

**GREATER ROCHESTER SPORTS AUTHORITY**

**Financial Statements  
as of December 31, 2014 and 2013  
Together with  
Independent Auditor's Report**

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

# GREATER ROCHESTER SPORTS AUTHORITY

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## INDEPENDENT AUDITOR'S REPORT

March 18, 2015

To the Board of Directors of  
Greater Rochester Sports Authority:

### **Report on the Financial Statements**

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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***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.

### ***Auditor's Responsibility***

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 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.

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### ***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 Authority, as of December 31, 2014 and 2013, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Subsequent Event***

As discussed in Note 7 to the financial statements, in March 2015, the Authority will begin the process of dissolution and, with the Board's anticipated approval, all of its assets and obligations under its management contract with Monroe County shall be assigned to a related organization. All of the Authority's operations are being assumed by the related organization for the purpose of government efficiency and the consolidation of services related to Frontier Field. Our opinion is not modified with respect to that matter.

### ***Report on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2015 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* in considering the Authority's internal control over financial reporting and compliance.

# **GREATER ROCHESTER SPORTS AUTHORITY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2014 AND 2013**

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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 and the marketing activities of the Stadium. The Authority has two agreements with the County and Rochester Community Baseball (RCB). Under the terms of these contracts, the County is responsible for the day-to-day maintenance responsibilities, while RCB is responsible for all on-site maintenance and marketing activities of the Stadium. 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 and GROSFC paid for those services rendered directly, the Authority did not incur any costs related to the management agreement in either 2014 or 2013. As such, GROSFC did not reimburse the Authority for any costs in either 2014 or 2013.

The financial statements of the Authority include the balance sheets, the statements of revenues, expenses and change in net position, 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 position. The statements of revenues, expenses and change in net position show how the Authority's net position 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, 2014 and 2013. 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 position 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. 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 - 2014**

#### **Financial Position**

The Authority's total assets decreased \$5,900 due to a decrease in cash as a result of a decrease in net position of \$4,155 and a decrease in accrued liabilities of \$1,745. Total net position decreased \$13,427 to \$9,272 in 2014, due to the revenue and expense activity detailed below. Accrued expenses slightly decreased due to the timing of disbursements near year-end.

#### **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 2014 and 2013. 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 \$285,218 in 2013 to \$285,034 in 2014 due to the decrease in interest earnings. The Authority's expenses primarily consist of an allocation provided to Monroe County Sports Development Corporation (MCSDC) to promote organized sporting events in the Rochester area, and professional fees. The Authority allocated \$275,000 to MCSDC in both 2014 and 2013. During 2013, the Authority made a one-time payment to GROSFC in the amount of \$475,000 to finance ongoing capital projects at the Stadium, causing total expenses to decrease from \$771,292 in 2013 to \$289,189 in 2014. The Authority also paid professional fees of \$12,553 and \$19,421 in 2014 and 2013, respectively. The change in net position resulting from the above activity was a decrease of \$4,155 and \$486,074 in 2014 and 2013, respectively.

### **FINANCIAL ANALYSIS - 2013**

#### **Financial Position**

The Authority's total assets decreased \$484,329 from 2012 to 2013 due primarily to a payment to GROSFC of \$475,000 to finance ongoing capital projects at the Stadium, which is accompanied by a corresponding increase in operating expenses. Total net position decreased \$486,074 in 2012 to \$13,427 in 2013, due to the revenue and expense activity detailed below. Accrued expenses slightly increased due to the timing of disbursements near year-end.

## **FINANCIAL ANALYSIS - 2013 (Continued)**

### **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 2013 and 2012. 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 \$286,060 in 2012 to \$285,218 in 2013 due to the decrease in interest earnings. The Authority's expenses primarily consist of an allocation provided to Monroe County Sports Development Corporation (MCSDC) to promote organized sporting events in the Rochester area, and professional fees. The Authority allocated \$275,000 to MCSDC in both 2013 and 2012. During 2013, the Authority made a payment to GROSFC in the amount of \$475,000 to finance ongoing capital projects at the Stadium, causing total expenses to increase from \$291,123 in 2012 to \$771,292 in 2013. The Authority also paid professional fees of \$19,421 and \$13,646 in 2013 and 2012, respectively. The change in net position resulting from the above activity was a decrease of \$486,074 and \$5,063 in 2013 and 2012, respectively.

### **DISSOLUTION OF AUTHORITY**

The Authority will begin the process of dissolution in March 2015 and, with the Board's anticipated approval, all of its assets and obligations under its management contract with Monroe County shall be assigned to GROSFC. All of the Authority's operations are being assumed by GROSFC for the purpose of government efficiency and the consolidation of services related to Frontier Field.

### **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, 2014 AND 2013

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 6,772	\$ 12,672
Monroe County hotel room occupancy tax receivable	<u>71,250</u>	<u>71,250</u>
Total current assets	<u>\$ 78,022</u>	<u>\$ 83,922</u>
<b>LIABILITIES AND NET POSITION</b>		
CURRENT LIABILITIES:		
Accrued expenses	<u>\$ 68,750</u>	<u>\$ 70,495</u>
Total current liabilities	68,750	70,495
NET POSITION - unrestricted	<u>9,272</u>	<u>13,427</u>
	<u>\$ 78,022</u>	<u>\$ 83,922</u>

The accompanying notes are an integral part of these statements.

# GREATER ROCHESTER SPORTS AUTHORITY

## STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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	<u>2014</u>	<u>2013</u>
REVENUE:		
Allocation of Monroe County hotel room occupancy tax	\$ <u>285,000</u>	\$ <u>285,000</u>
OPERATING EXPENSES:		
Allocation to Monroe County Sports Development Corporation	275,000	275,000
Professional fees	12,553	19,421
Miscellaneous	<u>1,636</u>	<u>1,871</u>
Total operating expenses	<u>289,189</u>	<u>296,292</u>
Loss from operations	(4,189)	(11,292)
INTEREST INCOME	<u>34</u>	<u>218</u>
OPERATING LOSS	(4,155)	(11,074)
NONOPERATING EXPENSE:		
Transfer to Greater Rochester Outdoor Sports Facility Corporation	<u>-</u>	<u>(475,000)</u>
Total nonoperating expense	<u>-</u>	<u>(475,000)</u>
CHANGE IN NET POSITION	<u>(4,155)</u>	<u>(486,074)</u>
NET POSITION - beginning of year	<u>13,427</u>	<u>499,501</u>
NET POSITION - end of year	<u>\$ <u>9,272</u></u>	<u>\$ <u>13,427</u></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, 2014 AND 2013

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	<u>2014</u>	<u>2013</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)	(275,000)
Payments to suppliers and vendors	<u>(15,934)</u>	<u>(19,547)</u>
Net cash flow from operating activities	<u>(5,934)</u>	<u>(9,547)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Payment to Greater Rochester Outdoor Sports Facility Corporation	-	(475,000)
Interest income	<u>34</u>	<u>218</u>
Net cash flow from investing activities	<u>34</u>	<u>(474,782)</u>
CHANGE IN CASH	(5,900)	(484,329)
CASH - beginning of year	<u>12,672</u>	<u>497,001</u>
CASH - end of year	<u>\$ 6,772</u>	<u>\$ 12,672</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Loss from operations	\$ (4,189)	\$ (11,292)
Adjustments to reconcile change in net position to net cash flow from operating activities:		
Changes in:		
Accrued expenses	<u>(1,745)</u>	<u>1,745</u>
Net cash flow from operating activities	<u>\$ (5,934)</u>	<u>\$ (9,547)</u>

The accompanying notes are an integral part of these statements.

# GREATER ROCHESTER SPORTS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

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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, New York (County) 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 allocated to organizations to promote sports and sporting events in Monroe County.

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 and the marketing activities of the Stadium. The Authority has two agreements with the County and Rochester Community Baseball (RCB). Under the terms of these contracts, the County is responsible for the day-to-day maintenance responsibilities, while RCB is responsible for all on-site maintenance and marketing activities of the Stadium. 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 and GROSFC paid for those services rendered directly, the Authority did not incur any costs related to the management agreement in either 2014 or 2013. As such, GROSFC did not reimburse the Authority for any costs in either 2014 or 2013.

### 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. 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 proprietary activities. The Authority's net position was unrestricted in 2014 and 2013.

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

### **Basis of Presentation**

GASB requires the classification of net position into three classifications defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Authority had no net investment in capital assets at either December 31, 2014 or 2013.
- Restricted net position - This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At December 31, 2014 and 2013, the Authority has no restricted net position.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets," or "restricted."

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

### **Cash**

Cash includes cash on hand and a savings account.

### **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 Authority 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. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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, 2014 and 2013, the Authority's cash was covered by FDIC insurance. The Authority's deposits consisted of the following at December 31:

	<u>2014</u>		<u>2013</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	<u>\$ 6,785</u>	<u>\$ 6,772</u>	<u>\$ 10,930</u>	<u>\$ 12,672</u>

These deposits were insured as follows:

	<u>2014</u>	<u>2013</u>
FDIC insurance	<u>\$ 6,785</u>	<u>\$ 10,930</u>

### 4. ALLOCATION TO MONROE COUNTY SPORTS DEVELOPMENT CORPORATION

During each of the years 2014 and 2013, the Authority's Board approved disbursements of \$275,000 to Monroe County Sports Development Corporation (MCSDC) 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, 2014 and 2013, \$68,750 was owed to MCSDC.

### 5. CONCENTRATIONS

During 2014 and 2013, approximately 99% of the Authority's revenue came from the Monroe County Hotel Room Occupancy Tax.

## **6. MANAGEMENT CONTRACT - GROSFC**

The Authority, acting as agent for GROSFC, entered into contracts with the County and RCB, which are effective through December 31, 2014. Under the terms of these contracts, the County is responsible for the day-to-day maintenance responsibilities, while RCB is responsible for all on-site maintenance and marketing activities of the Stadium. Both contracts provide an option to renew for additional one year terms upon the mutual written consent of both parties. As described in Note 2, the Authority entered into these contracts as a disclosed agent on behalf of GROSFC.

## **7. SUBSEQUENT EVENT**

The Authority will begin the process of dissolution in March 2015 and, with the Board's anticipated approval, all of its assets and obligations under its management contract with Monroe County shall be assigned to GROSFC. All of the Authority's operations are being assumed by GROSFC for the purpose of government efficiency and the consolidation of services related to Frontier Field.

**INDEPENDENT AUDITOR'S 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 18, 2015

To the Board of Directors of  
Greater Rochester Sports Authority:

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 business-type activities of Greater Rochester Sports Authority (the Authority) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 18, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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**INDEPENDENT AUDITOR'S 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.