LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2013

LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Livingston County Capital Resource Corporation
Geneseo, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Livingston County Capital Resource Corporation (a not-for-profit local development corporation), which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years 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 misstatement, whether due to fraud or error.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Livingston County Capital Resource Corporation as of December 31, 2013 and 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis on page 3, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the Livingston County Capital Resource 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 the 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 Livingston County Capital Resource Corporation's internal control over financial reporting and compliance.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 31, 2014

The following is a discussion and analysis of the Livingston County Capital Resource Corporation's (the "Corporation") financial performance for the year ended December 31, 2013. The management's discussion and analysis is a summary of the Corporation's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Corporation's financial statements, which immediately follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. This report includes the independent auditors' report, financial statements and notes to financial statements that will enhance the reader's understanding of the financial condition of the Corporation.

Required Financial Statements - The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include:

- **Statement of Financial Position** - Presents all assets, liabilities and the net assets of the Corporation at December 31, 2013 and 2012. The statement provides information about the amounts and investments in resources (assets) and the obligations to creditors (liabilities).

- **Statement of Activities** - Presents the financial activity for the years ended December 31, 2013 and 2012 and displays how this activity changed the Corporation's net position. The statement provides information on the Corporation's operations and can be used to determine if the Corporation has recovered all of its costs through grants, user fees and other charges.

- **Statement of Cash Flows** - Presents the cash provided and used in operations, investments and financing activities during 2013 and 2012 and how it affects the cash balances at December 31, 2013 and 2012.

- **Notes to Financial Statements** - Provide information regarding the Corporation and explain in more detail information included in the financial statements.

Financial Analysis of the Financial Statements

The Corporation was established in 2010 as a local development corporation.

In 2013 and 2012, the Corporation had no activity.

Contacting the Corporation's Financial Management

This financial report is written to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the Corporation and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Ms. Julie Marshall
Executive Director
6 Court Street, Room 306
Geneseo, New York 14454

LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION
Statements of Financial Position
December 31, 2013 and 2012

	2013	2012
ASSETS		
Total Assets	$ -	$ -
LIABILITIES AND NET ASSETS		
Total Liabilities and Net Assets	$ -	$ -

The accompanying notes are an integral part of these financial statements.

LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION
Statements of Activities
For the Years Ended December 31, 2013 and 2012

	2013	2012
Income	$ -	$ -
Expenses	-	-
Change in Net Assets	-	-
Net Assets - Beginning	-	-
Net Assets - Ending	$ -	$ -

The accompanying notes are an integral part of these financial statements.

LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION
Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities	$ -	$ -
Net Change in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - Beginning	-	-
Cash and Cash Equivalents - Ending	$ -	$ -

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

The Corporation - The Livingston County Capital Resource Corporation (The Corporation) is a local development corporation of the State of New York authorized under Section 201 of the Not-for-Profit Corporation Law. The Corporation was created through a Local Law enacted in 2010 by the Livingston County Board of Supervisors. The Corporation's operating certificate was granted by the New York State Department of State on September 14, 2010. The Board consists of seven members, all appointed by the Livingston County Board of Supervisors. They serve at the pleasure of the board.

The Corporation's mission is to create and retain employment opportunities for the residents of Livingston County and generate tax revenues to support government services. This mission is accomplished through the issuance of tax exempt and taxable civic facility revenue bonds for certain economic development projects. Through the fulfillment of the Corporation's mission, the Corporation expects to deliver employment, health and general prosperity, economic welfare and needed services for the residents of Livingston County.

Basis of Accounting - The Corporation prepares its financial statements on the accrual basis of accounting, in accordance with generally accepted accounting principles.

Estimates - The preparation of financial statements in accordance 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ASC 958, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classes are established in accordance with their nature and purpose, in observation of any third party limitations or restrictions placed on the use of these resources. Any donor-restricted contribution whose restrictions are met in the same reporting period or any gifts of long-lived assets are reported as unrestricted support. The Corporation did not have any temporarily restricted net assets or permanently restricted net assets for the years ended December 31, 2013 and 2012.

Unrestricted Net Assets - Unrestricted net assets represent net assets that are not subject to donor imposed stipulations and are generally available for support of the Corporation’s activities. The Board of Directors has discretionary control over these resources to carry out the operations of the Corporation in accordance with its by-laws.

Revenue Recognition - Administrative fee income is recognized when the financing for a project closes. Grant income is recognized when the grant expenditures have been incurred. The Corporation defines non-operating revenue as interest earned and rental income from land.

Related Party - The Corporation is related through common management and Board of Directors membership with the Livingston County Industrial Development Agency (IDA) and the Livingston County Development Corporation (LCDC), which also promote economic development in the County.

Income Taxes - The Corporation is a not-for-profit corporation and is exempt from income tax under the New York State Article 14 as a local development corporation. Accordingly, no provision for taxes has been made.

In accordance with ASC 740-10-50, *Accounting for Uncertainty in Income Taxes*, the Corporation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Corporation is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on the Corporation's financial statements.

Subsequent Events - In accordance with ASC 855-10, the Corporation evaluated subsequent events through March 31, 2014, the date these financial statements were available to be issued.

Note 2. Industrial Development Bonds

The Corporation issues tax-exempt or taxable bonds to provide financial assistance to private-sector or non-profit entities for the acquisition and construction of 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 to the borrowing entity served by the bond issuance. The Corporation is not obligated in any manner for repayment of the bonds. Accordingly, neither the related property nor the bonds are reported as assets or liabilities in the accompanying financial statements.

As of December 31, 2013 and 2012, there was one (1) series of revenue bonds outstanding with an approximate aggregate amount payable of $3.3 million and $3.4 million, respectively.

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INDEPENDENT AUDITORS' 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*

To the Board of Directors
Livingston County Capital Resource Corporation
Geneseo, 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 Livingston County Capital Resource Corporation, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Livingston County Capital Resource Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Livingston County Capital Resource Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Livingston County Capital Resource 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Livingston County Capital Resource 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*.

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

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 31, 2014