MONROE COUNTY SPORTS DEVELOPMENT CORPORATION

Financial Statements
as of December 31, 2015 and 2014
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

MONROE COUNTY SPORTS DEVELOPMENT CORPORATION

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 24, 2016

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Monroe County Sports Development Corporation (the Organization), a New York State public benefit corporation, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Organization'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.

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(Continued)

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 Organization, as of December 31, 2015 and 2014, 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 2015, the Organization's Board began the process of dissolution. It is anticipated that this process will be completed in 2016, at which time all remaining assets, liabilities, and operations of the Corporation will be absorbed into a separate unrelated not-for-profit organization. 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 24, 2016 on our consideration of the Organization'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 Organization's internal control over financial reporting and compliance.

Bonadio & Co., LLP

MONROE COUNTY SPORTS DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

The following Management's Discussion and Analysis (MD&A) of Monroe County Sports Development Corporation's (the Organization's) financial statements provides an overview of the Organization's financial activities for the years ended December 31, 2015 and 2014. The MD&A should be read in conjunction with the Organization's financial statements and related notes, which follow the MD&A.

The Organization is a New York public benefit corporation organized to maximize the positive impact of sports and to improve the economic vitality and quality of life of the Rochester, New York/Monroe County community. Historically, funding has been received from hotel/motel tax revenue received directly and indirectly from Monroe County, as well as contributions from the Greater Rochester Sports Authority (the Authority).

FINANCIAL HIGHLIGHTS

- The Organization's net position increased by $69,593 and $31,339 in 2015 and 2014, as a result of the individual year's operations, respectively.

- The assets of the Organization exceeded its liabilities by $403,267 and $333,674 at December 31, 2015 and 2014, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net position and the statements of revenue, expense, and changes in net position report information about the Organization as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Revenue and expenses are recorded when earned and incurred, respectively, regardless of when cash is received or paid.

These two statements report the Organization's net position and changes in them from one year to the next. The Organization's net position, the difference between assets and liabilities, are one way to measure the Organization's financial health, or financial position. Over time, increases or decreases in the Organization's net position are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Organization's income and the fluctuation of the Organization's expenses, to assess the overall health of the Organization.

NOTES TO FINANCIAL STATEMENTS

The financial statements also include the notes to the financial statements, which explain certain information in the financial statements. They are essential to a full understanding of the information provided in the financial statements.

FINANCIAL HIGHLIGHTS

The analysis below summarizes the statements of net position (Table 1) and change in net position (Table 2) of the Organization as of and for the years ended December 31, 2015, 2014 and 2013.

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

	2015	2014	2013
Assets:			
Cash	$ 274	$ 278	$ 245
Accounts receivable	127	53	55
Total current assets	401	331	300
Capital assets, net	2	2	2
Total assets	403	333	302
Net position	$ 403	$ 333	$ 302

In each of the years ending December 31, 2015 and 2014, the change in cash was a direct result of the change in the statement of revenues, expenses and change in net position. The accounts receivable increased in 2015 by approximately $74,000 as Monroe County increased its quarterly payments to the Organization for their share of hotel/motel revenue.

Table 2 shows the change in net position for the years ended December 31, 2015, 2014 and 2013.

Table 2 - Change in Net Position (000s omitted)

	2015	2014	2013
Revenue and support:			
Grants	$ 69	$ 275	$ 344
Hotel/motel tax	477	207	207
Sponsorships	21	-	17
Other	1	-	2
Total revenues and support	568	482	570
Expenses:			
Consulting	275	275	279
Event-related expenses	147	99	129
Marketing and advertising	27	25	14
Travel	18	29	19
Other	31	23	26
Total expenses	498	451	467
Change in net position	$ 70	$ 31	$ 103

FINANCIAL HIGHLIGHTS (Continued)

Grant revenue consists of amounts pledged from other organizations to support sports events and economic development. In 2014, the Organization received quarterly grant revenue as scheduled. In 2015, grant revenue decreased as the annual payments reached the end of their contracted term. This revenue was replaced by additional funding from the County associated with the hotel/motel tax.

Sponsorships and event-related expenses vary with the number and scope of events staged by the Organization. During 2013, the Organization supported a significant event, the PGA Championship golf tournament, which caused an increase of sponsorship revenue and expenses. The Organization did not receive any sponsorship revenue in 2014 and sponsorship expenses decreased from 2013 as a result. In 2015 the Organization supported the 2015 Beep Baseball World Series which caused an increase of sponsorship revenue and expenses.

The Organization’s major expense is consulting payments made under contract to assist with coordinating the sports related events. The objective of the contract payments is to maximize the positive impact of sports and improve the economic vitality and quality of life of the Rochester, New York/Monroe County community.

FUTURE FACTORS

In 2015, the Organization’s Board began the process of dissolution. It is anticipated that this process will be completed in 2016, at which time all remaining assets, liabilities, and operations of the Organization will be absorbed into Visit Rochester, an unrelated not-for-profit organization.

REQUEST FOR INFORMATION

This financial report is designed to provide financial statement users with a general overview of the Organization’s finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the Monroe County Sports Development Corporation’s Executive Director at 50 West Main Street, Suite 8100, Rochester, New York, 14614.

MONROE COUNTY SPORTS DEVELOPMENT CORPORATION

STATEMENTS OF NET POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash	$ 274,533	$ 278,304
Accounts receivable	126,918	53,280
Total current assets	401,451	331,584
CAPITAL ASSETS:		
Computers and equipment	11,594	26,267
Less: Accumulated depreciation	(9,778)	(24,177)
Total capital assets, net	1,816	2,090
Total assets	403,267	333,674
NET POSITION		
NET POSITION:		
Net investment in capital assets	1,816	2,090
Unrestricted	401,451	331,584
Total net position	$ 403,267	$ 333,674

The accompanying notes are an integral part of these statements.

MONROE COUNTY SPORTS DEVELOPMENT CORPORATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
REVENUE AND SUPPORT:		
Grant revenue	$ 68,750	$ 275,000
Hotel/motel tax revenue	477,500	207,500
Sponsorships	20,728	-
Other	871	242
Total revenue and support	567,849	482,742
EXPENSES:		
Consulting	275,867	275,233
Event-related expenses	146,973	99,473
Marketing and advertising	26,790	25,420
Legal and professional	18,306	13,400
Travel	17,836	28,883
Telephone	2,818	2,592
Depreciation	2,412	1,235
Supplies	2,210	1,231
Dues and subscriptions	1,257	1,095
Other	3,861	2,888
Total expenses	498,330	451,450
Operating income	69,519	31,292
NONOPERATING REVENUE:		
Interest income	74	47
Total nonoperating revenue	74	47
CHANGE IN NET POSITION	69,593	31,339
NET POSITION - beginning of year	333,674	302,335
NET POSITION - end of year	$ 403,267	$ 333,674

The accompanying notes are an integral part of these statements.

MONROE COUNTY SPORTS DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from grants	$ 68,750	$ 275,000
Receipts from providing services	425,461	209,864
Payments to service providers and suppliers	(495,918)	(450,215)
Net cash flow from operating activities	(1,707)	34,649
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest income	74	47
Net cash flow from investing activities	74	47
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of computers and equipment	(2,138)	(993)
Net cash flow from capital and related financing activities	(2,138)	(993)
NET CHANGE IN CASH	(3,771)	33,703
CASH - beginning of year	278,304	244,601
CASH - end of year	$ 274,533	$ 278,304
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	$ 69,519	$ 31,292
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation	2,412	1,235
Changes in:		
Accounts receivable	(73,638)	2,122
Net cash flow from operating activities	$ (1,707)	$ 34,649

The accompanying notes are an integral part of these statements.

1. THE ORGANIZATION

The Monroe County Sports Development Corporation (the Organization) is a New York not-for-profit corporation organized to maximize the positive impact of sports and to improve the economic vitality and quality of life of the Rochester, New York/Monroe County community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The Organization's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

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.

- 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, 2015 and 2014, the Organization 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."

Cash
The Organization maintains cash in demand deposit accounts. At times, the balances in these accounts may exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant custodial credit risk with respect to these cash balances.

Grant Revenue
The Organization receives revenue in the form of unrestricted grants from an unrelated organization. These grants support the operations of the Organization and are recognized as revenue when paid by the respective funding organizations as their receipt is not guaranteed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable relate to the Organization's funding from Monroe County as well as from other not-for-profit corporations. Accounts receivable are written off when they are deemed to be uncollectible based upon a review of outstanding balances. At December 31, 2015 and 2014, the Organization deemed all accounts receivable to be fully collectible.

Capital Assets

Capital assets are stated at cost. Assets are capitalized if the cost is equal to, or greater than, $1,000 with a useful life of at least one year. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which is three years.

Marketing and Advertising

The Organization expenses marketing and advertising costs as incurred.

Income Taxes

The Organization is exempt from Federal reporting requirements under Internal Revenue Service Revenue Procedure 95-48, 1992 C.C 418 as a governmental unit or affiliate of a governmental unit as described in the procedure.

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

Policies

The Organization follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director.

The Organization's 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 or in general obligations of the State's political subdivisions.

Collateral is required for deposits and certificates of deposit 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.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Organization's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Credit Risk

The Organization's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Organization's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Direct or indirect obligations of the State or any municipality, instrumentality, or political subdivision thereof, or the United States of America or any instrumentality thereof;

- Obligations, the full and timely payment of the principal and interest of which are directly and unconditionally guaranteed by the State or United States of America;

- Bankers' acceptances of, or certificates of deposits issued by, or time deposits or other banking arrangements or deposits with a Bank with a rating of investment grade at all times by a Rating Agency;

- Commercial paper of any Corporation which has been classified for rating purposes by a Rating Agency as Prime-1 and by Standard & Poor's as A-1;

- Money market funds or other mutual funds which have been classified with at least an AAA rating as determined by Standards & Poor's Rating Group or AAA rating as determined by Moody's Investor's Service Inc. and which invest predominately in asset described above.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. At December 31, 2015 and 2014, all of the Organization's deposits were covered by FDIC insurance.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets:				
Computers and equipment	$ 26,267	$ 2,138	$ (16,811)	$ 11,594
Total capital assets being depreciated	26,267	2,138	(16,811)	11,594
Less accumulated depreciation for:				
Computers and equipment	(24,177)	(2,412)	16,811	(9,778)
Total accumulated depreciation	(24,177)	(2,412)	16,811	(9,778)
Capital assets, net	$ 2,090	$ (274)	$ -	$ 1,816

4. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets:				
Computers and equipment	$ 25,274	$ 993	$ -	$ 26,267
Total capital assets being depreciated	25,274	993	-	26,267
Less accumulated depreciation for:				
Computers and equipment	(22,942)	(1,235)	-	(24,177)
Total accumulated depreciation	(22,942)	(1,235)	-	(24,177)
Capital assets, net	$ 2,332	$ (242)	$ -	$ 2,090

5. CONCENTRATIONS

The Organization received 99% of its revenue and support in 2015 and 2014 from two funding sources. Approximately 87% for 2015 and 43% for 2014 represented allocations of hotel/motel taxes collected by Monroe County. During 2015 and 2014, the Organization's allocation of these taxes was $477,500 and $207,500, respectively.

Accounts receivable related to hotel/motel tax revenue at December 31, 2015 and 2014 was approximately $119,000 and $52,000, respectively.

6. COMMITMENT

Consulting
The Organization contracted with a consultant to provide sport sales and event management services for the main purpose of increasing the number of visitors and events, room nights sold at lodging facilities, and maximizing the use of sports facilities within Monroe County. The contract expired February 4, 2015, and the Organization subsequently exercised the last remaining automatic renewal through February 4, 2016. Monthly payments under this agreement are $22,917. In 2015 and 2014, the Organization recognized expenses of approximately $275,000 related to this contract,

7. SUBSEQUENT EVENT

In 2015, the Organization's Board began the process of dissolution. It is anticipated that this process will be completed in 2016, at which time all remaining assets, liabilities, and operations of the Organization will be absorbed into Visit Rochester, a separate unrelated not-for-profit organization.

Bonadio & Co., LLP
Certified Public Accountants

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 24, 2016

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

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 Monroe County Sports Development Corporation (the Organization) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 24, 2016.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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.

Bonadio & Co., LLP