notes Are An
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Exhibit "C"
(Continued)

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements Of Cash Flows
For The Years Ended December 31, 2012 And 2011

<u>Supplemental Disclosure of Cash Flow Information</u>	<u>2012</u>	<u>2011</u>
Accrued interest on loans	\$ <u>112,970</u>	\$ <u>85,816</u>
In-kind services donated	\$ <u>10,000</u>	\$ <u>10,000</u>
Ontario county loan released	\$ <u>0</u>	\$ <u>546,850</u>
KeyBank loans released	\$ <u>2,269,281</u>	\$ <u>2,458,111</u>
DOT-IAP grant released	\$ <u>600,000</u>	\$ <u>0</u>
Cash paid by other party on KeyBank loan	\$ <u>300,000</u>	\$ <u>0</u>

**The Accompanying Notes Are An
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CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes To Financial Statements
For The Years Ended December 31, 2012 And 2011

NOTE 1 NATURE OF THE ORGANIZATION

Cornell Agriculture and Food Technology Park Corporation (CAFTP) is a not-for-profit agency organized under section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contribution deductions for individual donors. The Organization was formed in 2000.

The CAFTP's mission is to foster creation, retention and expansion of agriculture, food and related research and development enterprises to benefit the New York economy, and to strengthen the Geneva Experiment Station by fostering technology transfers and partnerships with commercial firms.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with principles generally accepted in the United State of America.

Basis of Presentation

The Organization adheres to Statement of Financial Accounting Standards FASB ASC 958, "Financial Statements of Not-for-Profit Organization." Under FASB ASC 958-005, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Organization is required to present a statement of cash flows. Net assets of the Organization were classified as unrestricted or temporarily restricted as of December 31, 2012. The Organization had no permanently restricted net assets as of December 31, 2012.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 5, 2013 (the date the financial statements were available to be issued).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**The Accompanying Independent Auditors Report Is
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CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes To Financial Statements
For The Years Ended December 31, 2012 And 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Donated land, building, and equipment are reflected as contributions at their appraised values on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Estimated useful lives of the assets are as follows:

Office furniture and equipment	5 - 7 years
Land improvements	15 years
Buildings	39 years

Depreciation expense amounted to \$375,223 and \$382,129 for the years ended December 31, 2012 and 2011, respectively.

Income Taxes

CAFTP is a not-for-profit organization and therefore is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified by the Internal Revenue Service as an entity that is not a private Foundation.

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty In Income Taxes – an Interpretation of FASB Statement No., 109*, Codification (ASC) Section 740. This interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. ASC Section 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. The Organization adopted the provisions of ASC Section 740 on January 1, 2010.

The Organization believes it has no uncertain tax position and has not recognized any benefits from uncertain tax positions that will significantly increase or decrease in twelve months after the balance sheet date. The Organization has not been subject to federal or state income tax examinations by tax authorities. The Organization's open tax periods are 2009 through 2012.

**The Accompanying Independent Auditors Report Is
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CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes To Financial Statements
For The Years Ended December 31, 2012 And 2011

NOTE 2 CASH

Unsecured Cash Balances

The Organization maintains its cash at two financial institutions in New York. Accounts are insured by the Federal Deposit Insurance Corporation in full for “non-interest bearing” accounts and up to \$250,000 for “interest bearing” accounts for the year ended December 31, 2012, per customer. The Organization had no uninsured cash equivalent balances at December 31, 2012 and 2011, respectively.

Restricted Cash Balance

The Organization received a “member item” from New York from the 2006 expenditures. The funds were received by Ontario County during 2010 and forwarded to the Organization. The “member item” funds are restricted for capital expenditures.

NOTE 3 RELATED PARTY

The Organization entered into an agreement with Cornell Agriculture and Food Technology Park Management Corporation (CAFTPM). Management fees are paid to oversee the Organization’s operations of facilities.

Management fees made under this agreement amounted to \$89,315 and \$145,567 for the years ended December 31, 2012 and 2011, respectively.

Management elected to dissolve CAFTPM and its agreement as of December 31, 2012.

NOTE 4 LINE OF CREDIT

The Organization had an operating demand line of credit agreement with KeyBank for \$200,000 and was secured by all the assets of the Organization. The principal proceeds borrowed on the line of credit was \$200,000. As of October 1, 2009, interest was not been paid and was accruing on the line of credit. For 2012 and 2011, the banks interest rate on the line of credit was 5.25%.

Interest and late fees accrued on the line of credit amounted to \$10,910 and \$10,646 for the years ended December 31, 2012 and 2011, respectively.

**The Accompanying Independent Auditors Report Is
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CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes To Financial Statements
For The Years Ended December 31, 2012 And 2011

NOTE 4 LINE OF CREDIT (Continued)

Accumulated interest and fees accrued amounted to \$43,300 and \$35,308 for the years ended December 31, 2012 and 2011, respectively. The line of credit balance amounted to \$0 and \$235,308 for the years ended December 31, 2012 and 2011, respectively.

The line of credit was released and discharged for the full amount of \$243,300 by KeyBank on September 27, 2012. See Note 7 – Long-Term Debt. See Note 8 – Going Concern.

NOTE 5 LOAN COMMITMENT COSTS

The Organization incurred loan commitment fees totaling \$37,514 to convert the two lines of credit to term loans. The fees are being amortized over 60 months beginning May 24, 2007 and expiring May 2012.

Amortization expense amounted to \$3,125 and \$7,503 for years ended December 31, 2012 and 2011, respectively.

The loan commitment costs were fully amortized for the year ended December 31, 2012 and were removed from the books with the release of the debt.

NOTE 6 LEASE COMMITMENTS

The Organization entered into an operating lease for a copier in April 2011. The lease agreement provides for monthly payments of \$153 over 60 months. The lease expense amounted to \$1,830 and \$1,220 for the years ended December 31, 2012 and 2011, respectively.

Future minimum lease payments for five years are as follows:

2013	\$ 1,830
2014	1,830
2015	1,830
2016	610
Thereafter	<u>0</u>
	\$ <u>6,100</u>

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CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes To Financial Statements
For The Years Ended December 31, 2012 And 2011

NOTE 7 LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>
<p>Grant loan payable to Ontario County Office of Economic Development and the City of Geneva/ Job's for Geneva, Inc. dated January 30, 2005. The loan is subject to HUD funds agreement with the Federal government and the County of Ontario. Payment terms are subject to begin 30 days of the project achieving positive cash flow commencing with the year ending December 31, 2005. At such time the loan is payable at 120 consecutive monthly payments without interest. The Organization has an option to prepay the principle amount of the loan in or in part in amounts not less than \$10,000 at any time. On August 3, 2007, Ontario County amended the loan to begin receiving monthly payments of \$5,696.36 with accrued late fees to be included in the payoff. Monthly payments were scheduled to begin on September 1, 2007. On January 1, 2008, Ontario County agreed to suspend payments until the Organization attains a positive cash flow before depreciation. In December 2011, Ontario County removed the obligation from the county books deeming it uncollectible.</p>	\$ 0	\$ 0
<p>Grant loan payable to City of Geneva and New York State Department of Transportation and Industrial Access Project. During 2009, the City of Geneva and New York State Department of Transportation began negotiating repayment terms. Terms were finalized in August 2012 and the loan was released as discussed below.</p>	0	598,200

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CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes To Financial Statements
For The Years Ended December 31, 2012 And 2011

NOTE 7 LONG-TERM DEBT (Continued)

On May 24, 2007, the Organization converted the operating line of credit to a three month term loan with KeyBank. The term loan requires only monthly interest payments to be paid at the banks prime plus 1%. For 2012 and 2011 , the banks prime rate was 5.25%. During 2009, KeyBank called the term mortgage. As of August 31, 2009, the Organization suspended all payments and interest was accruing. The loan was released in full on September 27, 2012, as discussed below.

\$ 0 \$ 897,440

As mentioned in Note 5 – Line of Credit, KeyBank exercised its discretion and converted the Organization’s capital line of credit to a term mortgage on May 24, 2007. The new term mortgage was for \$1,250,000 at a fixed interest rate of 7.44% and expired June 1, 2012. Monthly payments began June 2, 2008 in the amount of \$9,962.34 and included principal and interest. During 2009, KeyBank called the term mortgage. As of August 31, 2009, the Organization suspended all payments and interest was accruing. The loan was released in full on September 27, 2012, as discussed below.

0 \$ 1,325,363

Total Long-Term Debt
Less: Current maturities

0 2,821,003
0 2,821,003

Total Long-Term Debt, Net of Current Maturities

\$ 0 \$ 0

Interest expense and late fees accrued on the loans amounted to \$98,315 and \$75,170 for the years ended December 31, 2012 and 2011, respectively.

Accumulated interest and fees accruing on the loans amounted to \$348,497 and \$250,182 for the years ended December 31, 2012 and 2011, respectively.

**The Accompanying Independent Auditors Report Is
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CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes To Financial Statements
For The Years Ended December 31, 2012 And 2011

NOTE 7 LONG-TERM DEBT (Continued)

Grant Loan Payable to City of Geneva

The grant loan was released from the Organization's records and transferred to City of Geneva records. The terms of the agreement require payment to be paid by the following parties: City of Geneva, Cornell University through CALS, and Genesee Valley Regional Markey Authority over the next four years beginning January 2013. Total loan released amounted to \$600,000.

KeyBank Debt

All debt between KeyBank and Cornell Agriculture and Food Technology Park Corporation was released on September 27, 2012 for the consideration of \$300,000. The consideration payment was paid in full by Genesee Regional Valley Market Authority (GVRMA) per settlement terms of agreement authorized by GVRMA. Total loan released by KeyBank amounted to \$2,269,281.

NOTE 8 GOING CONCERN

During 2008, KeyBank called all bank loans outstanding with the Organization. CAFTP and its related party CAFTPM entered into a loan forbearance agreement with KeyBank National Association on March 1, 2009. KeyBank extended the loans and provided credit facilities from taking legal actions pursuant to the loans until August 31, 2009 provided the Organization and its related party is able to pay the monthly debt service due May 1, 2008, as per agreement. Failure by the Organization to make that payment terminated the forbearance agreement during 2009.

The loans were released and discharged in full including principal, interest, and fees, by KeyBank on September 27, 2012. See Note 7 – Long-Term Debt.

Line of credit	\$ 243,300
Mortgage loan	1,396,045
Term loan	<u>929,936</u>
 Total KeyBank Debt	 \$ <u>2,569,281</u>
 Debt Released by KeyBank	 2,564,418
Debt paid by GVRMA	<u>300,000</u>
 Total Debt Released	 \$ <u>2,569,281</u>

The Organization has no going concern as of December 31, 2012.

**The Accompanying Independent Auditors Report Is
An Integral Part Of These Financial Statements**

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes To Financial Statements
For The Years Ended December 31, 2012 And 2011

NOTE 9 MAJOR REPAIRS AND MAINTENANCE

The Organization has set aside funds for major repairs and maintenance to its capital property, plant and equipment.

The Organization has an agreement with Cornell University whereby the University provides in-kind services to the Organization for general repairs and maintenance, mowing, and snowplowing. For the years ended December 31, 2012 and 2011, the estimated value of these services was \$10,000 and is included in the Organization's statement of activities.

NOTE 10 RETIREMENT

The Organization has a 401(k) Retirement Plan in place for all eligible employees of both the Organization and its related party. The Organization matches up to 3% of eligible salary for all eligible employees.

Contributions amounted to \$1,800 for the years ended December 31, 2012 and 2011. Contribution amounts are included in management fees as discussed in Note 4 -- Related Party.

NOTE 11 CONTINGENCY

The Organization has filed arbitration during 2011 against Einhorn, Yaffee, Prescott Architecture & Engineering, PC (EYP) with respect to roofing issues on the building. As of 2012, the parties have engaged in settlement negotiations before an arbitrator. In the event a settlement cannot be reached, the Organization intends to vigorously pursue its claims against EYP.

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CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements Of Functional Expenses
For The Years Ended December 31, 2012 And 2011

2012

	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Office expense	\$ 400	\$ 134	\$ 0	\$ 534
Telephone	4,477	1,492	0	5,969
Postage	76	32	0	108
Advertising and marketing	4,131	217	0	4,348
Insurance	7,793	3,958	0	11,751
Legal	0	12,254	0	12,254
Fees	76,821	12,769	0	89,590
Dues and subscriptions	180	0	0	180
Meetings and conferences	282	0	0	282
Professional fees	0	7,010	0	7,010
Maintenance	49,801	21,343	0	71,144
Bank charges	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses Before Other Expenses	<u>143,961</u>	<u>59,209</u>	<u>0</u>	<u>203,170</u>
<u>Other Expenses</u>				
Depreciation expense	206,373	168,850	0	375,223
Amortization expense	2,813	312	0	3,125
Interest expense	<u>101,673</u>	<u>11,297</u>	<u>0</u>	<u>112,970</u>
Total Other Expenses	<u>310,859</u>	<u>180,459</u>	<u>0</u>	<u>491,318</u>
Total Functional Expenses	\$ <u>454,820</u>	\$ <u>239,668</u>	\$ <u>0</u>	\$ <u>694,488</u>

**The Accompanying Notes Are An
Integral Part Of These Financial Statements**

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements Of Functional Expenses
For The Years Ended December 31, 2012 And 2011

2011

	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Office expense	\$ 1,999	\$ 666	\$ 0	\$ 2,665
Telephone	552	184	0	736
Postage	56	24	0	80
Advertising and marketing	1,420	75	0	1,495
Insurance	0	1,045	0	1,045
Legal	0	14,830	0	14,830
Fees	125,821	20,021	0	145,842
Dues and subscriptions	550	0	0	550
Meetings and conferences	582	0	0	582
Professional fees	0	9,409	0	9,409
Maintenance	18,622	7,981	0	26,603
Bank charges	<u>43</u>	<u>0</u>	<u>0</u>	<u>43</u>
Total Expenses Before Other Expenses	<u>149,645</u>	<u>54,235</u>	<u>0</u>	<u>203,880</u>
<u>Other Expenses</u>				
Depreciation expense	210,171	171,958	0	382,129
Amortization expense	6,753	750	0	7,503
Interest expense	<u>77,235</u>	<u>8,582</u>	<u>0</u>	<u>85,817</u>
Total Other Expenses	<u>294,159</u>	<u>181,290</u>	<u>0</u>	<u>475,449</u>
Total Functional Expenses	\$ <u>443,804</u>	\$ <u>235,525</u>	\$ <u>0</u>	\$ <u>679,329</u>