GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

Financial Statements
as of December 31, 2016 and 2015
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

TABLE OF CONTENTS

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 8, 2017

To the Board of Directors of
Greater Rochester Outdoor Sports Facility Corporation:

Report on the Financial Statements
We have audited the accompanying financial statements of Greater Rochester Outdoor Sports Facility Corporation (the Company), a New York public benefit corporation, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Company'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.

171 Sully's Trail, Suite 201
Pittsford, New York 14534
p (585) 381-1000
f (585) 381-3131

www.bonadio.com

(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2016 and 2015, and the 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.

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 - 6 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 8, 2017 on our consideration of the Company'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 Company's internal control over financial reporting and compliance.

Bonadio & Co., LLP

GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2016 AND 2015

Greater Rochester Outdoor Sports Facility Corporation (the Company) is a New York corporation that manages the operation of a sports stadium in Rochester, New York, known as Frontier Field (the Stadium). The County of Monroe, New York (the County) owns the Stadium and leases it to the Company. The Company had a management agreement with Greater Rochester Sports Authority (the Authority) whereby the Authority oversaw the operations of the Stadium. In 2015, the Authority was dissolved and all agreements entered into by the Authority were re-assigned to the Company. The Stadium is home to the Rochester Red Wings (Red Wings) baseball team, owned by Rochester Community Baseball (RCB).

The financial statements of the Company include the balance sheets, the statements of operations and change in member's deficit, 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 Company's creditors (liabilities), with the difference reported as member's deficit. The statements of operations and change in member's deficit, or income statement, show how the Company's deficit changed during the year. They account for all of the year's revenues and expenses, measure the financial results of the Company's operations for the year and can be used to determine how the Company has funded its costs. The statements of cash flows provide information about the Company'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 Company's accounting methods and policies.

Management provides the discussion and analysis of the Company's financial position and activities. This overview is provided for the years ended December 31, 2016 and 2015. The information contained in this analysis should be used by the reader in conjunction with the information contained in our 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 operations and change in member's deficit provide both long-term and short-term information about the Company's overall financial status.

FINANCIAL STATEMENTS

The financial statements of the Company 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 Company's activities are classified as proprietary activities.

FINANCIAL ANALYSIS - 2016

Financial Position

The Company's total assets increased by approximately $235,000 as a result of an increase in cash of approximately $196,000 due to current year operations and an increase in accounts receivable of approximately $222,000 due to the timing of payments from RCB and Frontier Communications of Rochester, Inc. (Frontier), offset by a decrease in capital assets of approximately $177,000 due to current year depreciation outpacing current year additions.

The Company has been unable to pay to the County the rent that it is contractually obligated to pay, which is approximately equal to the payments for debt service on bonds issued by the County for the construction of the Stadium. As a result, the amount due to the County has been increasing each year, with an increase in 2016 of approximately $1,035,000 or 3%.

Total liabilities were approximately $32,389,000, an increase of approximately $1.12M over 2015, as a result of the increase in rent due to the County of approximately $1M and an increase in accounts payable of approximately $94,000 due to timing of payments. Total member's deficit increased to ($30,736,796), which is representative of the significant liability to the County.

Revenues

The Company's sources of revenue include parking fees, suite rental, facility usage fees, naming rights, advertising fees, concession fees and revenue from events other than sporting events. Most sources of revenue are associated with turnstile attendance.

During 2016 total operating revenue remained fairly consistent, increasing approximately $134,000 or 12% from the prior year. There was a significant increase in suite rental income of approximately $46,000 due to one less partial season suite rental, therefore allowing the suite to be rented for single games. There was also a significant increase in naming rights revenue due to a change in the contract with Frontier to increase the contract price. This significant increase was offset by a decrease of approximately $27,000 in parking revenue.

Parking revenue, suite rental revenue, and naming rights revenue are the highest sources of income for the Company, comprising of 32%, 21%, and 22%, respectively, of total revenue in 2016.

Turnstile attendance for the Red Wings games was as follows for the years ended December 31:

Team	2016	2015	Change	% Change
Red Wings	259,807	258,112	1,695	0.7%

Expenses

Total operating expenses in 2016 increased by approximately $62,000 or 3% due to increases in parking expense of approximately $25,000 and office and other expense of approximately $72,000 offset by a decrease in maintenance and repairs of approximately $53,000. The increase in parking expense was due to increased fees from the third party. The increase in office and other expense was due to the contractual payment for wireless services. The decrease in stadium maintenance and repairs was due to significant plumbing repairs in 2015 that did not occur in 2016.

FINANCIAL ANALYSIS - 2015

Financial Position

The Company's total assets increased by approximately $38,000 as a result of an increase in cash of approximately $105,000 due to current year operations offset by a decrease in accounts receivable of $30,000 due to the timing of payments from RCB and a decrease in capital assets of approximately $42,000 due to current year depreciation and current year additions.

The Company has been unable to pay to the County the rent that it is contractually obligated to pay, which is approximately equal to the payments for debt service on bonds issued by the County for the construction of the Stadium. As a result, the amount due to the County has been increasing each year, with an increase in 2016 of approximately $1,029,000 or 3%.

In addition, the Company was able to decrease the outstanding note payable from $100,871 to $70,922 by applying advertising revenue collected by RCB on their behalf approximating $30,000. Total liabilities were approximately $3,1272,000, an increase of approximately $993,000 over 2014. Total member's deficit increased to ($29,854,120), which is representative of the significant liability to the County.

Revenues

The Company's sources of revenue include parking fees, suite rental, facility usage fees, naming rights, advertising fees, concession fees and revenue from events other than sporting events. Most sources of revenue are associated with turnstile attendance.

During 2015 total operating revenue remained fairly consistent, only increasing approximately $9,000 or 1% from the prior year. Parking revenue and facility usage fees slightly increased in the current year due to a slight increase in turnstile attendance. Suite rental revenue remained consistent noting no change in the number of suites or pricing of suite rentals. Naming rights remained consistent with the contract. There was a significant increase in concessions of approximately $20,000 due to concessions sold at two additional concerts in 2015. This significant increase was offset by a decrease of approximately $26,000 in advertising revenue due to the loss of one significant client.

Parking revenue, suite rental revenue, and naming rights revenue are the highest sources of income for the Company, comprising of 38%, 19%, and 15%, respectively, of total revenue in 2015.

Turnstile attendance for the Red Wings games was as follows for the years ended December 31:

Team	2015	2014	Change	% Change
Red Wings	258,112	247,141	10,971	4.4%

Expenses

Total operating expenses in 2015 decreased by approximately $372,000 or 15% due to decreases in rent expense of approximately $289,000, stadium maintenance and repairs of approximately $91,000, utilities of approximately $29,000 offset by a slight increase in parking of approximately $15,000. The decrease in rent expense was scheduled in accordance with the contract with the County. The decrease in stadium maintenance and repairs was due to a significant painting project from 2014 that did not occur in 2015. The decrease in utilities was due to a decrease in electric bills.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Company's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Company, 50 West Main Street, Suite 8100, Rochester, NY 14614.

GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash	$ 794,070	$ 598,436
Accounts receivable	271,103	48,997
Prepaid expenses	31,482	38,026
Total current assets	1,096,655	685,459
CAPITAL ASSETS, net	555,865	732,441
	$ 1,652,520	$ 1,417,900
LIABILITIES AND MEMBER'S DEFICIT		
CURRENT LIABILITIES:		
Due to County of Monroe	$ 32,188,652	$ 31,154,085
Accounts payable and accrued expenses	141,038	47,013
Total current liabilities	32,329,690	31,201,098
LONG-TERM LIABILITIES:		
Due to Rochester Community Baseball	59,626	70,922
Total liabilities	32,389,316	31,272,020
MEMBER'S DEFICIT	(30,736,796)	(29,854,120)
	$ 1,652,520	$ 1,417,900

The accompanying notes are an integral part of these statements.

GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

STATEMENTS OF OPERATIONS AND CHANGE IN MEMBER'S DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING REVENUE:		
Parking	$ 399,138	$ 426,064
Suite rental	261,062	215,008
Naming rights	275,000	165,000
Advertising	117,697	118,727
Facility usage fees	142,184	140,539
Outside events and other revenue	34,592	28,143
Concessions	34,054	35,905
Total operating revenue	1,263,727	1,129,386
OPERATING EXPENSES:		
Rent	1,034,567	1,028,941
Depreciation and amortization	234,800	235,148
Stadium maintenance and repairs	64,662	118,030
Management fees	183,017	184,768
Utilities	121,501	124,072
Parking	178,589	153,856
Insurance	107,199	99,522
Police	81,364	69,556
Pure water taxes	34,840	34,845
Professional fees	19,272	21,381
Office and other	85,694	13,344
State income taxes	1,485	1,500
Total operating expenses	2,146,990	2,084,963
Loss from operations	(883,263)	(955,577)
OTHER REVENUE:		
Interest income	587	435
Total other revenue	587	435
NET LOSS	(882,676)	(955,142)
MEMBER'S DEFICIT - beginning of year	(29,854,120)	(28,898,978)
MEMBER'S DEFICIT - end of year	$ (30,736,796)	$ (29,854,120)

The accompanying notes are an integral part of these statements.

GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES:		
Parking receipts	$ 399,138	$ 426,064
Suite rental receipts	230,453	215,008
Naming rights receipts	150,000	165,000
Facility usage receipts	142,184	140,539
Advertising receipts	97,175	110,589
Concessions receipts	34,054	35,905
Outside events and other receipts	4,947	32,968
Parking	(178,589)	(153,856)
Management and professional fees	(186,140)	(199,448)
Outside services	(81,364)	(69,556)
Stadium maintenance and repairs	(59,833)	(126,979)
Insurance	(100,655)	(105,499)
Utilities and water	(185,920)	(150,683)
Office and other disbursements	(12,179)	(14,844)
Net cash flow from operating activities	253,271	305,208
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(58,224)	(201,128)
Net cash flow from capital and related financing activities	(58,224)	(201,128)
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	587	435
Net cash flow from investing activities	587	435
CHANGE IN CASH	195,634	104,515
CASH - beginning of year	598,436	493,921
CASH - end of year	$ 794,070	$ 598,436

(Continued)

GREATER ROCHESTER OUTDOOR SPORTS FACILITY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

	2016	2015
RECONCILIATION OF CHANGE IN MEMBER'S DEFICIT TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Loss from operations	$ (883,263)	$ (955,577)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Non-cash advertising income from Rochester Community Baseball	(11,296)	(29,949)
Depreciation and amortization	234,800	235,148
Due to County of Monroe	1,034,567	1,028,941
Changes in:		
Accounts receivable	(222,106)	30,175
Prepaid expenses	6,544	(5,977)
Accounts payable and accrued expenses	94,025	2,447
Net cash flow from operating activities	$ 253,271	$ 305,208

The accompanying notes are an integral part of these statements.

1. THE COMPANY

Greater Rochester Outdoor Sports Facility Corporation (the Company) is a New York corporation formed to acquire and operate real and personal property for the economic benefit of the people in the County of Monroe (the County) and Rochester, New York area. The primary activity of the Company is the operation of a sports stadium in Rochester, New York, known as Frontier Field (the Stadium), which is used for the recreation, entertainment, amusement and benefit of the citizens of the County. The sole corporate member of the Company is the County of Monroe Industrial Development Agency (COMIDA). At inception, the Company was not able to obtain a definitive ruling from the Internal Revenue Service to be incorporated as a not-for-profit organization. Therefore, for tax purposes they have elected to be treated as a corporation.

Rochester Community Baseball, Inc. (RCB), which owns a minor league baseball team known as the Rochester Red Wings, is the primary user of the Stadium. The Company earns most of its revenue from baseball games played by the Rochester Red Wings.

2. CAPITAL RESOURCES AND LIQUIDITY

As described in Note 8, the Company leases the Stadium from the County under the terms of an agreement requiring annual payments at least equal to the County's debt service on bonds issued by the County to finance a portion of the construction of the Stadium.

Through December 31, 2016, the Company's expenses had exceeded revenues. As a result, the Company has been unable to make its required lease payments to the County. At December 31, 2016, the Company owed the County $32,188,652 for unpaid rent, excluding any interest that may be charged on unpaid amounts. At this time, the County has not yet declared this an event of default under the terms of the lease nor has it demanded any payment through the report date. Since a waiver of the event of default of the payment has not been provided to the Company, the obligations under the lease have been reported as current liabilities. Further, the Company is obligated to make additional lease payments totaling $7,972,683 through 2024.

The ability of the Company to continue to operate the Stadium is dependent on the County continuing not to declare the Company in default under the lease. If the County were to declare an event of default and terminate the lease, the County would be directly responsible for Stadium operations, unless operations were contracted to another entity. Since the majority of the Stadium's revenue and expenses relate to the long-term sublease with RCB, as described in Note 9, operating results would not be expected to be materially different if the Stadium were operated by the County or another entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the Company 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 as well as those entities controlled by state and local governments.

The financial statements are reported using the economic resources measurement focus and 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 Company's services are classified as proprietary activities.

Cash
Cash includes cash on hand and a savings account.

Accounts Receivable
The Company provides credit to customers in the normal course of business. Accounts for which no payments have been received for several months are considered delinquent and customary collection efforts are begun. When customary collection efforts are exhausted the account is written-off. An allowance for doubtful accounts is provided, when necessary, based primarily on the Company's prior collection experience and knowledge of specific outstanding accounts. There was no allowance for doubtful accounts at either December 31, 2016 or 2015.

Capital Assets
Capital assets are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets which range from 3 to 20 years. Leasehold improvements are amortized over the remaining lease term or the estimated useful life, whichever is shorter. Major additions and betterments that enhance the value of the Stadium are capitalized, while maintenance and repairs are charged to operations as incurred.

Management periodically evaluates the carrying value of capital assets whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. If the estimated fair value of assets is less than the carrying amount, an impairment loss is recognized. Management believes no such impairment existed at either December 31, 2016 or 2015.

Revenue Recognition
Revenue related to suite rentals is recognized ratably over the rental period. Deferred revenue, if applicable, represents cash received for suite rentals prior to revenue recognition. Other revenue is recognized when the services are provided (games, events) or when the products are delivered (concession, advertising spaces).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Deferred income taxes are provided to reflect the future tax consequences of temporary differences in the reporting of revenue and expenses for financial statement and tax purposes. At December 31, 2016, the Company had a deferred tax asset arising from Federal and New York State net operating loss carryforwards of approximately $26.3 million. These carryforwards may be used to offset future taxable income and expire at various dates through 2032. Due to the uncertainty of the Company's ability to generate taxable income during the carryforward period, a valuation allowance equal to the deferred tax asset has been provided.

As of December 31, 2016 and 2015, the Company does not have a net liability for unrecognized tax benefits. The Company files income tax returns in the U.S. Federal and New York State jurisdictions. The Company is generally no longer subject to U.S. Federal and New York State income tax examinations by tax authorities for years through 2012.

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.

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

State statutes govern the Company's investment policies. Company 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, 2016 and 2015, the Company's cash was covered by FDIC insurance, or by eligible securities held in the Company's name by a third-party custodial bank or by the bank's trust department. The Company's deposits consisted of the following at December 31:

	2016		2015	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Demand deposits	$ 793,224	$ 794,070	$ 594,903	$ 598,436

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

These deposits were insured or collateralized as follows:

	2016	2015
FDIC insurance	$ 286,168	$ 364,203
Collateralized by third party	517,197	235,314
Total FDIC insurance and collateral	$ 803,365	$ 599,517

5. CAPITAL ASSETS

Capital asset activity for the years ended December 31 was as follows:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Stadium equipment	$ 1,912,279	$ 58,224	$ -	$ 1,970,503
Leasehold improvements	1,192,214	-	-	1,192,214
	3,104,493	58,224	-	3,162,717
Less: Accumulated depreciation and amortization on:				
Stadium equipment	(1,565,315)	(120,704)	-	(1,686,019)
Leasehold improvements	(806,737)	(114,096)	-	(920,833)
	(2,372,052)	(234,800)	-	(2,606,852)
	$ 732,441	$ (176,576)	$ -	$ 555,865

	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Stadium equipment	$ 1,782,306	$ 129,973	$ -	$ 1,912,279
Leasehold improvements	1,129,192	63,022	-	1,192,214
	2,911,498	192,995	-	3,104,493
Less: Accumulated depreciation and amortization on:				
Stadium equipment	(1,435,145)	(130,170)	-	(1,565,315)
Leasehold improvements	(701,759)	(104,978)	-	(806,737)
	(2,136,904)	(235,148)	-	(2,372,052)
	$ 774,594	$ (42,153)	$ -	$ 732,441

6. ROCHESTER COMMUNITY BASEBALL, INC.

During 1997, the Company received $350,980 in cash and equipment from RCB under the third amendment to the sublease agreement between the Company and RCB. RCB has the right to sell certain stadium advertising on behalf of the Company, the proceeds of which are used to reduce the balance due on the cash and equipment provided. RCB applied $11,296 of advertising revenues to the balance due in 2016 leaving a balance due to RCB of $59,626 under the third amendment to the sublease agreement.

During 2011, this agreement was amended under the fourth amendment to the sublease agreement to include $162,013 in additional equipment funding provided by RCB. RCB continues to have the right to sell certain stadium advertising on behalf of the Company, the proceeds of which are used to reduce the balance due on the cash and equipment provided. RCB applied $17,009 of advertising revenues to the balance due in 2015 reducing the balance due to RCB to $0. After RCB had been paid in full, the parties agreed to share the net proceeds and expenses on a 50-percent basis. For 2016, RCB shared the revenues of $15,641 with the Company.

7. GREATER ROCHESTER SPORTS AUTHORITY

The Company had a management agreement with Greater Rochester Sports Authority (the Authority) whereby the Authority oversaw the operations of the Stadium. In 2015, the Authority was dissolved and all agreements entered into by the Authority were re-assigned to the Company.

8. FACILITY LEASE

The Company leases the Stadium from the County under the terms of an operating lease agreement. The County issued bonds to finance a portion of the construction of the Stadium. The Company is required to make lease payments to the County in an amount at least equal to the debt service on the bonds through 2024. The Company has failed to make a majority of its required payments to the County under the terms of the lease agreement. The County agreed to not declare an event of default under the terms of the lease for nonpayment of rent through at least January 1, 2018. Future minimum lease payments due under the terms of the lease are as follows for the years ending December 31:

2017	$ 1,005,957
2018	998,292
2019	999,139
2020	996,643
2021	996,103
Thereafter	2,976,549
	7,972,683
Plus: Amounts unpaid from prior years	32,188,652
	$ 40,161,335

9. SUBLEASE AGREEMENT

The Company has a sublease agreement with RCB through 2016. The sublease provides for revenue sharing in lieu of rent. Ticket, premium suite, concession and advertising revenue are shared as described in the agreement. Revenue sharing varies based on attainment of specified revenue, ticket sale and attendance levels. The majority of the Company's accounts receivable was due from RCB at both December 31, 2016 and 2015.

The RCB sublease required the Company to establish a capital improvement fund. If turnstile attendance exceeds 300,000 during any one baseball season, RCB is required to make payments into the fund of up to $200,000 annually and $4 million in the aggregate. During 2016 and 2015, turnstile attendance did not exceed 300,000.

10. NAMING RIGHTS

The Company had an agreement with Frontier Communications of Rochester, Inc. (Frontier) for the naming rights of the Stadium. On September 23, 2015, the Company and Frontier agreed to extend the original contract through November 15, 2025 for an annual payment of $275,000 in the first year (2016) which shall be increased for the second year and each year thereafter by an amount equal to the lesser of the Consumer Price Index for all Urban Consumers and five percent.

11. COMMITMENTS AND CONTINGENCIES

Management Agreement

The Company entered into contracts with the County and RCB, which were effective through December 31, 2016. Under the terms of these contracts, the County was responsible for the day-to-day maintenance responsibilities, while RCB was 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. Expenses incurred under the aforementioned contracts in 2016 and 2015 were $183,017 and $184,768, respectively.

Parking Lot Leases

The Company has a lease agreement with Eastman Kodak Company for the rental of certain parking areas. Beginning in 2002, the base rent increases by 3% per year through the lease expiration date of September 30, 2017. Additional rent may be due based on the number of events held at the Stadium. Rent expense totaled $40,118 and $38,949 in 2016 and 2015, respectively, and is included as a component of parking expenses in the accompanying statements of operations and change in member's deficit.

The Company had an agreement with a third party to provide for parking lot operation services which expired December 31, 2011, but automatically continued thereafter from year to year, for no more than four additional years (through 2015). The agreement required the payment of a management fee equal to the greater of 10% of gross receipts or 16% of annual net receipts. Net receipts are defined as gross receipts less all operating expenses as set forth in the agreement's budget. Expenses related to this contract for 2015 were $47,572. In 2016 the agreement was renegotiated through December 31, 2016 to require the payment of a management fee equal to the greater of 8.5% of gross receipts or 11.9% of annual net receipts. Expenses related to this contract for 2016 were $32,652.

11. COMMITMENTS AND CONTINGENCIES (Continued)

Rochester Police Department Agreement

In both 2016 and 2015, the Company entered into an agreement with the Rochester Police Department to provide traffic and ground control for events held at the stadium for each baseball season. The agreements provide for a fixed rate of $78.33 per hour for a minimum of one Police Officer per event in both 2016 and 2015. In 2016 and 2015, the Company incurred $81,364 and $69,556, respectively, of expense related to this agreement.

12. ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET IMPLEMENTED

In January 2016, the GASB issued Statement No. 80, *Blending Requirements For Certain Component Units-An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The Company is required to adopt the provisions of this Statement for the year ending December 31, 2017.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Statement This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. The Company is required to adopt the provisions of this Statement for the year ending December 31, 2019.

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 8, 2017

To the Board of Directors of the
Greater Rochester Outdoor Sports Facility 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 Greater Rochester Outdoor Sports Facility Corporation (the Company) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated March 8, 2017.

Internal Control over Financial Reporting

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

171 Sully's Trail, Suite 201
Pittsford, New York 14534
p (585) 381-1000
f (585) 381-3131

www.bonadio.com

(Continued)

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 Company'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