



ARIZONA
COMMERCE
AUTHORITY

ANNUAL REPORT FISCAL YEAR 2015



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FISCAL YEAR 2015 ANNUAL REPORT



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MISSION



MISSION

The mission of the Arizona Commerce Authority is to grow and strengthen Arizona's economy and facilitate the creation of quality jobs for its citizens by supporting and attracting businesses in targeted, high-value base sectors throughout the State.



FROM THE PRESIDENT AND CEO



FROM THE PRESIDENT AND CEO

The tremendous success of the ACA during Fiscal Year (FY) 2015 emphasizes that we are accomplishing our mission and having a positive economic impact in our State. By helping Arizona businesses large and small create new jobs and grow Arizona's economy, the ACA in FY 2015 exceeded the annual goals set forth in our five-year business plan by a wide margin and continued to strengthen Arizona's competitive global position.

The ACA's aggressive efforts over the past fiscal year supported the projected creation of 18,314 new jobs, exceeding the goal of 15,000 jobs by 22%. Company relocation and expansion projects secured \$1.51 billion in commitments for capital investment in Arizona, 26% above the goal of \$1.2 billion. Arizona's platform for industry growth attracted iconic businesses including Apple, Northern Trust and Aviage Systems, a partnership between GE and China's AVIC.

During FY 2015, the ACA continued to actively pursue international economic development opportunities. The ACA's Arizona Trade and Investment Office opened in Mexico City last October and has already helped more than 30 Arizona businesses build bilateral trade relationships. In June, Governor Ducey led strategic meetings at the Paris Air Show and in Mexico City with companies considering Arizona for future growth.

Arizona's business climate is one of the best in the nation. Our state consistently ranks near the top for key measurements critical to business success - competitive cost of doing business, streamlined tax and regulatory environment, rich talent pool, thriving innovation ecosystem and high quality of life. FY 2015 ranking highlights include:

- #1 Most Favorable Regulatory Climate by Area Development
- #5 Overall Growth Prospects by Forbes
- A Top 10 Best State for Infrastructure and Transportation by CNBC
- A Top 10 Best State for Business by Chief Executive
- A top 10 Best State for Starting a Business: For Business Climate Infrastructure by the U.S. Chamber of Commerce

Under Governor Ducey's leadership and with the support of the legislature and business community, we remain focused on continuing to make Arizona the best place in the nation for businesses to locate, grow and thrive.

Sincerely,

A handwritten signature in black ink that reads "S. Watson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sandra Watson

President and CEO, Arizona Commerce Authority

BOARD OF DIRECTORS



2015 BOARD MEMBERS

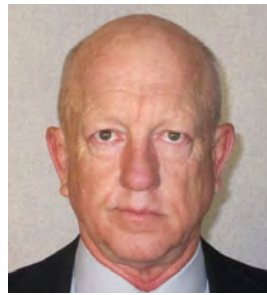


Governor Doug Ducey
Chairman
Executive Committee Member

The ACA is guided by a Board of Directors, with Governor Doug Ducey serving as Chairman. The Board represents an incredible collection of subject matter expertise and business and policy experience, all leveraged to advance the ACA's mission to strengthen the state's overall economy.



Jerry Colangelo
Co-Chairman
Principal Partner,
JDM Partners



Gary Abrams
CEO and President,
Abrams Airborne
Manufacturing
Executive Committee Member



Richard Adkerson
President and CEO,
Freeport McMoRan
Copper & Gold
Executive Committee Member



Craig Barrett
Chairman of the Board and
CEO (*Retired*),
Intel



Michael Bidwill
President,
Arizona Cardinals



**Honorable President
Andy Biggs**
Arizona Senate
2015 Ex-Officio Member



Richard Boals
President and CEO,
Blue Cross Blue Shield
of Arizona



Drew Brown
Founder and
Chairman of the Board,
DMB Associates



Dr. Rita Cheng
 President,
 Northern Arizona University
 2015 Ex-Officio Member



Dr. Michael Crow
 President,
 Arizona State University
 2015 Ex-Officio Member



Mark Dobbins
 Chariman,
 Governor's Council on
 Workforce Policy
 2015 Ex-Officio Member



**Honorable Speaker
 David Gowan**
 Arizona House of
 Representatives
 2015 Ex-Officio Member



Dr. Rufus Glasper
 Chancellor,
 Maricopa County
 Community Colleges
 2015 Ex-Officio Member



Dr. Ann Hart
 President,
 University of Arizona
 2015 Ex-Officio Member



Mike Ingram
 CEO and President,
 El Dorado Holdings



Sherman Jennings
 Chariman,
 Governor's Council on
 Workforce Policy
 2015 Ex-Officio Member



John Kaites
 Owner,
 Public Policy Partners, LLC



James Keeley
 Founding Partner,
 Colliers International
 Scottsdale Office



Eileen Klein
 President,
 Arizona Board of Regents
 2015 Ex-Officio Member



Stephen Macias
 President and CEO,
 Pivot Manufacturing



Honorable Mark Mitchell
Mayor of Tempe
2015 Ex-Officio Member



Brian Mueller
President and CEO,
Grand Canyon University



Julie Pastrick
CEO,
Greater Flagstaff
Chamber of Commerce
2015 Ex-Officio Member



Victor Smith
President and Owner,
JV Farms



Sandra Watson
President and CEO,
Arizona Commerce
Authority
Executive Committee Member



Candace Hunter Wiest
President and CEO,
West Valley National Bank



Judith Wood
President,
Contact One Call Center
2015 Ex-Officio Member

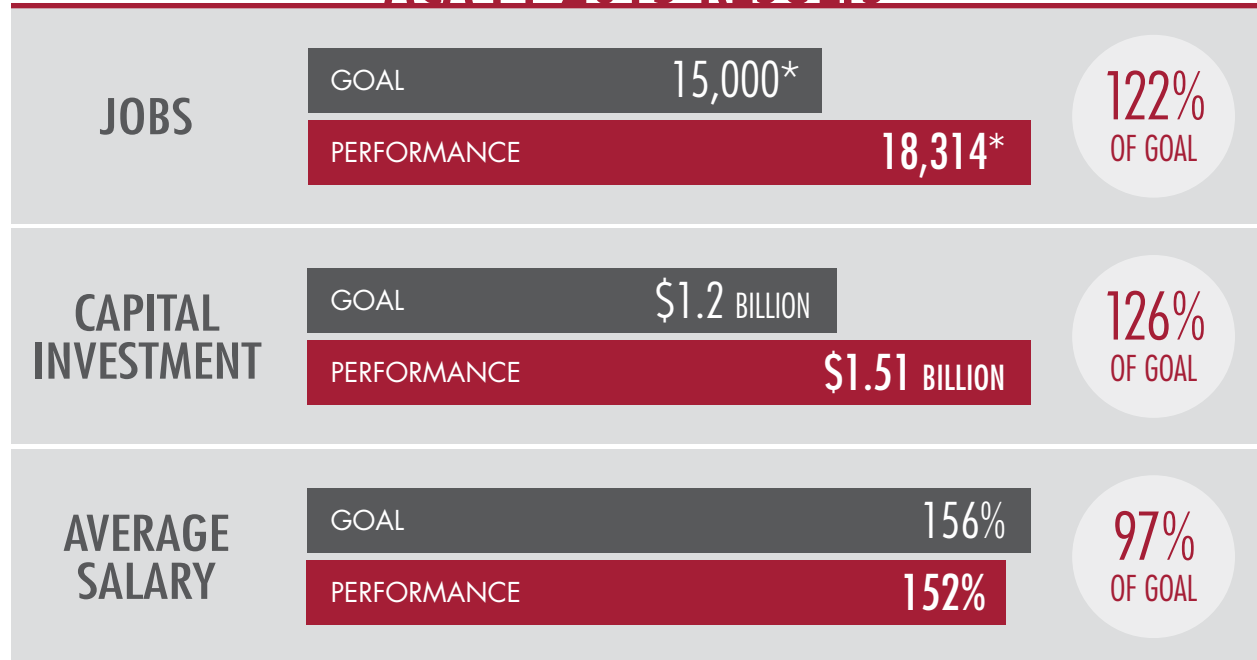
CREATING QUALITY JOBS



CLIENTS, JOB CREATION AND CAPITAL INVESTMENT

The ACA takes a highly customized approach when assisting businesses. Based on each company's individual needs, the ACA provides site selection services, technical assistance, financial assistance and strategic partnerships, resulting in increased business success and the growth of our statewide economy.

ACA FY 2015 RESULTS



* Three-Year Projections

ACA FY 2013 – FY 2015 RESULTS



* Three-Year Projections

FISCAL YEAR 2015 CLIENTS

FISCAL YEAR 2015 TOTALS	
Projects	120
New Jobs	18,314*
Capital Investment	\$1.51B*
Average Salary	\$51,809*

* Three-year projections

COMPANY

21st Century HealthCare Inc.

Absolutely On Time Air Conditioning & Heating

Appointment-Plus

Canyon State Electric Co., Inc

Carlson Glass

Cognizant

Community Health Systems

Green Ideas

Havasu Regional Medical Center

HealthPlanOne, LLC

J.B.'s Precision Industries, Inc

KnowledgeNet

MSS Technologies, Inc.

Nestle Purina PetCare Company

Orion Health

Pinnacle Transplant Technologies

Rock Solid Concrete

SemiPack Services Inc

The Cookson Company Inc.

UEB Builders, Inc

Valley View Medical Center

Zenefits (YourPeople, Inc.)

Q1



COMPANY

Arizona Optical Systems

ASWo1, LLC

Aventa Senior Care, LLC

Avnet Logistics - Data Center

Cox Communications - Phoenix

Creditsafe USA

Daphne's Headcovers

DEPCOM Power, Inc

Digital Air Strike

ECO 3D, LLC

EGS Corporation/APAC

GE AVIC Civil Avionics Systems Company Limited

General Motors Financial - Chandler

GHA Technologies, Inc.

Grand Canyon University

Micro Tech Southwest

Revel Systems

Rose Acre Farms

Sandia Research Corporation

S&A Industries Corp.

Sante Operations, LLC

SocialWhirled

TBCONSULTING, Technical and Business Consulting, LLC

The CORE Institute

The Northern Trust Company

Tractor Supply Co.

Tryke Companies

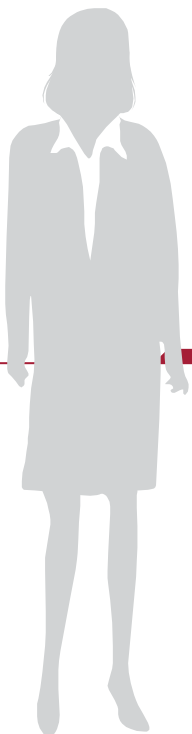
Tuft & Needle

United Healthcare Services, Inc.

WebPT, Inc.

Whish Body

Q2



COMPANY

5th Business Group Holdings Ltd

Allegis Group Holdings, Inc.

Apple Inc.

Autoline Industries, LLC

CellTrust Corporation

Community Health Systems

Conifer Health Solutions

Connexa, LLC

D.L. Sales Corp.

DaVita HealthCare Partners Inc.

DriveTime Automotive Group, Inc.

Ernest Health

Evan & McKinney Construction, Inc.

Garmin (FKA Tri-Tronics)

Gary Yamamoto Custom Baits

GEICO

Go Financial

Guardian Protection Services

Invidasys, Inc

IPRO TECH, Inc

Iris USA, Inc.

iTi Source

LCMS Solutions, Inc.

LeadMD, Inc

LocBox

Nextiva, Inc

Nexus Steel, LLC

Nimblejack

Outbound Engine

PAC Worldwide

Prime Solutions Group

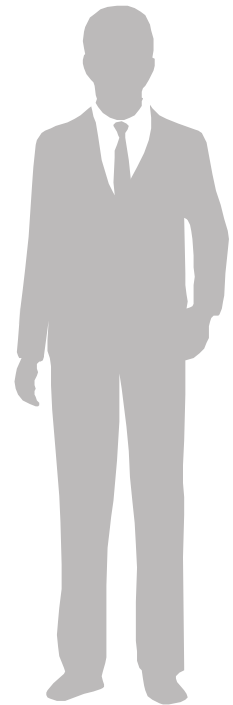
Quicken Loans

R Squared Electric, LLC

Sprouts Farmers Market, Inc

TDIndustries

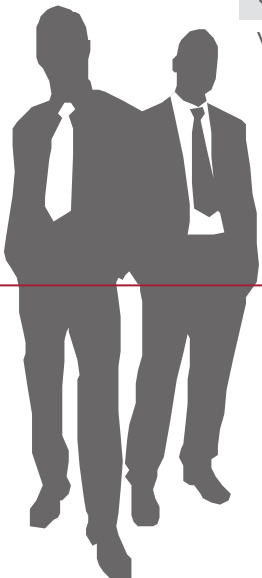
Q3



COMPANY

- Aligned Data Centers
- American Express Global Business Travel
- B/E Aerospace
- Cenpatico
- Center for Orthopedic Research and Education (The CORE Institute)
- Comcast Corporation
- CVS Health
- DLS Solutions
- Don Zavis & Associates
- E-Therapy
- Food For Life Baking Co.
- Gingerbread Shed Corp.
- GlobalTranz Enterprises
- HealthPlanOne, LLC
- HomeGoods
- Kleen Concepts
- Mt. Baker Vapor LLC
- Potter's House Apothecary
- REI
- Rogers Corp. - Advanced Circuit Materials Division - High Frequency Products
- Superior Industries, LLC
- The Home Depot
- The Vanguard Group, Inc.
- Those Animals, LLC
- Total Airport Services
- Tuesday Morning Corp.
- Universal Health Services, Inc.
- Valor Global

Q4



STRATEGIC INITIATIVES

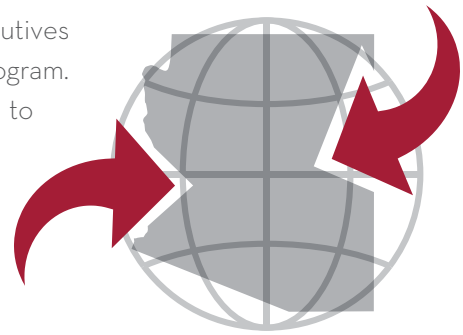


SUCCESSFUL SUPER BOWL XLIX VISITING CEO PROGRAM

Super Bowl XLIX put Arizona in the national spotlight and, combined with the Pro Bowl held the week prior, generated the largest economic impact of any special event ever held in the state of Arizona. The ACA and the Super Bowl Host Committee engaged ASU's Seidman Research Institute to conduct a study which found the 2015 Super Bowl generated the following results:

- **\$719.4 million** gross economic impact
- **+30.8%** over the economic impact from Super Bowl XLII in 2008

During the weekend of Super Bowl XLIX, the ACA hosted 70 executives from around the U.S. and the world as a part of the Visiting CEO Program. Attendees experienced a weekend of customized events designed to showcase Arizona's pro-business environment, unique value proposition and unmatched quality of life. The program was a huge success, resulting in many new opportunities with companies interested in doing business in Arizona.





CALIFORNIA MARKETS

Arizona's strategic location adjacent to California - now the world's 8th largest economy - presents tremendous advantages for both states to expand business opportunities and enhance cross-border trade and investment. During FY 2015, the ACA maintained California offices in the northern and southern regions of the state to pursue California opportunities.

Efforts during FY 2015 resulted in a number of California-based global giants announcing large-scale expansions in Arizona that will result in thousands of new quality jobs and billions in capital investment, including:

- Apple
- Zenefits
- Orion Health
- Revel Systems
- Loc Box
- LCMS Solutions

More than 25% of projects in the ACA's business attraction pipeline originated from California, with manufacturing, renewable energy and advanced business services among the largest industry sectors represented.

TRANSPORTATION AND TRADE CORRIDOR ALLIANCE

The Transportation and Trade Corridor Alliance (TTCA) provides a framework for increasing statewide collaboration and raising the level of attention to issues and opportunities in trade, transportation, logistics and supply chain development. The TTCA consists of the ACA, the Arizona Department of Transportation, the Arizona Office of Tourism and the Arizona Mexico-Commission.

During FY 2015, the ACA and other TTCA partners launched the Arizona Mexico Economic Indicators website (azmex.eller.arizona.edu) in partnership with the University of Arizona's Eller College of Management. The website features over 3,000 data points and serves as a comprehensive resource to evaluate and visualize important trends and border-wide comparisons of economic growth and competitiveness. In addition to the website, an annual report was produced to highlight successes in Arizona's relationship with Mexico in six broad categories:

- State Exports
- Border Crossings
- Commodity Flows
- The Economy
- Foreign Direct Investment
- Population



PROMOTING ARIZONA




MARKETING ARIZONA

The FY 2015 strategic marketing and communications plan principally focused on:

- Enhancing the ACA's overall brand awareness – globally, nationally and locally – in communicating the State's value proposition to audiences in the ACA's targeted high-growth industries
- Driving traffic and generating qualified leads, via an integrated marketing strategy, to supplement the sales pipeline.

Digital media in FY 2015 was hyper-targeted to C-level executives in key industries including advanced manufacturing, aerospace and defense, bioscience and healthcare, and information technology.



Digital Placement


FY 2015 – paid digital media results exceeded expectations:

- **51,301,670** purchased impressions
- **1,928** whitepaper downloads
- **46,278** site visits
- **Higher than average** conversion of impressions to visits: **1.40%**



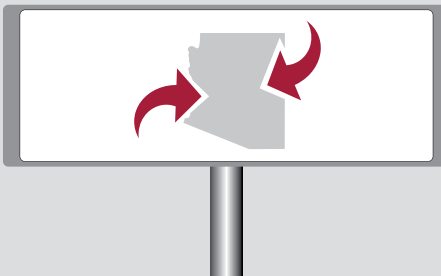
Print Placement

- Phoenix Business Journal
- AZ Business Magazine
- Canada Arizona Business Council
- The Registry San Francisco
- CSQ Magazine
- Spirit Magazine
- Golf Magazine
- Wall Street Journal
- Fast Company
- Inc.
- Harvard Business Review
- ULI
- SIOR
- CNG The Leader
- Trade and Industry Development
- US Airways Magazine



Digital Execution

- Spirit Magazine (eNewsletter)
- AZ Business Magazine (eBlast)
- CSQ (Banner Ads)
- Inc (eBlast)
- CNG The Leader (Banner Ads and Enhanced Listing)
- US Airways (eNewsletter)
- Phoenix Business Journal (Banner Ads)
- Forbes (Native Content Articles and Banner Ads)
- Business Insider (Native Content Articles and Banner Ads)
- Re-targeting via LinkedIn and Bizo ad networks



Display Signage

- Digital and Static Billboards in Metro Phoenix, Rural Arizona, Las Vegas and San Diego
- Scottsdale Airport, Static Wall Diorama
- Sky Harbor Airport, Static Wall Diorama
- Sky Harbor Airport, Baggage Claim Digital Signage



DOMESTIC CONFERENCES, TRADE SHOWS AND MISSIONS

During FY 2015, the ACA completed 14 missions across the United States to facilitate business attraction and expansion efforts, as well as enhance entrepreneurial engagement. The ACA shared its customized approach to assisting businesses and Arizona's unique value proposition with companies and consultants representing clients interested in doing business with Arizona.

CHARLOTTE, NC

September 2014

PHILADELPHIA AND PITTSBURGH, PA

September 2014

BOSTON, MA

September 2014

EAST RUTHERFORD, NJ

September 2014

NEW YORK, NY

October 2014

SANTA MONICA, CA

October 2014

DALLAS, TX

November 2014

AUSTIN, TX

November 2014

SANTA CLARA, CA

December 2014

WASHINGTON, D.C.

March 2015

LOS ANGELES, CA

April 2015

WASHINGTON, D.C.

May 2015

PHILADELPHIA, PA

June 2015

WASHINGTON, D.C.

June 2015



INTERNATIONAL CONFERENCES, TRADE SHOWS AND MISSIONS

During FY 2015, the ACA completed 7 overseas missions, sharing Arizona's unique value proposition globally. The ACA met with government officials and private sector business leaders and discussed opportunities for bilateral collaborations in key areas including economic development, trade, innovation, infrastructure and tourism.

EUROPE (NORWAY, ENGLAND, IRELAND)

October 2014

BEIJING, CHINA

October 2014

MEXICO CITY, MEXICO

October 2014

CANADA

April 2015

EDMONTON, CANADA

June 2015

PARIS, FRANCE

June 2015

MEXICO CITY, MEXICO

June 2015

ENHANCING BUSINESS



MEXICO CITY TRADE AND INVESTMENT OFFICE

The ACA's Arizona Trade and Investment Office in Mexico City was established on October 7, 2014, and supports Arizona's strategic expansion of its presence in Mexico. The office creates a platform for businesses in both countries to expand their international trade and foreign direct investment opportunities.

During FY 2015, the Mexico City office assisted the following 31 Arizona companies and entities in successfully entering the Mexican market via a variety of export assistance tools, including market research, B2B and B2G matchmaking and trade show/expo assistance:

- Academy Franchise Partnership, Inc. - Phoenix
- Alkaline 88 - Phoenix
- Arizona National Guard - Phoenix
- Arizona State University
- Arizona Summit Law School - Phoenix
- Arizona Technology Council - Phoenix
- Armasight - Tempe
- Armored Group - Phoenix
- BioSensing Instrument - Tempe
- Bob Fernandez & Sons - Douglas
- Bronzesmith - Prescott Valley
- Fortis - Phoenix
- Guardian 8 - Scottsdale
- IDM Worldwide - Phoenix
- Lightning Strike - Gilbert
- MAG - Phoenix
- MATH Solutions - Gilbert
- Medi-Temp - Peoria
- Pegasus Utility Locating Services - Phoenix
- Precision Intricast - Payson
- Quakewrap - Tucson
- Ramirez Advisors International - Phoenix
- Right BioMetrics - Scottsdale
- St. Clair Technologies - Chandler
- Signature Formulations - Tempe
- Speciality Health Products - Phoenix
- Thermal Star - Phoenix
- Trego Integrated Systems - Gilbert
- Twenty-First Century Healthcare - Tempe
- University of Arizona - Tucson
- Wamore - Phoenix

EXPORTECH PROGRAM

The ACA's ExportTech Program is a unique, three-session interactive workshop series conducted by industry experts to help Arizona companies enter or expand into global markets. ExportTech provides companies with international growth plans customized specifically to their unique products or services.

During FY 2015 the 13 Arizona companies below graduated from the ExportTech program. These companies have already undertaken go-to-market export initiatives in countries including Bahrain, Canada, China, Kuwait, Mexico, and the United Arab Emirates:

- Autoline Industries - Mesa
- Bronzesmith - Prescott Valley
- Cavco Homes - Phoenix
- Daphnes Headcovers - Phoenix
- Dibble Engineering - Phoenix
- EXOS - Phoenix
- Lightning Strike - Gilbert
- Pegasus Utility Locating Services - Phoenix
- Pinnacle Transplant Technologies - Phoenix
- Specialty Health Products - Phoenix
- Thermal Star - Phoenix
- Trio Forest Products - Mesa
- Wisdom Natural Brands - Gilbert

WORKFORCE COUNCIL AND SECTOR PARTNERSHIPS

The ACA, in its capacity as the administrative agency for the Governor’s Workforce Arizona Council, implements programs and policies designed to meet both the staffing needs of Arizona industry and the quality employment needs of Arizona individuals.

The concept of sector-based strategies is foundational to the new Workforce Innovation and Opportunity Act (WIOA), and is becoming a valuable platform for dialogue and targeted workforce collaboration among industry, education and community partners. Sector partnerships spearheaded by the ACA in recent years include the Phoenix/Maricopa Health Care Sector Partnership, the IT Sector Partnership and the Manufacturing Partnership.

During FY 2015, the ACA assembled leaders from industry and education for an Information Technology Summit that developed into the IT Sector Partnership. Three working committees were formed by the IT Sector Partnership and are engaged in valuable efforts that will heavily impact this sector in our state:

- The **Branding and Visibility Committee** is charged with crafting a message that identifies Arizona as a destination of choice for IT professionals.
- The **Education and Retention Committee** is building strategies for increasing the number of skilled IT workers in the state, both by increasing the number of graduates from related programs and by keeping recent graduates in-state.
- The **Strengthen and Retain Current IT Professionals Committee** is exploring models for making our incumbent IT workforce more connected and empowered.

The Arizona Manufacturing Partnership (AMP) grew from the state’s manufacturing sector partnership, and is currently focused on three primary goals:

- Promoting the image of manufacturing in Arizona
- Improving education and certification options in manufacturing-related fields
- Serving as a liaison between manufacturing needs and education articulation

Other sector partnerships that are making a difference in our state include the Southeast Arizona Mining Sector Partnership, the Yavapai Region Viticulture Partnership and the Yuma Logistics and Transportation Partnership.



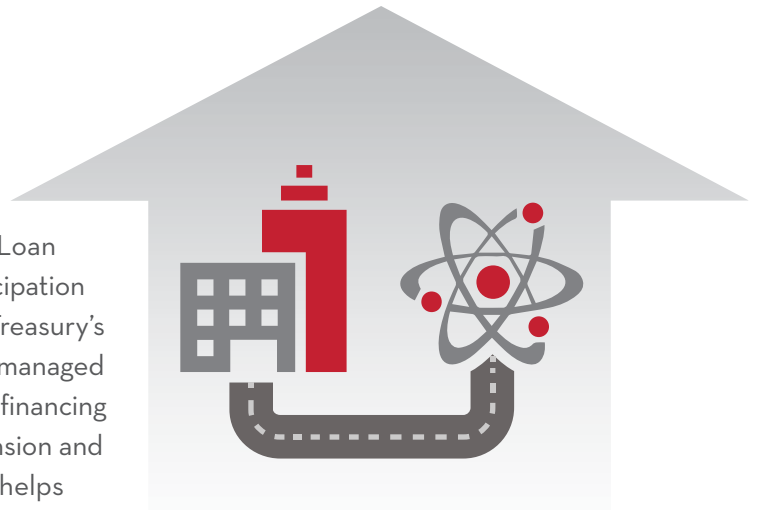
ARIZONA INNOVATION ACCELERATOR FUND

The Arizona Innovation Accelerator Fund (AIAF) Loan Participation Program is an \$18.2 million loan participation program funded through the U.S. Department of Treasury's State Small Business Credit Initiative (SSBCI) and managed by the ACA. The program is designed to stimulate financing of small businesses, while fostering business expansion and job creation in the state of Arizona. The program helps

rapidly-expanding Arizona businesses capitalize on market opportunities by providing debt financing. Since inception, the AIAF Program has provided approximately \$14 million in funding through loans to 40 companies, thereby helping them create approximately 1,500 projected new jobs.

During FY 2015, the AIAF Program deployed \$4,311,150, providing loans to 16 companies that will create over 500 projected new jobs, including the following significant projects:

- **Mist America**, based in Scottsdale, is a global seller of outdoor cooling, heating, dust suppression and odor control systems and was a recipient of 2013 AZ STEP Program export assistance that helped the company increase its international presence. AIAF Program financing enabled the company to increase its sales by 38% and grow its customer base by 17%. Job growth is estimated to increase by 161% over the next two years.
- **Connexa, LLC**, based in Litchfield Park, is a software developer and provider for the ISR (Intelligence, Surveillance and Reconnaissance) industry, with a focus on aerospace and defense. AIAF Program financing will help the company quadruple its staff over the next three years with an average salary of \$102,000.
- **GingerBread Shed Corporation**, based in Tempe, manufactures specialized ticket and radio-frequency identification (RFID) software used at some of the largest destination music festivals in the U.S. and Canada. The company was the recipient of an AIC grant in the Spring of 2013. AIAF Program financing will help the company triple its staff with an average salary of \$58,500.
- **E-Therapy, LLC**, based in Flagstaff, is an industry tele-health leader providing online speech, occupational, and physical therapy to schools and special needs students nationwide. With AIAF Program assistance, the company's staff will triple over the next three years with jobs paying an average salary of \$50,000.
- **Toys by Daphne, Inc.**, based in Phoenix, manufactures specialized golf head covers, and is considered a leader in its industry throughout the U.S. The company is projected to increase its jobs by 70% with an average salary of \$54,000 over the next three years through assistance from the AIAF Program.
- **DEPCOM Power, Inc.**, based in Scottsdale, engineers and operates solar power plants for independent power providers. The company projects job growth over the next three years of 150% with salaries averaging \$120,000 as a result of assistance from the AIAF Program.
- **DL Sales Properties, LLC**, based in Phoenix, services the high-tech and manufacturing industries. By virtue of AIAF financing, the company is projecting 30% job growth with average salaries of \$65,000.



ADVANCING INNOVATION AND ENTREPRENEURSHIP



ARIZONA'S INNOVATION ECOSYSTEM

During FY 2015, the ACA continued to strengthen Arizona's innovation ecosystem by connecting the State's increasing presence of startup accelerators, incubators, maker spaces, funding sources and other innovation parties. The ACA is leading the charge to connect science, technology, entrepreneurs and innovators, while providing greater access to the ACA's suite of statewide programs including the Arizona Innovation Challenge, Arizona SciTech, Venture Ready and Invest Southwest.

VENTURE READY

The Venture Ready mentor program connects Arizona talent with the State's incredibly rich resources, partnering an entrepreneur with a seasoned CEO to coach the entrepreneur through a series of rigorous "panels" that produce a stronger business model. The program is part of a collaborative effort to create winning companies while developing and retaining entrepreneurial talent in Arizona.

The ACA graduated the following six companies from its Venture Ready mentor program in FY 2015:

- Infrac-Tect
- appsFreedom
- NVI Algae Products
- Picmonic
- CellTrust
- Clear Demand

Venture Ready presently has 10 companies in its pipeline all of which are recipients of the ACA's Arizona Innovation Challenge and which the program anticipates will graduate by the end of FY 2016. Venture Ready continues to attract participating early-stage entrepreneurs as well as CEO mentors.



ARIZONA INNOVATION CHALLENGE (AIC)

The AIC is a highly competitive technology commercialization challenge with one of the largest award pools in the country for programs of its kind – \$3 million annually (\$1.5 million in the spring and \$1.5 million in the fall). Awardees represent ACA-targeted industries that demonstrate the most potential for wealth and job creation and include life sciences, information technology, advanced materials and advanced manufacturing. Awardees are required to commercialize their technology within 12 months.

During FY 2015, the ACA announced a total of 12 AIC grant recipients.



AIC AWARD RECIPIENTS

FALL 2014

Iris PR Management, Phoenix, AZ (IT - Software): Iris PR Management is the developer of the first core management system for the public relations industry. The company's software-as-a-service (SaaS) platform enables PR teams to manage and automate all of their daily activity, streamline efficiencies, measure performance and prove value. No other software solution for the PR industry addresses these core needs.

Iron Horse Diagnostics, Inc., Scottsdale, AZ (Bio and Life Sciences): Iron Horse Diagnostics is the creator of a diagnostic platform for neurological traumas and diseases. The company's tests support the diagnosis and management of amyotrophic lateral sclerosis (ALS), referred to as Lou Gehrig's disease, as well as traumatic brain injury, concussions and other neurological diseases.

NuvOx Pharma, Tucson, AZ (Bio and Life Sciences): NuvOx Pharma is the creator of a therapeutic biotechnology for improving oxygen delivery in the bloodstream to help treat life threatening conditions, including radiation-resistant cancers. The nanotechnology platform is based on dodecafluoropentane (DDFPe) nano-emulsion, which transports hundreds of times more oxygen per dose than other materials.

Park X, Tucson, AZ (IT - Software): Park Genius is the developer of a mobile application allowing motorists to conveniently pay for parking using their smartphone. The software solution also gives parking providers a cost-efficient way to process cashless payments for their parking operations and avoid the need to purchase new and expensive hardware designed to accept credit cards.

Pure Chat, Scottsdale, AZ (IT - Software): Pure Chat is the developer of a live chat solution for websites that helps businesses connect to their customers from anywhere.

Spotlight Software, Peoria, AZ (IT - Software): Spotlight Software is the developer of an SaaS-based sales performance management platform. It is the only remote sales performance optimization tool that tracks and measures individual behavior and soft skills to drive the actionable insight required to build a high-performance sales team.

SPRING 2015

CampusLogic, Gilbert, AZ (IT - Software): CampusLogic's cloud-based software solutions are the TurboTax of higher education financial aid administration. Its suite of products saves time, cuts costs and increases student satisfaction.

eVisit, Gilbert, AZ (IT - Software): eVisit is physician-first software platform that enables physicians and providers to increase revenue and quality of care by providing online treatment, billing and e-prescription solutions and daily patient health data and analytics.

RBar Energy, Tucson, AZ (Advanced Manufacturing): RBar Energy utilizes high-pressure and high-moisture manufacturing techniques for food made with all natural ingredients.

RevolutionParts, Inc., Tempe, AZ (IT - Software): RevolutionParts provides a highly-specialized SaaS solution that makes it easy for automotive dealerships to sell factory car parts online.

RightBio Metrics, Scottsdale, AZ (Bio and Life Sciences): RightBio Metrics' three pH measurement devices (RightSpot pH Indicator, RightSpot Infant pH Indicator and RightLevel pH Detector) allow clinicians to safely and accurately obtain a pH measurement of aspirate from NG feeding, suction and PEG tubes.

Swimlane, Tempe, AZ (IT - Software): Swimlane is a platform that allows enterprises and government agencies to streamline and automate their security operations and incident response.

SBIR TRAINING PROGRAM

The ACA's SBIR Training Program provides training and technical assistance enabling high-growth potential small technology firms to compete more effectively for federal SBIR/STTR Phase I and II awards and ultimately commercialize their innovations in Phase III. The program prepares business owners – especially women, socially and economically disadvantaged and veteran owners – to compete more effectively through state-of-the-art proposal development workshops and coaching.

Support from a U.S. Small Business Administration FAST Grant in FY 2015 provided the opportunity to expand the SBIR Training Program Resource Center on AZCommerce.com, including supporting references to sites, consultants, library resources, training modules and more.

Additionally, newly-developed SBIR initiatives, which reached 110 companies, included:

- Technology Roadmap and IP (SBIR Data Rights) training with top IP and SBIR experts in the country, from Washington D.C.
- Strategic partner workshops
- SBIR/STTR Program Manager panel discussions
- National SBIR/STTR Conference registration reimbursement

During FY 2015, 57 companies participated in five SBIR Training workshop sessions. Since program inception, 84 companies have participated in nine workshops, receiving a total of \$126,000 of delivered value (\$1,500 per participant).

ARIZONA SCITECH

Anchored at the ACA, Arizona SciTech is a grassroots collaboration among industry, academia, arts, civic and community leaders to promote science, technology, engineering and math (STEM) education and careers.



The 2015 Arizona SciTech Festival included more than 1,000 events across the State in February and March, representing one of the nation's largest celebrations of science, technology and innovation. The ACA, with the support of Festival foundational partners including the Arizona Board of Regents, the Arizona Science Center, Arizona State University, the Arizona Technology Council Foundation and the University of Arizona, continues to strengthen and broaden the statewide reach of the Arizona SciTech Festival.

FY 2015 Arizona SciTech Festival Highlights:

- 22 regional community initiatives (20% increase year-over-year)
- 800+ collaborators engaged (20% increase year-over-year)
- 380,000+ estimated total attendance (20% increase year-over-year)

Also during FY 2015, Arizona SciTech launched a first-of-its-kind pilot program providing for the election of Chief Science Officers (CSOs) at over 80 middle schools and high schools throughout Arizona. The elected CSOs will champion science, technology and innovation, both on and off campus, in efforts to transform student attitudes and identification with STEM in Arizona. Currently, 120 CSOs have been elected pursuant to this exciting new Arizona initiative.

INVEST SOUTHWEST

Invest Southwest is the premier organization connecting investors to the best and brightest ventures in Arizona. In partnership with the ACA, Invest Southwest provides year-round programming, including Improving Investability workshops and networking events, as well as its signature event, Venture Madness, a bracket-style business pitch competition for \$55,000 in cash prizes to aid the growth of early-stage innovative companies.

During FY 2015, the ACA and Invest Southwest presented the second annual Venture Madness event. The competition began with 64 promising startups matched head-to-head, with 16 of the spots automatically filled by companies that have applied for the Arizona Innovation Challenge. The Venture Madness event culminated in a three-day conference attended by more than 250 entrepreneurs, startups, venture capitalists, angel investors, and members of many other supporting organizations.

The 2015 Venture Madness Champion, finalists and People's Choice winner are as follows:

- 2015 Champion: CampusLogic
- 1st runner-up: Endovantage
- 2nd runner-ups: Beacon Biomedical and RightBio Metrics
- People's Choice Award: Picmonic



INVEST SW

MANUFACTURING A REVOLUTION



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RevAZ

Created through a partnership between the ACA and the NIST Manufacturing Extension Partnership (MEP), RevAZ is dedicated to providing customized solutions that deliver operational and business expertise to Arizona manufacturers to accelerate their growth and enhance their competitiveness. The RevAZ team works closely with many other ACA programs and teams, including Business Attraction and Expansion, the Innovation Team, Client Services and Workforce, to deliver holistic services to Arizona manufacturers.

During FY 2015, the RevAZ team engaged with over 100 client projects in areas such as strategic planning, sales training and executive coaching, ISO9001 and AS9100 certifications, lean training, supply chain management and partnerships, and energy management.

RevAZ technical and financial assistance in these projects totaled \$454,582 and was matched by clients' investments of \$783,666.

ADVANCED MANUFACTURING JOBS AND INNOVATION ACCELERATOR CHALLENGE (AMJIAC) GRANT

During FY 2015, the ACA continued to utilize its \$1.8 million multi-agency federal grant through the AMJIAC grant to catalyze and leverage private capital to advance Arizona's well-established A&D cluster and to fuel job creation through public-private partnerships in Southern and Central Arizona.

Using a portion of the AMJIAC grant, the ACA created the Innovation in Advanced Manufacturing Grant Competition. Co-funded by the ACA and the Department of Energy, the competition awards up to \$75,000 per company in funding to help small- and medium-sized A&D manufacturing businesses reduce energy consumption in the manufacturing process and transform those energy consumption improvements into bottom line financial savings.

The following manufacturers were finalists in the FY 2015 Advanced Manufacturing Grant Competition:

FY 2015 GRANT WINNERS	GRANTEE'S MANUFACTURING PARTNER	WINNING PROPOSAL
Lean Advisors	Industrial Tool Die and Engineering	Lean Energy Improvements
Interlink Engineering	Pilgrim Screw Corp.	Bolt-On CNC Machine Tool Energy Improvement
University of Arizona	Sargent Aerospace and Defense	Bolt-On CNC Machine Tool Energy Improvement
University of Arizona	Sargent Aerospace and Defense	Simulation

STRENGTHENING RURAL ARIZONA



CERTIFIED SITES PROGRAM

Providing a platform for exposure of rural Arizona, the Certified Sites program promotes Arizona rural-employer real estate offerings globally. The program showcases the development-ready land and commercial buildings in rural communities to an audience that may otherwise lack knowledge of such “turn-key” employment assets. Cognizant that not all areas or sites are fully development ready, the ACA has integrated a “tiered” system that ranks the assets by Gold, Silver and Bronze status designations.

In FY 2015, the ACA certified 12 land sites and five buildings:

LAND SITES	BUILDINGS
Gold 5	Gold 3
Silver 4	Silver 1
Bronze 3	Bronze 1

RURAL ECONOMIC DEVELOPMENT GRANT

Enhancing the site selection choices throughout rural Arizona, the ACA Rural Economic Development Grant (REDG) assists in eliminating infrastructure deficiencies that prevent communities from offering such turn-key locational offerings to employers. The REDG program is aimed at encouraging public infrastructure enhancements that serve employment-oriented property uses. The program is designed to increase capacity and thereby proportionately increase an area’s competitiveness resulting in job growth through the attraction or expansion of industry.

In FY 2015, the ACA awarded \$1,680,119 to the following seven rural community grant recipients as part of its REDG program:

COMMUNITY	AWARD	INFRASTRUCTURE IMPROVEMENT
City of Maricopa	\$250,000	Road Extension
Town of Wickenburg	\$250,000	Water Infrastructure
Town of Chino Valley	\$250,000	Water and Sewer Infrastructure
City of Williams	\$250,000	Electrical Line Upgrade
Town of Sahuarita	\$250,000	Sewer Line Extension
City of Kingman	\$216,000	Site Development
City of Winslow	\$214,119	Gas Line Extension



MANAGING FINANCIAL INCENTIVES

INCENTIVES THAT HELP YOUR BUSINESS COMPETE

Arizona's robust incentives and programs provide access to millions of dollars in benefits through a variety of tax credits, grants and property tax and transaction privilege tax (TPT or sales tax) reductions. Such incentives make the State more advantageous than ever for a wide range of industries and offer companies the competitive edge they need to succeed.



Quality Jobs - provides up to \$9,000 of income or premium tax credits over a three year period for each net new quality job.



Qualified Facility - provides refundable income tax credits to eligible companies investing in qualifying facilities and creating jobs.



Computer Data Center (CDC) - provides TPT and Use tax exemptions at the state, county and local levels on qualifying purchases of CDC equipment.



Research and Development (R&D) - provides income tax credits for increased R&D activities conducted in Arizona.



Foreign Trade Zone - provides up to a 72% reduction in property taxes for property located in a foreign trade zone or sub-zone.



Military Reuse Zone (MRZ) - provides tax credits, property tax reductions and TPT exemptions to qualifying projects located in an MRZ.



Angel Investment - provides tax credits for investments in and capital gains tax exemptions for dispositions of interests in small businesses certified by the ACA.



Renewable Energy Tax Incentives Program - provides refundable income tax credits to companies investing in renewable energy industries expanding or locating in Arizona.



Commercial/Industrial Solar - provides income tax credits for the installation of solar energy devices at Arizona business facilities.



Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) - a competitive program that encourages small businesses to explore their technological potential, as well as provides incentive to profit from its commercialization.



Additional Depreciation - provides accelerated depreciation schedules that reduce business personal property taxes.



Healthy Forest - provides income tax credits and other tax incentives for certified businesses primarily engaged in harvesting, processing or transporting qualifying forest products.



TPT Exemption for Machinery and Equipment - provides TPT exemptions for machinery and equipment used in manufacturing and R&D.



Government Property Lease Excise Tax (GPLET) - a redevelopment tool that incentivizes development by reducing a project's operating costs through replacement of the real property tax with an excise tax.



Work Opportunity - a federal tax credit provided to businesses hiring individuals from targeted groups who have consistently faced significant barriers to employment.



Private Activity Bonds - bonds issued by or on behalf of a local government to provide financing for private and public projects.



Qualified Energy Conservation Bonds (QECB) - bonds issued to support conservation projects including enhanced energy efficiency of existing buildings.



Renewable Energy Production - provides income tax credits to utility-scale generation systems based on the amount of electricity produced annually for a 10-year period using solar or wind energy.



TPT Exemption for Electricity - provides businesses principally engaged in manufacturing or smelting operations with state and county TPT and Use tax exemptions in connection with purchases of electricity or natural gas.



Self-Consumption/Renewal Energy by Manufacturers - offers an income tax credit for investment in new renewable energy facilities that produce energy primarily for manufacturing.

ACA FISCAL YEAR 2015 INCENTIVES

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TABLE 1 – ACTIVE PROGRAMS SUMMARY

PRE-APPROVALS				
NUMBER OF APPLICANTS PRE-APPROVED [1]	PROJECTED NEW JOBS [2]	AVERAGE WAGE OF PROJECTED NEW JOBS [2]	PROJECTED CAPITAL INVESTMENT [2]	INCENTIVES PRE-APPROVED BASED ON PROJECTIONS [3]
ANGEL INVESTMENT INCOME TAX CREDIT PROGRAM				
58	N/A	N/A	N/A	N/A
ARIZONA COMPETES FUND				
21	3,260	\$61,237	\$163,500,000	\$10,180,119
COMMERCIAL/INDUSTRIAL SOLAR ENERGY TAX CREDIT PROGRAM				
46	N/A	N/A	\$25,666,805	\$662,427
COMPUTER DATA CENTER PROGRAM				
3	N/A	N/A	\$150,000,000+	N/A
HEALTHY FORESTS TAX INCENTIVE PROGRAM				
1	13	\$41,787	\$2,700,387	N/A
JOB TRAINING GRANTS PROGRAM				
56	3,157	\$54,160	N/A	\$14,643,491
MILITARY REUSE ZONE TAX INCENTIVE PROGRAM				
4	0	N/A	\$8,270,091	\$333,865
QUALIFIED FACILITY TAX CREDIT PROGRAM				
3	939	\$79,057	\$711,650,371	\$18,173,929
QUALITY JOBS TAX CREDIT PROGRAM				
21	6,511	\$63,489	\$93,000,000	\$58,599,000
RENEWABLE ENERGY TAX INCENTIVES PROGRAM				
0	N/A	N/A	N/A	N/A
RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM				
N/A	NA	N/A	N/A	N/A
TOTALS				
213	13,880 [4]	\$61,871	\$1,154,787,654 [4]	\$102,592,831

1. Pre-approval generally entails a commitment of incentives to an applicant which is conditioned on the applicant subsequently achieving outcomes that establish final eligibility for the incentives. In the case of tax credit programs, pre-approval is reflected by issuance of a commitment letter. In the case of grant programs, pre-approval is reflected by execution of a grant agreement.
2. "N/A" is indicated for programs in which the applicable metric is not a component of eligibility.
3. In some of the programs involving pre-approval, a specific incentives amount is committed at the time of pre-approval. In those programs, the amount of incentives pre-approved is either (a) in the case of tax credit programs, the amount of tax credits reserved or (b) in the case of grant programs, the maximum amount payable pursuant to the grant agreements. In programs involving pre-approval where a specific incentives amount is not committed, the pre-approval simply authorizes the applicant to claim certain benefits, which may include tax credits claimed through the Department of Revenue, property tax reclassification claimed through a county assessor or transaction privilege tax exemptions claimed through retailers or prime contractors. "N/A" is indicated for programs that do not involve pre-approval or that do involve pre-approval but for which no specific incentives amount is committed during pre-approval.
4. Significant overlap exists between the projected jobs and capital investment figures reflected here and the projected jobs and capital investment figures reflected in the ACA's FY2015 master announced project list (at pages 14-17). The data sets are not the same, however, for several reasons. Most significantly, not all businesses represented on the ACA's FY 2015 master announced project list applied for incentives in FY 2015 (and therefore are not represented in this table). Additionally, as the same projected job and the same capital investment can in some cases be claimed to establish eligibility under multiple incentive programs, the total new jobs and total capital investment numbers in the table may reflect some duplication (there is no such duplication in the FY 2015 master announced project list).

TABLE 2 - ACTIVE PROGRAMS SUMMARY

POST-APPROVALS				
NUMBER OF APPLICANTS POST-APPROVED [1]	NEW JOBS CREATED [1]	AVERAGE WAGE OF NEW JOBS CREATED [2]	CAPITAL INVESTMENT MADE [2]	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY [3]
ANGEL INVESTMENT INCOME TAX CREDIT PROGRAM				
89	N/A	N/A	\$6,167,565	\$1,898,749
ARIZONA COMPETES FUND				
40	1,288	\$63,157	\$120,117,878	\$5,583,807
COMMERCIAL/INDUSTRIAL SOLAR ENERGY TAX CREDIT PROGRAM				
35	N/A	N/A	\$23,000,057	\$493,055
COMPUTER DATA CENTER PROGRAM				
1	N/A	N/A	\$250,000,000+	N/A
HEALTHY FORESTS				
7	0	N/A	\$4,865,729	\$228,234
JOB TRAINING GRANTS PROGRAM				
86	4,181	\$42,738	N/A	\$6,997,769
MILITARY REUSE ZONE TAX INCENTIVE PROGRAM				
4	0	N/A	\$9,089,859	\$850,268
QUALIFIED FACILITY TAX CREDIT PROGRAM				
0	0	0	0	0
QUALITY JOBS TAX CREDIT PROGRAM				
26	2,221	\$54,984	\$55,000,000+	\$9,102,000
RENEWABLE ENERGY TAX INCENTIVES PROGRAM				
0	N/A	N/A	N/A	N/A
RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM				
45	N/A	N/A	\$60,852,349	\$5,000,000
TOTALS				
333	7,817 [4]	\$53,626	\$529,093,437+ [4]	\$30,153,882

1. Post-approval generally entails an award of incentives after an applicant has taken all steps necessary to establish final eligibility for the applicable incentive. Post-approval is reflected by (a) in the case of tax credit programs, a letter authorizing the applicant to claim tax credits through the Department of Revenue over a period of years; (b) in the case of grant programs, a payment to the applicant for achieving a grant milestone; or (c) in the case of a tax exemption program, a letter confirming the applicant's eligibility to claim the exemption. In some cases, the submission of a program report by an applicant is deemed to be post-approval for purposes of this ACA report, though no actual ACA approval is involved, because the submission of reports in those cases is the process by which the ACA learns the outcomes achieved by the applicant.
2. "N/A" is indicated for programs in which the applicable metric is not a component of eligibility. Where figures are reported in the "New Jobs Created" and "Capital Investment Made" columns, they are based on information reported in FY 2015; as such, they may include jobs created and capital investment made prior to FY 2015.
3. "Awarded" means (a) in the case of tax credit programs, the amount of tax credits authorized to be claimed through the Department of Revenue over a period of years; (b) in the case of grant programs, the amount of grant payments made; or (c) in the case of tax exemption programs, the amount of exemptions reported to have been claimed by applicants. As incentives awards in a given year are often based on pre-approvals made in prior years, the amount of incentives awarded indicated in the table does not necessarily, and in most cases simply does not, have any correlation with the amount of pre-approved incentives identified in Table 1. Further, because tax credits awarded may or may not be actually claimed by the applicant through the Department of Revenue, the actual cost to the state of tax credit programs may be lower than indicated.
4. Little overlap exists between the actual jobs and capital investment figures in this table and the projected jobs and capital investment figures of the ACA's FY2015 master announced project list (at pages 14-17). This is primarily because the FY 2015 master announced project list includes only projects that were announced in FY 2015, whereas the vast majority of actual jobs and capital investment reflected in this table represent projects that were announced or established in previous years.

TABLE 3 – ANGEL INVESTMENT TAX CREDIT PROGRAM

PRE-APPROVALS	
APPLICANT (APPROVED QSBS) [1]	CERTIFICATION DATE
Alert GPS Holdings, Corp.	2/27/2015
Annazu (dba Eggcycle)	3/27/2015
Aqwastream, LLC	8/8/2014
Arete Group, LLC	4/16/2015
Avanti Industries , LLC	3/10/2015
Brightguest, LLC	3/15/2015
CampusLogic, Inc.	5/27/2015
Cancer Prevention Pharmaceuticals, Inc.	2/5/2015
Cardenal Devices, LLC	7/28/2014
Claimsparity, LLC	1/26/2015
Clear Demand, Inc.	3/16/2015
ClearVoice, Inc.	2/24/2015
Codelucida, LLC	6/1/2015
Crowd Mics	2/2/2015
Cybersponse, Inc.	1/21/2015
EndoVantage, LLC	6/2/2015
EZ Dump Commercial, Inc.	9/10/2014
Future Transit Systems, LLC	3/18/2015
Genomics USA, Inc.	11/7/2014
Global Cancer Diagnostics, Inc.	1/16/2015
INanoBio, Inc.	4/9/2015
Iris PR Management, Inc.	1/2/2015
Iron Horse Diagnostics, Inc.	2/8/2015
iTel Companies, Inc.	3/4/2015
JatroBiofuels, LLC	8/15/2014
Lattice Biologics, Inc.	3/17/2015
LifeGames, Inc. (formerly SalesLife, Inc.)	9/28/2014
MarLytics, LLC (dba Lawlytics)	3/11/2015
MSDx, Inc.	12/2/2014
NuvOx Pharma, LLC	2/5/2015
Orb Health, Inc.	6/25/2015
Outski, Inc.	5/6/2015
ParkX, LLC	11/3/2014
Picmonic, LLC	3/24/2015
Pinnacle Transplant Technologies, LLC	12/19/2014
Pledgewin, LLC	1/7/2015
Post.Bid.Ship., Inc. (formerly TruckItNow, Inc.)	3/10/2015
Proactive Lifetime Health , LLC	9/4/2014

Pre-Approvals - Table 3 continued on next page >

TABLE 3 - ANGEL INVESTMENT TAX CREDIT PROGRAM

PRE-APPROVALS			
APPLICANT (APPROVED QSBS) [1]		CERTIFICATION DATE	
Pure Chat, Inc.		1/5/2015	
Rbar Organic		5/18/2015	
Recoleta Partners, LLC		8/21/2014	
Rehnu, Inc.		8/29/2014	
ReplyBuy, Inc.		12/11/2014	
Response Analytics, Inc.		1/24/2015	
Revolutionary Medical Devices		3/5/2015	
Ryver, Inc. (Previously known as Contatta, Inc.)		6/17/2015	
Serious Integrated, Inc.		1/15/2015	
Shelvspace, Inc.		2/20/2015	
Solar Pool Technologies formerly Eco Pool Technologies, Inc.		9/7/2014	
Splyt Easy, LLC		2/12/2015	
Spotlight Software, LLC		9/19/2014	
Superior Silica, LLC		5/18/2015	
Tempronics, Inc.		4/13/2015	
Tiplly, Inc.		12/23/2014	
Triage Now, LLC		12/4/2014	
VisionGate, Inc.		12/30/2014	
Webiron, LLC		5/12/2015	
Zero Shock Seating, LLC		7/22/2014	
TOTALS	58	N/A	
POST-APPROVALS			
APPLICANTS (POST-APPROVED) [2]		CAPITAL INVESTMENT MADE [3]	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY
TOTALS	76 Investors (89 Investments)	\$6,167,565	\$1,898,749

1. Companies certified as Qualified Small Businesses (QSBs). A company must be certified as a QSB in order for an investor to claim Angel tax credits for an investments in the company.
2. The number of investors claiming Angel tax credits for making investments in QSBs.
3. The amount of investments made by qualifying investors in certified QSBs.

TABLE 4A - ARIZONA COMPETES FUND PROGRAM • A-1 GRANTS [1]

PRE-APPROVALS						
APPLICANT (PRE-APPROVED)		PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT	INCENTIVES PRE-APPROVED BASED ON PROJECTIONS	
YourPeople, Inc. dba Zenefits		1,300	\$60,000	\$13,000,000	\$1,500,000	
Northern Trust Company		1,000	\$80,000	\$26,000,000	\$4,000,000	
TOTALS	2	2,300	\$68,695	\$39,000,000	\$5,500,000	
POST-APPROVALS						
APPLICANT (POST-APPROVED) [1]		NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED	CAPITAL INVESTMENT MADE	INCENTIVES AWARDED IN YEAR BASED ON ACTUAL ACTIVITY	
Silicon Valley Bank - 1		32	\$96,162	\$1,124,690	\$1,200,000	
Ulthera, Inc.		4	\$95,407	\$1,718,547	\$225,820	
Accelerate Diagnostics, Inc.		5	\$95,431	\$3,565,652	\$240,000	
ZocDoc, Inc.		0	N/A	\$1,262,034	\$15,000	
Northern Trust Company		0	N/A	\$0	\$500,000	
United Health Care Svc, Inc.		0	N/A	\$0	\$0	
GoDaddy.com, LLC		93	\$58,033	\$69,297,646	\$0	
Maverick Healthcare, LLC		95	\$65,065	\$5,883,323	\$0	
General Motors, LLC		407	\$87,584	\$19,692,531	\$0	
Silicon Valley Bank - 2		32	\$100,950	\$35,000	\$0	
YourPeople, Inc. dba Zenefits		620	\$46,500	\$0	\$0	
TOTALS	11	1,288	\$64,612	\$102,579,423	\$2,180,820	

1. For clarification as to the meanings of the terms “A-1 Grants,” as well as “AIC Grants” and “REDG Grants,” as used in this table, please see the FY 2015 Arizona Competes Fund Annual Report at www.azcommerce.com/about-us/annual-reports.

TABLE 4B - ARIZONA COMPETES FUND PROGRAM • AIC GRANTS [1]

PRE-APPROVALS					
APPLICANT (PRE-APPROVED)	PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT	INCENTIVES PRE-APPROVED BASED ON PROJECTIONS	
Iris PR Management, Inc.	7	N/A	N/A	\$250,000	
Iron Horse Diagnostics, Inc.	2	N/A	N/A	\$250,000	
NuVox Pharma, LLC	1	N/A	N/A	\$250,000	
ParkX, LLC	1	N/A	N/A	\$250,000	
Pure Chat, Inc.	4	N/A	N/A	\$250,000	
SalesFitRx	7	N/A	N/A	\$250,000	
CampusLogic, Inc.	10	N/A	N/A	\$250,000	
eVisit, LLC	8	N/A	N/A	\$250,000	
Rbar Organic, LLC	3	N/A	N/A	\$250,000	
RevolutionParts, Inc.	4	N/A	N/A	\$250,000	
RightBio Metrics, Inc.	2	N/A	N/A	\$250,000	
SwimLane, LLC	3	N/A	N/A	\$250,000	
TOTALS	12	N/A	N/A	\$3,000,000	

1. For clarification as to the meanings of the terms “A-1 Grants,” as well as “AIC Grants” and “REDG Grants,” as used in this table, please see the FY 2015 Arizona Competes Fund Annual Report at www.azcommerce.com/about-us/annual-reports.

Post-Approvals - Table 4B continued on next page >

TABLE 4B - ARIZONA COMPETES FUND PROGRAM • AIC GRANTS [1]

POST-APPROVALS				
APPLICANT (POST-APPROVED)	NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED [2]	CAPITAL INVESTMENT MADE	INCENTIVES AWARDED IN YEAR BASED ON ACTUAL ACTIVITY
Iris PR Management, Inc.	0	N/A	\$0	\$75,000
Iron Horse Diagnostics, Inc.	2	\$50,000+	\$22,042	\$75,000
NuvOx Pharma, LLC	0	N/A	\$0	\$75,000
ParkX, LLC	0	N/A	\$0	\$125,000
Pure Chat, Inc.	1	\$50,000+	\$0	\$125,000
Spotlight Software, LLC (dba SalesFitRx)	2	\$50,000+	\$263,000	\$125,000
Clear Demand, Inc.	4	\$99,626	\$26,000	\$75,000
Ryver, Inc. (formerly Contatta, Inc.)	2	\$50,000+	\$747,701	\$120,000
Delivery IT, Inc.	3	\$67,700	\$4,147	\$75,000
Photon Medical Communications, Inc.	1	\$50,000+	\$16,500	\$125,000
Recoleta Partners, LLC	1	\$40,000+	\$114,897	\$125,000
Osio Corp. (dba Yolia Health)	1	\$50,000+	\$15,000	\$143,000
Alert GPS Holdings, Corp.	3	\$54,667	\$1,205	\$225,000
Endovantage, LLC	3	\$53,333	\$24,995	\$224,000
Marlytics, LLC (dba Lawlytics)	11	\$36,755	\$0	\$225,000
Picmonic, Inc.	8	\$58,999	\$7,000	\$225,000
Triton Microtechnologies, Inc.	4	\$68,750	\$40,670	\$250,000
World View Enterprises, Inc.	16	\$88,893	\$830,000	\$250,000
Instant Bioscan, LLC	0	N/A	\$3,648	\$55,000
apps Freedom, Inc.	0	N/A	\$0	\$20,000
Gingerbread Shed Corp.	3	\$55,727	\$7,600	\$25,000
Nasseo, Inc.	0	N/A	\$450,000	\$50,000
ReplyBuy, Inc.	1	\$40,000+	\$0	\$0
Viomics, Inc.	1	\$50,000+	\$0	\$28,000
TOTALS	24	67	\$67,930	\$2,574,405
			\$2,840,000	

1. For clarification as to the meanings of the terms “A-1 Grants,” as well as “AIC Grants” and “REDG Grants,” as used in this table, please see the FY 2015 Arizona Competes Fund Annual Report at www.azcommerce.com/about-us/annual-reports.
2. To protect individual employee information, minimum wages are provided for companies that reported one or two new jobs.

TABLE 4C - ARIZONA COMPETES FUND PROGRAM • REDG GRANTS [1]

PRE-APPROVALS					
APPLICANT (PRE-APPROVED)		PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT	INCENTIVES PRE-APPROVED BASED ON PROJECTIONS
Town of Chino Valley		205	\$39,044	\$41,400,000	\$250,000
City of Kingman		125	\$33,945	\$17,500,000	\$216,000
City of Maricopa		110	\$38,429	\$7,900,000	\$250,000
Town of Wickenburg		75	\$37,400	\$16,000,000	\$250,000
Town of Sahuarita		85	\$57,500	\$9,200,000	\$250,000
City of Williams		225	\$44,000	\$17,500,000	\$250,000
City of Winslow		83	\$52,818	\$15,000,000	\$214,119
TOTALS	7	908	\$42,346	\$124,500,000	\$1,680,119
POST-APPROVALS					
APPLICANT (POST-APPROVED)		NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED	CAPITAL INVESTMENT MADE	INCENTIVES AWARDED IN YEAR BASED ON ACTUAL ACTIVITY
City of Kingman		2	\$28,912 [2]	\$81,636	\$0
City of Coolidge		20	\$31,200	\$10,000,000	\$0
City of Nogales		20	\$18,512	\$2,000,000	\$0
Town of Prescott Valley		18	\$31,111	\$2,416,075	\$500,000
City of Flagstaff		0	N/A	\$466,339	\$62,987
TOTALS	5	60	\$26,578	\$14,964,050	\$562,987

1. For clarification as to the meanings of the terms “A-1 Grants,” as well as “AIC Grants” and “REDG Grants,” as used in this table, please see the FY 2015 Arizona Competes Fund Annual Report at www.azcommerce.com/about-us/incentive-reports.

2. To protect individual employee information, the wage provided is the 2015 county median wage.

TABLE 4D - ARIZONA COMPETES FUND PROGRAM • A-1, AIC AND REDG GRANTS COMBINED [1]

TOTALS FOR A-1, AIC AND REDG GRANTS COMBINED				
APPLICANT	PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT	INCENTIVES PRE-APPROVED BASED ON PROJECTIONS
PRE-APPROVALS	3,260	\$61,237	\$163,500,000	\$10,180,119
APPLICANT	NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED	CAPITAL INVESTMENT MADE	INCENTIVES AWARDED IN YEAR BASED ON ACTUAL ACTIVITY
POST-APPROVALS	1,415	\$63,157	\$120,117,878	\$5,583,807

1. For clarification as to the meanings of the terms “A-1 Grants,” as well as “AIC Grants” and “REDG Grants,” as used in this table, please see the FY 2015 Arizona Competes Fund Annual Report at www.azcommerce.com/about-us/incentive-reports.

TABLE 5 – COMMERCIAL/INDUSTRIAL SOLAR TAX CREDIT PROGRAM

PRE-APPROVALS					
APPLICANT (PRE-APPROVED)	PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT [1]	INCENTIVES PRE-APPROVED	
Applicant information is confidential pursuant to A.R.S. § 41-1510.01(C).					
TOTALS	46	N/A	N/A	\$25,666,805	\$662,427
POST-APPROVALS					
APPLICANT (POST-APPROVED)	NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED	CAPITAL INVESTMENT MADE [1]	INCENTIVES AWARDED IN YEAR BASED ON ACTUAL ACTIVITY	
Applicant information is confidential pursuant to A.R.S. § 41-1510.01(C).					
TOTALS	35	N/A	N/A	\$23,000,057	\$493,055

1. The total cost of solar equipment projected for purchase by pre-approved applicants and actually purchased by post-approved applicants.

TABLE 6 – COMPUTER DATA CENTER PROGRAM

PRE-APPROVALS		
APPLICANT (PRE-APPROVED) [1]		PROJECTED CAPITAL INVESTMENT
Aligned Data Centers LLC		\$50,000,000+
Phoenix NAP, LLC		\$50,000,000+
US Foods, Inc.		\$50,000,000+
TOTALS	3	\$150,000,000+
POST-APPROVALS		
APPLICANT (POST-APPROVED) [1]		CAPITAL INVESTMENT MADE
Apollo Group, Inc.		\$250,000,0000+
TOTALS	1	\$250,000,0000+

1. CDC applicants can satisfy capital investment criteria for eligibility by either committing to make a specified capital investment in the future (\$25 or \$50 million, depending on whether the CDC location is rural or urban) or by having made a specified capital investment in the past (\$250 million between 2007 and 2013). For purposes of this table, the three applicants that were “certified” in FY 2015 based on commitments for future required investments were deemed to have been “pre-approved,” and the one applicant that was certified in FY 2015 based on a past investment was deemed to have been “post-approved.” Correspondingly, the amount identified in the “Projected Capital Investment” column is the minimum amount of aggregate capital investment those applicants that were “pre-approved” must make over a period of up to five years in order to sustain their certifications, and the amount identified in the “Capital Investment Made” column is the minimum amount of capital investment the applicant that was “post-approved” was required to have made to achieve certification (the actual amounts are confidential under A.R.S. § 41-1519(I)).

TABLE 7 - HEALTHY FORESTS TAX INCENTIVE PROGRAM

PRE-APPROVALS					
APPLICANT (PRE-APPROVED)		PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT	INCENTIVES PRE-APPROVED
Wirta Logging		13	\$41,787	\$2,700,386	N/A
TOTALS	1	13	\$41,787	\$2,700,386	N/A
POST-APPROVALS					
APPLICANT (POST-APPROVED) [1]		NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED	CAPITAL INVESTMENT MADE	INCENTIVES AWARDED IN YEAR BASED ON ACTUAL ACTIVITY
Southwest Forest Products		0	N/A	[2]	[2]
Tri-Star Logging Inc.		0	N/A	[2]	[2]
Ribelin Logging		0	N/A	[2]	[2]
High Desert Investment Company		0	N/A	[2]	[2]
Perkins Timber Harvesting, LLC		0	N/A	[2]	[2]
Novo BioPower, LLC		0	N/A	[2]	[2]
Newpac Fibre, LLC		0	N/A	[2]	[2]
TOTALS	7	0	N/A	\$4,865,729	\$228,234

1. The certified companies that submitted annual reports.

2. Information reported in an annual report is confidential pursuant to A.R.S. § 41-1516(H).

TABLE 8 - JOB TRAINING GRANTS PROGRAM

PRE-APPROVALS			
APPLICANT (PRE-APPROVED) [1]	PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	INCENTIVES PRE-APPROVED BASED ON PROJECTIONS
SocialWhirled	90	\$82,694	\$30,767
Community Health Systems	206	\$37,936	\$782,800
Stonegate Mortgage Corporation	100	\$70,820	\$113,355
HJ3 Composite Technologies, LLC	43	\$42,030	\$72,345
Appointment-Plus	32	\$80,687	\$31,823
Prosper Marketplace, Inc.	200	\$45,250	\$468,760
Sandia Research Corporation	3	\$29,000	\$16,050
UEB Builders, Inc.	12	\$74,583	\$88,800
Canyon State Electric Co., Inc.	25	\$41,600	\$185,000
Absolutely On Time Air Conditioning & Heating	23	\$38,887	\$72,927
Pinnacle Transplant Technologies	20	\$36,970	\$30,095
Global Dental Science	49	\$49,649	\$392,000
GHA Technologies, Inc.	20	\$39,000	\$58,000
Data Processing Air Corporation	12	\$58,833	\$45,600
Cox Communications, Inc.	100	\$44,241	\$183,116
Zenefits (YourPeople, Inc.)	235	\$68,085	\$130,851
Stark Industries, Inc.	8	\$27,781	\$38,503
Nextiva, Inc.	230	\$53,413	\$1,150,000
TBCONSULTING, Technical and Business Consulting, LLC	16	\$54,063	\$110,867
Fresenius Medical Care	173	\$51,890	\$249,849
Advanced Call Center Technologies, LLC	150	\$21,909	\$215,088
Abrazo Community Health Network	192	\$66,414	\$641,243
LeadMD, Inc.	15	\$68,000	\$111,000
TDIndustries	45	\$46,156	\$130,500
iT1 Source	31	\$46,296	\$248,000
Gary Yamamoto Custom Baits	50	\$21,524	\$105,500
360 Lead	74	\$50,270	\$26,064
Evan & McKinney Construction Inc.	17	\$36,471	\$130,900
WebPT, Inc.	150	\$47,454	\$549,420
GEICO	77	\$36,000	\$245,507

Pre-Approvals - Table 8 continued on next page >

TABLE 8 - JOB TRAINING GRANTS PROGRAM

PRE-APPROVALS			
APPLICANT (PRE-APPROVED) [1]	PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	INCENTIVES PRE-APPROVED BASED ON PROJECTIONS
CEA Study Abroad, Inc.	10	\$58,800	\$71,000
Nexus Steel, LLC	70	\$35,717	\$539,000
Outbound Engine	52	\$38,500	\$81,147
Northern Trust Corporation	627	\$70,000	\$1,500,000
TRAX International, Test Services Division	0	N/A	\$27,805
Stepping Stones Agencies	0	N/A	\$85,190
Opt Co Inc.	0	N/A	\$275,654
North Country Healthcare, Inc.	0	N/A	\$97,982
Payson Regional Medical Center	0	N/A	\$373,408
Southwest Renewable Resources	0	N/A	\$30,548
Regional Care Hospital Partners Sierra Vista, Inc.	0	N/A	\$473,125
Canyon State Electric Co., Inc.	0	N/A	\$268,000
Aeromaritime America Inc.	0	N/A	\$41,483
TBCONSULTING, Technical and Business Consulting, LLC	0	N/A	\$92,000
Fluidic Energy	0	N/A	\$108,450
Solar City Corporation	0	N/A	\$13,000
The Orthopedic Clinic Association	0	N/A	\$186,205
Kearney Electric, Inc.	0	N/A	\$192,681
W.D. Manor Mechanical Contractors, Inc.	0	N/A	\$412,500
IBM Corporation	0	N/A	\$433,073
Abrazo Community Health Network	0	N/A	\$528,000
Suntec Concrete	0	N/A	\$477,240
Piping Industry Progress & Education Trust Fund	0	N/A	\$228,000
KnowledgeNet	0	N/A	\$160,921
Laboratory Science of Arizona	0	N/A	\$902,558
Western Industrial Resources Corporation	0	N/A	\$381,791
TOTALS	56	3,157	\$50,754
			\$14,635,491

1. Applicants with no new jobs projected are those engaged in incumbent employee training.

TABLE 8 - JOB TRAINING GRANTS PROGRAM

POST-APPROVALS			
APPLICANT (POST-APPROVED)	NEW JOBS CREATED	WAGES OF NEW JOBS CREATED [1]	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY
3-G Construction Company Incorporated	24	\$30,118	\$1,643
Abrazo Health Care	18	\$49,608	\$2,344
Absolutely On Time Air Conditioning & Heating	4	\$27,560	\$17,872
Accolade, Inc.	38	\$56,500	\$88,275
Ace Vending Inc.	10	\$30,445	\$23,556
Aeromaritime America Inc.	0	N/A	\$8,990
Arizona Nutritional Supplements, LLC	79	\$40,173	\$89,620
Asurion LLC	339	\$39,691	\$236,727
Avanti Industries LLC	21	\$33,354	\$19,145
Aviation Communications & Surveillance Systems, LLC	43	\$58,571	\$11,567
Brokers Alliance Inc.	8	\$29,440	\$13,177
Cable ONE, Inc.	0	N/A	\$173,413
Cactus Semiconductor LLC	4	\$117,750	\$3,355
Canyon State Electric Co.	0	N/A	\$84,598
Caretaker Landscape and Tree Management	2	\$33,707+	\$90
Cash Flow Management, Inc.	2	\$36,725+	\$15,420
Chas Roberts Air Conditioning	25	\$31,955	\$72,687
Community Auto and Fleet Services, Inc.	4	\$28,241	\$14,908
Community Health Systems	56	\$34,479	\$36,389
Continental Residential Investments, LLC	9	\$92,211	\$45,743
Convey Health Solutions	309	\$23,425	\$1,126,820
Cox Communications	38	\$39,818	\$45,810
CSW Contractors Inc.	8	\$44,740	\$862
DBSI, Inc.	9	\$63,044	\$10,300
DICK'S Sporting Goods, Inc.	45	\$45,213	\$30,080
Dish Direct LLC	42	\$34,474	\$67,378
Direct Energy GP LLC	283	\$26,949	\$20,984
ECO 3D LLC	4	\$39,260	\$37,394
Electronic Payment Providers (Billing Tree)	7	\$73,285	\$226
Fluidic Energy	0	N/A	\$6,366

1. To protect individual employee information, minimum wages (based on program requirements) are provided for companies that reported two or fewer new jobs. In some cases, actual wages are much higher.

TABLE 8 - JOB TRAINING GRANTS PROGRAM

POST-APPROVALS			
APPLICANT (POST-APPROVED)	NEW JOBS CREATED	WAGES OF NEW JOBS CREATED [1]	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY
Franklin Foods	48	\$38,615	\$277,174
Fresenius Medical Care	0	N/A	\$20,157
General Motors LLC	136	\$58,687	\$359,348
Gigya, Inc.	23	\$60,868	\$66,612
GlobalTranz Enterprises, Inc.	201	\$37,587	\$224,472
Haskins Electric LLC	44	\$25,966	\$62,656
HealthPlanOne, Inc.	93	\$31,815	\$23,467
IBM International Business Technologies	0	N/A	\$46,350
iFactor Consulting	11	\$70,364	\$7,029
Infusionsoft	313	\$58,858	\$199,027
IT1 Source	1	\$110,000+	\$5,000
Kearney Electric, Inc.	0	N/A	\$29,165
Kitchell Corporation	29	\$77,913	\$0
KnowledgeNet	0	N/A	\$18,377
Laboratory Science of Arizona	0	N/A	\$121,423
Laser Options	22	\$37,060	\$21,994
LeadMD, Inc.	3	\$66,500	\$18,881
LeClerc Foods Nutrition Arizona, LLC	53	\$34,190	\$15,735
Lifetree Manufacturing Inc.	39	\$27,881	\$118,615
Markham Contracting Company, Inc.	65	\$46,720	\$48,760
MSS Technologies, Inc.	1	\$105,000+	\$983
NexGen Holdings Corp.	25	\$40,123	\$176,496
Nextiva, Inc.	39	\$45,286	\$11,576
North Country Healthcare, Inc.	4	\$44,116	\$22,187
Northern Arizona Healthcare	262	\$58,728	\$210,124
Old School Motorcycle Company LLC	2	\$28,000+	\$4,240
Opt Co Inc.	24	\$28,080	\$5,326
Phacil, Inc.	14	\$58,193	\$52,196
PHC - Fort Mohave Inc. (Valley View Medical)	10	\$94,573	\$6,088
PHC - Lake Havasu Inc. (Havasut Regional Medical)	50	\$62,914	\$8,500

1. To protect individual employee information, minimum wages (based on program requirements) are provided for companies that reported two or fewer new jobs.

TABLE 8 - JOB TRAINING GRANTS PROGRAM

POST-APPROVALS				
APPLICANT (POST-APPROVED)	NEW JOBS CREATED	WAGES OF NEW JOBS CREATED [1]	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY	
Pinnacle Manufacturing Company, Inc.	1	\$41,600+	\$45	
Pinnacle Transplant Technologies	20	\$36,970	\$429	
Platinum Group of Companies, Inc.	50	\$38,438	\$41,706	
Rock Solid Inc.	11	\$38,102	\$2,123	
Rural Electric Inc.	3	\$47,120	\$1,396	
Ryan LLC	53	\$86,495	\$57,938	
Sandia Research Corporation	2	\$30,000+	\$3,426	
Schneider National Carriers, Inc.	97	\$43,374	\$178,508	
Security Systems & Monitoring LLC	60	\$33,492	\$201,803	
Southwest Renewable Resources	8	\$22,880	\$88	
Specialized Loan Servicing (SLS)	141	\$41,110	\$159,983	
Stepping Stones Agencies	27	\$27,473	\$32,615	
Stormwind LLC	40	\$35,270	\$56,863	
Sturm, Ruger & Co. Inc.	101	\$24,699	\$60,575	
Suntec Concrete	138	\$40,010	\$397,321	
TB Consulting, LLC	0	N/A	\$2,460	
Terra Verde Services	8	\$54,000	\$16,559	
The Orthopedic Clinic Association	20	\$40,132	\$28,190	
Trax International Corporation	0	N/A	\$2,899	
Tri-com Corporation	12	\$33,973	\$58,037	
UEB Builders, Inc.	14	\$75,714	\$88,800	
Union Bank, N.A.	67	\$59,335	\$39,037	
UPS Telecommunications	148	\$47,854	\$382,905	
W.D. Manor Plumbing and Heating Inc.	0	N/A	\$78,801	
WEBPT, Inc.	126	\$44,070	\$594,324	
Western Industrial Resources Corp	91	\$39,749	\$23,243	
TOTALS	86	4,181	\$42,738	\$6,997,769

1. To protect individual employee information, minimum wages (based on program requirements) are provided for companies that reported two or fewer new jobs. In some cases, actual wages are much higher.

TABLE 9 - MILITARY REUSE ZONE TAX INCENTIVE PROGRAM

PRE-APPROVALS					
APPLICANT (PRE-APPROVED)	PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT	INCENTIVES PRE-APPROVED BASED ON PROJECTIONS	
Phoenix-Mesa Gateway Airport Authority	0	N/A	\$1,025,571	\$39,908	
Phoenix-Mesa Gateway Airport Authority	0	N/A	\$3,056,973	\$118,958	
Phoenix-Mesa Gateway Airport Authority	0	N/A	\$3,672,777	\$142,921	
AeroTurbine	0	N/A	\$514,768	\$32,076	
TOTALS	4	0	\$8,270,091	\$333,865	
POST-APPROVALS					
APPLICANT (POST-APPROVED) [1]	NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED	CAPITAL INVESTMENT MADE [2]	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY [2]	
Phoenix-Mesa Gateway Airport Authority	0	N/A	\$1,040,440	\$42,123	
Phoenix-Mesa Gateway Airport Authority	0	N/A	\$2,831,919	\$114,372	
Phoenix-Mesa Gateway Airport Authority	0	N/A	\$4,933,500	\$221,088	
Lockheed Martin	0	N/A	\$284,000	\$472,684	
TOTALS	4	0	\$9,089,859	\$850,268	

1. The certified companies that submitted annual reports and completion reports.
2. The aggregate amounts that certified companies reported in their completion reports and annual reports.

TABLE 10 - QUALIFIED FACILITY TAX CREDIT PROGRAM

PRE-APPROVALS					
APPLICANT (PRE-APPROVED)	PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT	INCENTIVES PRE-APPROVED	
CAID Industries, Inc.	[1]	[2]	\$6,628,000	\$633,929	
Intel Corporation	[1]	[2]	\$562,166,011	\$6,680,000	
Intel Corporation	[1]	[2]	\$142,856,360	\$10,860,000	
TOTALS	3	939	\$79,057	\$711,650,371	\$18,173,929
POST-APPROVALS					
APPLICANT (POST-APPROVED)	NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED	CAPITAL INVESTMENT MADE [2]	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY [2]	
*No Activity					
TOTALS	0	N/A	N/A	N/A	N/A

1. By law, a company must create at least one new qualified employment position for each \$20,000 in tax credits awarded.
2. By law, at least 51% of the new jobs at the facility must pay at least 125% of the state median wage, which in 2015 equated to \$42,709.

TABLE 11 - QUALITY JOBS TAX CREDIT PROGRAM

PRE-APPROVALS					
APPLICANT (PRE-APPROVED)	PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT [1]	INCENTIVES PRE-APPROVED	
Community Health Systems	206	\$37,868	\$5,000,000	\$1,854,000	
PetSmart Inc. and Subsidiaries	57	\$80,000	\$5,000,000	\$513,000	
GM Financial	300	\$41,697	\$5,000,000	\$2,700,000	
Community Health Solutions	30	\$52,000	\$5,000,000	\$270,000	
Cognizant Technology Solutions	350	\$78,301	\$5,000,000	\$3,150,000	
Sprouts Farmers Market Inc.	15	\$44,392	\$1,000,000	\$135,000	
Sprouts Farmers Market, Inc.	280	\$75,000	\$5,000,000	\$2,520,000	
Northern Trust Company	1,000	\$80,000	\$5,000,000	\$9,000,000	
Allegis Group Holdings	381	\$35,277	\$5,000,000	\$3,429,000	
State Farm Mutual Company	2,830	\$65,000	\$5,000,000	\$25,470,000	
USAA	167	\$49,052	\$5,000,000	\$1,503,000	
LCMS	31	\$90,000	\$1,000,000	\$279,000	
Shamrock Foods Company	29	\$62,062	\$5,000,000	\$261,000	
TJX Companies	80	\$54,309	\$5,000,000	\$720,000	
eBay Inc. (Scottsdale)	125	\$103,860	\$5,000,000	\$1,125,000	
B/E Aerospace	48	\$40,000	\$5,000,000	\$432,000	
American Woodmark Corporation	32	\$50,000	\$1,000,000	\$288,000	
DriveTime Automotive Group	200	\$60,000	\$5,000,000	\$1,800,000	
DriveTime Automotive Group	150	\$40,000	\$5,000,000	\$1,350,000	
Go Capital	150	\$40,000	\$5,000,000	\$1,350,000	
United Airlines	50	\$56,319	\$5,000,000	\$450,000	
TOTALS	21	6,511	\$63,482	\$93,000,000	\$58,599,000

1. The projected capital investment shown is the minimum amount needed to qualify for the program, \$5 million for urban locations or \$1 million for rural locations. Actual capital investment will be higher.

Post-Approvals - Table 11 continued on next page >

TABLE 11 - QUALITY JOBS TAX CREDIT PROGRAM

POST-APPROVALS				
APPLICANT (POST-APPROVED)	NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED	CAPITAL INVESTMENT MADE [1]	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY
PetSmart Inc. and Subsidiaries	57	\$80,619	\$5,000,000+	\$171,000
State Farm Mutual Company	921	\$60,455	\$5,000,000+	\$2,763,000
USAA	30	\$46,162	\$5,000,000+	\$90,000
Shamrock Foods Company	29	\$46,546	\$5,000,000+	\$276,000
TJX Companies	55	\$53,668	\$5,000,000+	\$165,000
Massachusetts Mutual Life Insurance	104	\$51,647	\$5,000,000+	\$312,000
Yampa Precision	0	\$39,652	N/A	\$21,000
eBay Inc. (Price Road)	0	\$56,606	N/A	\$192,000
Dick's Sporting Goods	0	\$88,517	N/A	\$48,000
Hexcel Corporation	24	\$45,944	N/A	\$291,000
Cable One, Inc.	0	\$68,552	N/A	\$69,000
General Motors	331	\$43,354	\$5,000,000+	\$993,000
Asurion	50	\$49,784	\$5,000,000+	\$150,000
United Healthcare Services	0	\$61,989	N/A	\$432,000
Nestle Purina PetCare Company	7	\$52,000	N/A	\$51,000
JP Morgan Chase	0	\$49,352	N/A	\$81,000
Preferred Sands Processing, LLC	0	\$51,300	N/A	\$27,000
Waste Management	109	\$42,097	N/A	\$567,000
Grand Canyon Education, Inc. (Camelback)	96	\$54,290	N/A	\$753,000
Grand Canyon Education, Inc. (27th Ave)	87	\$42,743	N/A	\$513,000
AETNA	108	\$65,696	\$5,000,000+	\$324,000
Laboratory Corporation of America Holdings	35	\$79,079	N/A	\$123,000
Nationstar Mortgage	144	\$50,402	\$5,000,000+	\$432,000
United Airlines Inc.	27	\$56,319	\$5,000,000+	\$81,000
Calgon Carbon Corporation	N/A	\$62,333	N/A	\$33,000
Convey Health Solutions	7	\$30,489	N/A	\$144,000
TOTALS	26	2,221	\$54,984	\$55,000,000+
				\$9,102,000 [2]

1. The amount of capital investment made is confidential pursuant to A.R.S. § 41-1525(G).

2. The amount reflected represents the sum of (i) the post-approved tax credits awarded for new job creation in FY 2015 (\$5,700,000) + (ii) post-approved tax credits awarded in FY 2015 for 755 jobs created during the two preceding fiscal years (\$2,265,000). Quality Jobs Tax Credit Program tax credits for new jobs are claimed over three years at the rate of \$3,000 per job per year.

TABLE 12 - RENEWABLE ENERGY TAX INCENTIVE PROGRAM

PRE-APPROVALS					
APPLICANT (PRE-APPROVED)		PROJECTED NEW JOBS	AVERAGE WAGE OF PROJECTED NEW JOBS	PROJECTED CAPITAL INVESTMENT	INCENTIVES PRE-APPROVED
*No Activity					
TOTALS	0	N/A	N/A	N/A	N/A
POST-APPROVALS					
APPLICANT (POST-APPROVED)		NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED	CAPITAL INVESTMENT MADE	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY
*No Activity					
TOTALS	0	N/A	N/A	N/A	N/A

TABLE 13 - RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM

APPLICANT	CAPITAL INVESTMENT MADE	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY
SDC Materials	\$5,853,145	\$497,952
Leasehawk, LLC	\$652,301	\$47,457
Accelerate Diagnostics, Inc.	\$8,499,520	\$646,811
Provista Diagnostics, Inc.	\$1,890,730	\$310,304
Rehnu, Inc.	\$289,163	\$25,988
Regenesis Biomedical, Inc.	\$986,583	\$88,755
Cold Plasma Medical Technologies, Inc.	\$2,158,541	\$194,231
Aztera, LLC	\$222,010	\$19,981
Design Works Studios, LLC	\$1,058,277	\$57,745
CellTrust Corporation	\$1,251,454	\$112,593
IPro Tech, Inc.	\$4,066,812	\$366,013
World View Enterprises Inc.	\$837,595	\$75,347
Split Engineering, LLC	\$207,787	\$18,701
Advanced Materials Technologies, LLC	\$819,462	\$73,751
Response Analytics, Inc.	\$171,410	\$15,389
Teikoku Taping System Inc.	\$253,973	\$22,820
Image Tag, Inc.	\$931,480	\$83,796
Pinnacle Transplant Technologies, LLC	\$343,656	\$30,929

Table 13 continued on next page >

Table 13 continued

TABLE 13 – RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM

APPLICANT	CAPITAL INVESTMENT MADE	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY
W.D. Manor Mechanical Contractors, Inc.	\$1,557,139	\$130,310
Instant Bioscan, Inc.	\$806,700	\$72,566
Tempronics, Inc.	\$968,882	\$87,162
PureTech Systems, Inc.	\$357,448	\$30,615
Axosoft, LLC	\$1,817,937	\$109,614
Trax Holdings, Inc.	\$1,642,406	\$147,779
Sigma Technologies International, LLC	\$198,834	\$17,895
Boeckeler Instruments, Inc.	\$594,192	\$53,477
ASEI Engineering, Inc.	\$411,563	\$30,319
Neuromechanical Innovations, LLC	\$313,665	\$18,360
2XL Games, Inc.	\$550,666	\$36,685
Cybersponse, Inc.	\$777,981	\$69,981
Whitespace Enterprise Corporation	\$120,298	\$20,939
Cactus Semiconductor, Inc.	\$906,234	\$81,561
CDEX, Inc.	\$276,643	\$24,860
Arizona Microteck, Inc.	\$532,857	\$47,957
Appsfreedom, Inc.	\$327,384	\$29,427
Integrate.com, Inc.	\$915,865	\$43,733
Rockford Corporation	\$1,195,615	\$107,567
Sinfonia Healthcare	\$210,572	\$18,914
nQueue Billback, LLC	\$1,347,536	\$121,240
Boundary Devices, Inc.	\$542,000	\$35,753
World View Space Diving, LLC	\$5,063,588	\$453,577
MSDx, Inc.	\$160,939	\$30,749
Solid State Networks I, LLC	\$1,021,560	\$91,956
Cayenne Medical	\$1,147,026	\$43,127
Nth Degrees Technology	\$6,592,920	\$355,314
TOTALS	45	\$5,000,000

TABLE 14 – LEGACY PROGRAMS SUMMARY

POST-APPROVALS [1]				
NUMBER OF APPLICANTS POST-APPROVED	NEW JOBS CREATED	AVERAGE WAGE OF NEW JOBS CREATED	CAPITAL INVESTMENT MADE	INCENTIVES AWARDED BASED ON ACTUAL ACTIVITY
ENTERPRISE ZONE – PROPERTY TAX RECLASSIFICATION PROGRAM				
29	N/A	\$35,422	0	\$ 1,738,020
ENVIRONMENTAL TECHNOLOGY MANUFACTURERS’ ASSISTANCE PROGRAM				
9	2	\$65,856	\$12,373,587	\$19,393,017

1. The Enterprise Zone Program and Environmental Technology Manufacturers’ Assistance Program are no longer open to new applicants. As such, these programs do not involve pre-approvals.

TABLE 15 – PRIVATE ACTIVITY BONDS SUMMARY

PRE-APPROVALS	
NUMBER OF APPLICANTS PRE-APPROVED	CAP ALLOCATED [1]
12	\$255,594,663
POST-APPROVALS	
NUMBER OF APPLICANTS POST-APPROVED	ALLOCATION USED [2]
7	\$65,932,210

1. The amount of Arizona PAB volume cap allocated in FY 2015. Arizona’s volume cap is based on a calendar year. In 2014, the cap was \$662,662,400; in 2015 it was \$673,148,400.

2. Bonds reported as issued in FY 2015.

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Arizona Commerce Authority
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the The Arizona Commerce Authority (a component unit of the State of Arizona), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the The Arizona Commerce Authority (a component unit of the State of Arizona) as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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 October 19, 2015, on our consideration of The Arizona Commerce 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 result 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 Arizona Commerce Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Phoenix, Arizona
October 19, 2015

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The following is a discussion and analysis of the Arizona Commerce Authority's ("Authority") financial performance for the fiscal year ended June 30, 2015. This discussion is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position.

The Management's Discussion and Analysis ("MD&A") focuses on the fiscal year activities from July 1, 2014 through June 30, 2015, resulting changes, and known facts. It is important to note that the period July 1, 2014 through June 30, 2015 represents only the fourth fiscal year for the Authority which replaced the now sunset Arizona Department of Commerce on July 1, 2011.

This MD&A is an introduction to the basic financial statements of the Authority, which are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

The Government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Authority as a whole using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables.

The Fund Financial Statements provide detailed information about the individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Authority uses to keep track of specific sources of revenues and disbursements for specific purposes. The Special Revenue governmental funds are reported as separate columns in the Fund Financial Statements.

USING THIS FINANCIAL REPORT

This financial report consists of a series of financial statements. The Statement of Net Position, Statement of Activities, Balance Sheet – Governmental Funds, Reconciliation Of The Balance Sheet Of Governmental Funds To The Statement Of Net Position, Statement of Revenues, Expenditures, and Changes In Fund Balances - Governmental Funds, and Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds To The Statement Of Activities. Accordingly, the financial statements presented in this Annual Report are the required basic financial statements in accordance with the provisions of Governmental Accounting Standards Board Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended.

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

AUTHORITY HIGHLIGHTS

Arizona Commerce Authority Job Training Program - The Authority approved 56 new Job Training applications with a commitment base of \$31,587,860. These commitments will be used to fund the training of new employees, as well as, additional capital investments over the next two years.

Arizona Competes Fund - The Authority contractually committed Arizona Competes Fund grants totaling \$5,226,570 in the following three different grant programs; \$2,214,589 in attracting, expanding, or retaining Arizona basic enterprise, \$171,981 in supporting and advancing programs for rural businesses, and \$2,840,000 in supporting and advancing programs for small businesses. These commitments will be used to produce additional jobs, fund project location decisions, and increase capital investment over the next three years.

REVENUES

Intergovernmental Revenue - The Authority received \$22,794,334 in Intergovernmental revenue that consists of (a) \$13,869,180 from the Arizona Job Training Fund, (b) \$6,189,433 from the Federal government's State Small Business Credit Initiative as part of the Small Business Jobs Act of 2010, (c) \$2,692,721 from multiple other Federally awarded grants, and (d) \$43,000 from application fees earned from administering various State incentive programs.

Appropriations From The State - The Authority received \$37,163,795 in transferred funds that consist of (a) \$31,500,000 from the Arizona Job Creation Withholdings Clearing Account, (b) \$3,500,000 from the Arizona Lottery Commission, (c) \$1,863,795 from the Arizona Corporation Commission and (d) \$300,000 from the State General Fund for the establishment of a Trade Office in Mexico City.

EXPENSES

Aid To Other Organizations - The Authority awarded \$10,722,379 to organizations based upon their achievement of program performance standards and incentive guidelines. The awarding of these grant dollars will allow companies to hire, train, and attract workers, as well as, make significant capital investments which will directly improve the economic development climate of the State.

Professional & Outside Services - The Authority was very successful in securing expert technical and sector advisors to facilitate the execution of mission critical objectives on both a domestic and international front. More specifically, advisors and technical expert contractors were engaged in the areas of Aerospace and Defense, Science and Technology, Innovation and Entrepreneurship, and Renewable Energy. Also, included in this expenditure category was the continued development and execution of the Authority's "Arizona Know How" branding and marketing campaigns.

Salary Structure - The ability to attract and retain competent personnel requires the Authority to provide a competitive salary structure which is reviewed annually.

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

STATEMENT OF NET POSITION

The period of July 1, 2014 through June 30, 2015 represents the Authority's fourth fiscal year in existence. The Authority's overall financial position and operations for the past two fiscal years are summarized, as follows, based on the information included in the Government-wide Financial Statements.

**Condensed Statement of Net Position
(In Thousands)**

	June 30,			
	2015	2014	Diff	%
Current Assets	\$ 169,473	\$ 134,188	\$ 35,285	26.3
Non-Current Assets	7,439	6,664	775	11.6
Capital Assets, Net	703	758	(55)	(7.3)
Total Assets	\$ 177,615	\$ 141,610	\$ 36,005	25.4
Current Liabilities	\$ 1,137	\$ 731	\$ 406	55.5
Total Liabilities	1,137	731	406	55.5
Net Investment in Capital Assets	703	758	(55)	(7.3)
Restricted	106,972	81,189	25,783	31.8
Unrestricted	68,803	58,932	9,871	16.7
Total Net Position	176,478	140,879	35,599	25.3
Total Liabilities/Net Position	\$ 177,615	\$ 141,610	\$ 36,005	25.4

As can be seen above, the Authority's total assets increased to \$177.6 million in fiscal year 2015 compared to \$141.6 million in fiscal year 2014. This \$36.0 million increase resulted mainly from three areas; increased activity in the Arizona Innovation Accelerator Fund's loan program which resulted in additional current and non-current assets of \$3.8 million and \$750 thousand, respectively, an increase of \$26.8 million in additional current assets being held in local government investment pools awaiting distribution through the various programs managed by the Authority, and an increase of \$4.9 million cash being held in the Authority's bank account.

The Authority's total liabilities increased from \$731 thousand in fiscal year 2014 to \$1.1 million in fiscal year 2015 due to an increase in program application fees that are classified as refundable based upon program guidelines.

Total net position increased to \$176.4 million in fiscal year 2015 as compared to \$140.9 million in fiscal year 2014. \$25.7 million of the increase is attributed mainly to two programs restricted by enabling legislation, the Job Training Fund Program which increased Net Position by \$8.4 million and the Arizona Competes Fund program which increased Net Position by \$17.3 million. The remaining \$9.8 million increase is attributed mainly to multiple unrestricted programs administered by the Authority.

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CAPITAL ASSETS

As of operating year-end, the Authority had \$702,920 invested in a variety of capital assets reflected in the following schedule, which represents a net decrease (additions less retirements and depreciation) of \$54,713 during operating year July 1, 2014 to June 30, 2015.

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Equipment	\$ 40,711	\$ 47,351
EDP/Computer Equipment	71,474	38,514
Furniture	26,686	12,171
Software/Website	29,290	44,533
Leasehold Improvements	534,759	615,064
Capital Assets, Net	<u>\$ 702,920</u>	<u>\$ 757,633</u>

The following reconciliation summarizes the change in Capital Assets, Net for the years ended June 30, 2014 and 2015.

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Beginning Balance	\$ 757,633	\$ 858,346
Additions	99,375	36,085
Depreciation	(154,088)	(136,798)
Ending Balance	<u>\$ 702,920</u>	<u>\$ 757,633</u>

DEBT OUTSTANDING

The Authority incurred no debt during the fiscal year July 1, 2014 through June 30, 2015. As a result, the Authority had no debt outstanding at June 30, 2015.

During the period July 1, 2013 through June 30, 2014 the Authority incurred no debt and thus, had no debt outstanding at June 30, 2014. Therefore, there is no prior period debt outstanding schedule shown for comparison purposes.

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

STATEMENTS OF ACTIVITIES

The period of July 1, 2014 through June 30, 2015 represents the Authority's fourth fiscal year in existence. The Authority's overall financial position and operations for the past two fiscal years are summarized, as follows, based on the information included in the Government-wide Financial Statements.

Condensed Statement of Activities				
(In Thousands)				
June 30,				
	2015	2014	Diff	%
Expenses				
Fund Expenses	\$ 26,802	\$ 24,959	\$ 1,843	7.4
Total Expenses	26,802	24,959	1,843	7.4
Revenue				
Program Revenue	10,390	8,916	1,474	16.5
General Revenue	52,011	50,521	1,490	2.9
Total Revenue	62,401	59,437	2,964	5.0
Change in Net Position	35,599	34,478	1,121	3.3
Net Position, Beginning	140,879	106,401	34,478	32.4
Net Position, Ending	\$ 176,478	\$ 140,879	\$ 35,599	25.3

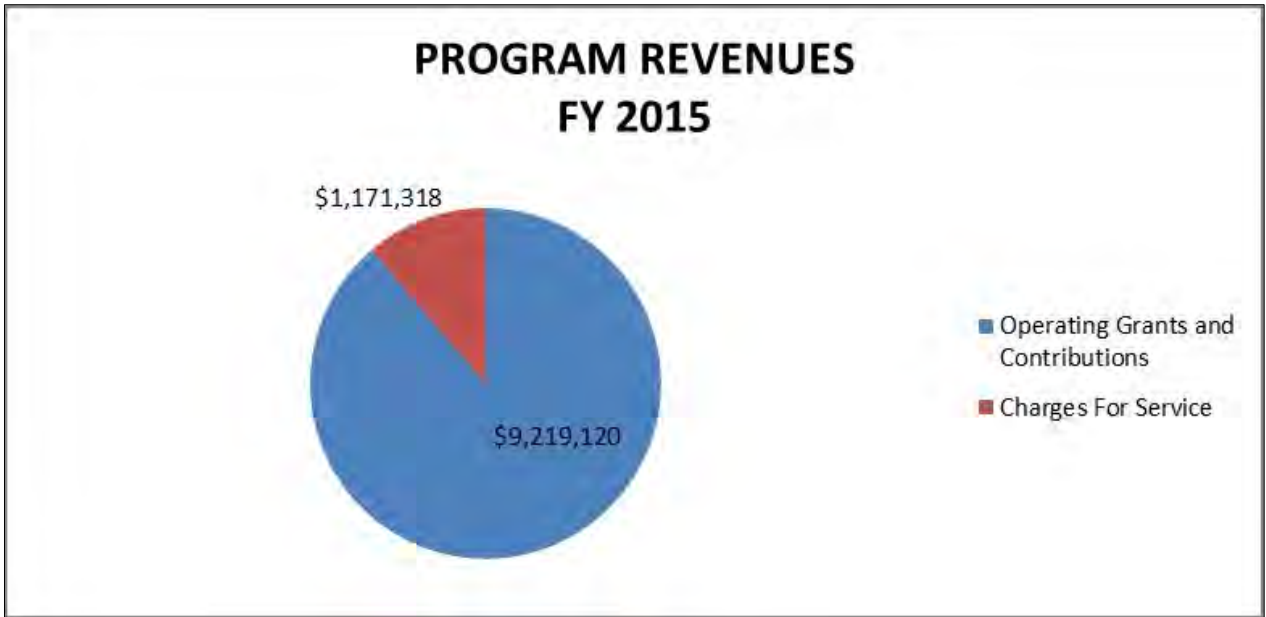
The Authority's Fund Expenses increased by \$1.8 million in fiscal year 2015 as compared to fiscal year 2014 due to an increase in grant payments in two areas; the Arizona Competes Fund program and multiple Federal programs that began in fiscal year 2014, but ramped up significantly in fiscal year 2015. The Job Training Program saw an increase in contractual commitments of 56 contracts in fiscal year 2015; however, a smaller cumulative balance of program reimbursed expenditures occurred in fiscal year 2015 as compared to fiscal year 2014 which resulted in less overall fund expenditures. The Arizona Commerce Authority Fund and the ADOC Carryover Fund saw decreases in Fund Expenses of \$833 thousand and \$59 thousand, respectively, due to the Authority's continued fiscal responsibility efforts.

The Authority's Total Revenues increased by \$2.9 million in fiscal year 2015 as compared to fiscal year 2014 due primarily to higher program revenues in the Job Training Program and multiple Federal programs that ramped up significantly in fiscal year 2015.

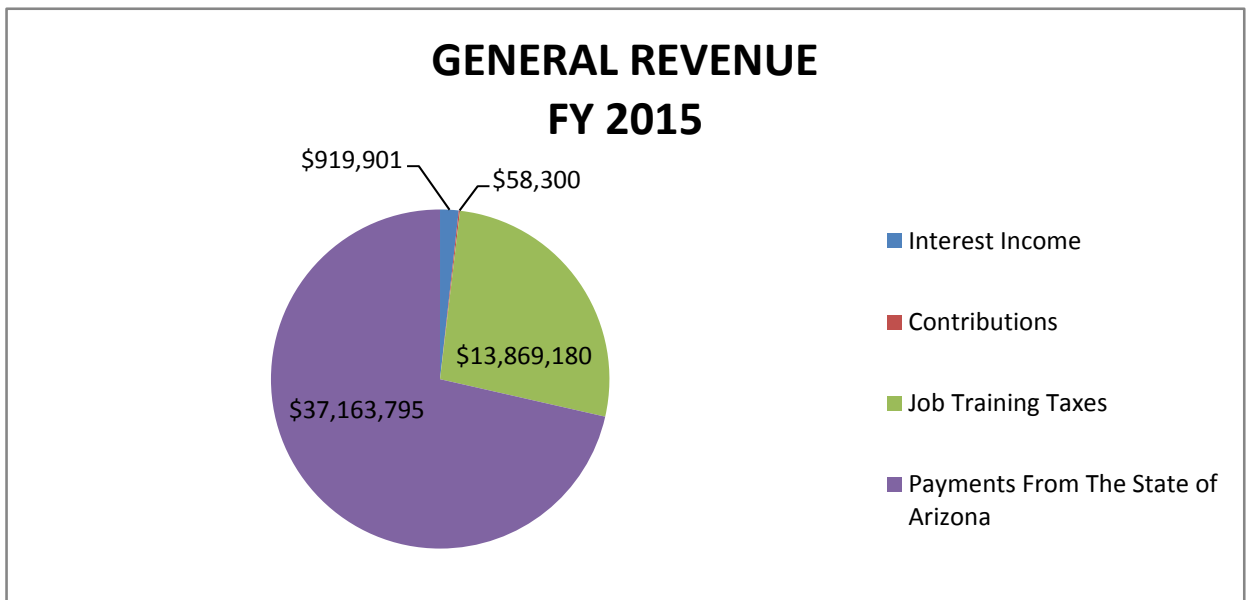
The aforementioned significant ramp up of multiple federal programs also contributed to an additional \$327,000 in Charges for Services due mainly to participation fees charged by the Authority for program specific consulting activities.

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The following chart depicts the sources of Program Revenue for the fiscal year ended June 30, 2015.

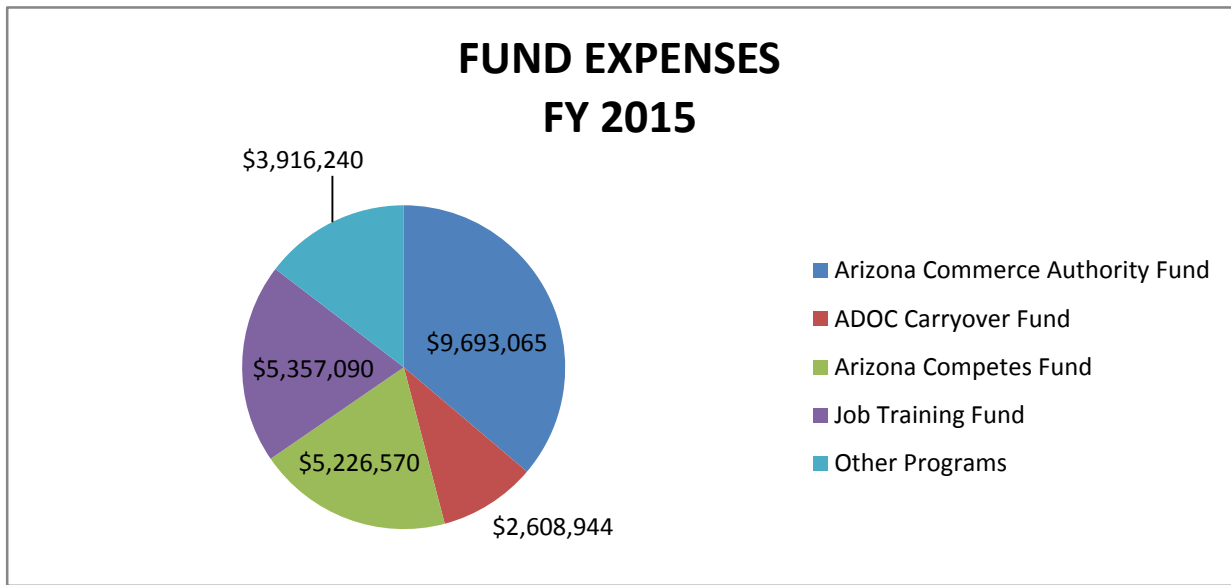


The following chart depicts the sources of General Revenue for the fiscal year ended June 30, 2015.



**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The following chart depicts the Fund Expenses for the fiscal period ended June 30, 2015.



REQUEST FOR FINANCIAL INFORMATION

The information contained in the Management's Discussion and Analysis is intended to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Arizona Commerce Authority, 333 N. Central Avenue, Suite 1900, Phoenix, AZ 85004.

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Current	
Cash and Cash Equivalents	\$ 14,749,736
Investments	148,026,487
Notes Receivable, Current	4,148,195
Other Receivables	2,348,524
Other Assets, Current	200,336
Total Current	<u>169,473,278</u>
Non-Current	
Notes Receivable, Net of Current Portion	7,432,374
Other Assets	6,521
Capital Assets, Net	702,920
Total Non-Current	<u>8,141,815</u>
 Total Assets	 <u>177,615,093</u>
LIABILITIES	
Current	
Accounts Payable	172,999
Other Current Liabilities	964,237
Total Liabilities	<u>1,137,236</u>
NET POSITION	
Net Investment in Capital Assets	702,920
Restricted for:	
Job Training Fund	30,879,121
Arizona Competes Fund	75,923,501
Bond Fund	169,183
Unrestricted	<u>68,803,132</u>
 Total Net Position	 <u><u>\$ 176,477,857</u></u>

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Governmental Activities
EXPENSES	
Arizona Commerce Authority Fund	\$ 9,693,065
ADOC Carryover Fund	2,608,944
Arizona Competes Fund	5,226,570
Job Training Fund	5,357,090
Other Programs	3,916,240
	26,801,909
PROGRAM REVENUE	
Operating Grants and Contributions	9,219,120
Charges for Services	1,171,319
	10,390,439
Net Expenses	(16,411,470)
GENERAL REVENUE	
Interest Income	919,901
Contributions	58,300
Job Training Taxes	13,869,180
Appropriations From The State of Arizona	37,163,795
	52,011,176
Change in Net Position	35,599,706
NET POSITION, JULY 1, 2014	140,878,151
NET POSITION, JUNE 30, 2015	\$ 176,477,857

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General Fund</u>	<u>Bond Fund</u>	<u>Arizona Innovation Accelerator Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 7,682,034	\$ 460,933	\$ 6,606,769	\$ 14,749,736
Investments	148,026,487	-	-	148,026,487
Notes Receivable, Net	18,334	-	4,129,861	4,148,195
Other Receivables	2,329,812	-	18,712	2,348,524
Other Assets	200,336	-	-	200,336
TOTAL ASSETS	<u><u>\$ 158,257,003</u></u>	<u><u>\$ 460,933</u></u>	<u><u>\$ 10,755,342</u></u>	<u><u>\$ 169,473,278</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 167,584	\$ -	\$ 5,415	\$ 172,999
Other Liabilities	672,487	291,750	-	964,237
Total Liabilities	<u>840,071</u>	<u>291,750</u>	<u>5,415</u>	<u>1,137,236</u>
FUND BALANCES				
Restricted	106,802,622	169,183	-	106,971,805
Committed	-	-	10,769,676	10,769,676
Assigned	46,984,065	-	-	46,984,065
Unassigned	3,630,245	-	(19,749)	3,610,496
Total Fund Balances	<u>157,416,932</u>	<u>169,183</u>	<u>10,749,927</u>	<u>168,336,042</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 158,257,003</u></u>	<u><u>\$ 460,933</u></u>	<u><u>\$ 10,755,342</u></u>	<u><u>\$ 169,473,278</u></u>

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total fund balances - total governmental funds	\$ 168,336,042
Amounts reported for governmental activities in the statement of net position are different because:	
Notes receivable, non-current are not due and receivable in the current period and, therefore, are not reported in the governmental funds.	7,432,374
Other assets, non-current are expected to be held longer than one year and, therefore, are not reported in the governmental funds.	6,521
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>702,920</u>
Net position of governmental activities	<u><u>\$ 176,477,857</u></u>

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Bond Fund</u>	<u>Arizona Innovation Accelerator Fund</u>	<u>Total</u>
REVENUES				
Intergovernmental Revenue	\$ 16,604,901	\$ -	\$ 6,189,433	\$ 22,794,334
Sales and Charges for Services	940,475	57,257	46,196	1,043,928
Other Revenue	936,873	-	462,684	1,399,557
Payments from The State of Arizona	37,163,795	-	-	37,163,795
	<u>55,646,044</u>	<u>57,257</u>	<u>6,698,313</u>	<u>62,401,614</u>
EXPENDITURES				
Salary and Related Benefits	6,552,112	-	219,053	6,771,165
Professional and Outside Services	4,717,687	1,144	15,892	4,734,723
General and Administrative	15,179,717	-	836,552	16,016,269
	<u>26,449,516</u>	<u>1,144</u>	<u>1,071,497</u>	<u>27,522,157</u>
Net Change in Fund Balances	29,196,528	56,113	5,626,816	34,879,457
FUND BALANCES, JULY 1, 2014	<u>128,220,404</u>	<u>113,070</u>	<u>5,123,111</u>	<u>133,456,585</u>
FUND BALANCES, JUNE 30, 2015	<u>\$ 157,416,932</u>	<u>\$ 169,183</u>	<u>\$ 10,749,927</u>	<u>\$ 168,336,042</u>

See accompanying Notes to Financial Statements.

**THE ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net change in fund balances	\$ 34,879,457
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as capital acquisitions exceeded depreciation expense. This is the amount by which capital acquisitions exceeded depreciation.</p>	(54,713)
<p>Notes receivable, non-current are reported as expenditures in the governmental funds, whereas the long-term notes receivable are reflected as long-term assets in the statement of net position in the government-wide financial statements.</p>	<u>774,962</u>
Change in net position	<u><u>\$ 35,599,706</u></u>

**ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Arizona Commerce Authority (a component unit of the State of Arizona) (the "Authority") was established through House Bill 2001 (Fiftieth Legislature, Second Special Session, 2011), and is charged with the following responsibilities: job creation and expansion of capital investment through business attraction, expansion and retention, including business incubation and entrepreneurship; creation, monitoring, and execution of a comprehensive economic and workforce strategy; management and administration of economic development and workforce programs; providing statewide marketing leadership; utilization of all means necessary, prudent and practical to integrate private sector-based innovation, flexibility, focus and responsiveness; and advancement of public policy to meet the State of Arizona's economic development objectives.

Government-wide and Governmental Fund Financial Statements

The basic financial statements include the entity-wide financial statements, governmental fund financial statements, and the accompanying notes to these financial statements.

The entity-wide financial statements (Statement of Net Position and Statement of Activities) report on the Authority as a whole. All activities are reported in the entity-wide financial statements using the economic resources measurement focus using the accrual basis of accounting, which includes long-term assets and receivables. The entity-wide financial statements focus more on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the fiscal year.

The entity-wide Statement of Net Position reports all financial resources of the entity. It is displayed in a format of assets less liabilities equal net position, with the assets and liabilities shown in order of their relative liquidity. Net position is displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, if any, that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net assets with constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net assets that do not meet the definition of "restricted net position" or "net investment in capital assets".

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Authority considers the following funds to be major funds:

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Governmental Fund Financial Statements (Continued)

General Fund

The general fund is used to account for all financial resources except those required to be accounted for in other funds.

Bond Fund

The Bond Fund houses the collection of security deposits for the allocation, expansion of allocations, and for the difference between allocations and principal amounts of federal tax exempt industrial development bonds and student loan bonds authorized by the Authority.

Arizona Innovation Accelerator Fund (AIAF)

The Arizona Innovation Accelerator Fund Program is an \$18.2 million loan participation program funded through the United States Department of Treasury's State Small Business Credit Initiative. The goal of the program is to stimulate financing to small businesses and manufacturers, in collaboration with private finance partners, to foster business expansion and job creation in Arizona.

Basis of Accounting

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Since the governmental fund financial statements are presented on a different basis than the entity-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations explain the adjustments necessary to transform the fund financial statements into the entity-wide financial statements.

Intergovernmental aids and grants are recognized as revenues in the period the Authority is entitled to the resources and the amounts are available. Amounts owed to the Authority which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Revenues susceptible to accrual include charges for services. Other general revenues such as fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Fund Balances

Fund balances are classified as Nonspendable, Restricted, Committed, Assigned and Unassigned based on the extent to which the Authority is bound to observe constraints imposed on the use of resources in the governmental funds. The classifications are as follows:

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. The Authority has no fund balances classified as nonspendable as of June 30, 2015.

Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors through debt covenants, grantors, contributors, or laws or regulation of other governments or it's imposed by law through enabling legislation.

Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Authority's Board of Directors or the Authority's Chief Executive Officer. Those committed amounts cannot be used for other purposes unless the committing party removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance are intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund assigned amounts represent intended uses established by Authority Management.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and does not have a specific purpose. In the governmental funds, other than the general fund, if expenditures incurred exceeded the amounts restricted, committed or assigned, the fund may report a fund deficit.

Generally, the Authority would first apply restricted resources and then assigned and unassigned resources when an expense is incurred for purposes for which more than one classification of fund balance is available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ARIZONA COMMERCE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Authority treats short-term temporary cash investments with original maturities, when purchased, of three months or less as cash equivalents.

Investments

The Authority places all of its investments with the Arizona Treasurer within the Local Government Investment Pool (LGIP). All such investments are stated at fair value based upon quoted market prices.

Notes Receivable and Allowance for Credit Losses

Notes receivable consist of participation loans made to small businesses through the Arizona Innovation Accelerator Fund loan programs. The Authority will participate up to 49% of the entire loan. Notes receivable are stated at the amount the Authority expects to collect. Provisions for credit losses on notes receivable are determined on the basis of loss experience, known and inherent risks in the loan portfolio, and current economic conditions. Subsequent recoveries, if any, are credited to the allowance.

The allowance for notes receivable is evaluated on a regular basis by management and is based on risk. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Due to the increase in the note issuances, and the relatively short collection history, the Authority has established an allowance for credit losses of 1% totaling \$116,975 at June 30, 2015.

Specific allowances for credit losses are established for impaired notes on an individual basis. A note is considered impaired when, based on current information, events, and adverse situations that may affect the borrower's ability to repay, it is probable that the Authority will be unable to collect the scheduled payments when due according to the contractual terms of the promissory note. The specific allowances established for these loans are based on a thorough analysis of payment history, including timeliness of payments and knowledge of the borrower's circumstances. Notes receivable credit losses are charged against the allowance when management believes the uncollectibility of a note receivable balance is determined.

Non-performing notes include all notes for which payment of principle and/or interest is more than 90 days past due. All non-performing notes receivable are placed on a nonaccrual status.

There were no identified impaired or non-performing notes receivable at June 30, 2015 as all borrowers were paying in accordance with contract terms. No loans were on a nonaccrual status, and there were no loans past due over 90 days and still accruing interest as of June 30, 2015.

**ARIZONA COMMERCE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets are initially recorded at original cost and carried net of accumulated depreciation. Depreciation is provided on the straight-line method based on the estimated useful lives of the property items, which range from 3 to 10 years. The costs of additions and replacements are capitalized. Repairs and maintenance are charged to expense as incurred. Retirements, sales and disposals are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in general revenues within the statement of activities. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, a loss is recognized for the difference.

Subsequent Events

Management evaluated subsequent events through October 19, 2015, the date the financial statements were available to be issued.

NOTE 2 CASH AND INVESTMENTS

Deposits

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority's deposits during the year and at fiscal year-end were entirely covered by federal depository insurance or by collateral. The carrying amount of the Authority's deposits at June 30, 2015, was \$14,749,736 and the bank ledger balance was \$16,463,795.

Investments

The Authority's investment policy is to invest with the State of Arizona Treasurer. No policy exists for the following risks: custodial credit risk, credit risk, concentration of credit risk and interest rate risk.

Investments are maintained by the State of Arizona Treasurer within the Local Government Investment Pool ("LGIP"). The Arizona State Treasurer's Office operates this pool to provide professional short-term investment services to a wide array of public entities. By investing in the LGIP, participants are able to benefit from the substantial aggregate buying power of the state portfolio as well as a pool of monies from other participants. The LGIP is not registered with the Securities and Exchange Commission and investments are not subject to custodial credit risk. The State Board of Investment conducts monthly reviews of investment activity and performance. LGIP amounts are carried at fair value. Participant shares are purchased and sold based on the Net Asset Value ("NAV") of the shares. The NAV is determined by dividing the fair value of the portfolio by the total shares outstanding.

**ARIZONA COMMERCE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 CASH AND INVESTMENTS (CONTINUED)

The following is a summary of the Authority's cash and investments as of June 30, 2015:

Cash in Bank	\$ 14,749,736
Investments in LGIP	<u>148,026,487</u>
Total cash, cash equivalents and investments	<u>\$ 162,776,223</u>

NOTE 3 NOTES RECEIVABLE

At June 30, 2015, the Authority had current and non-current notes receivable of \$4,148,195 and \$7,432,374, respectively.

The following is a composition of the notes receivable as of June 30, 2015.

<u>Borrower, Terms and Maturity</u>	<u>Original Principal</u>	<u>Outstanding Principal Balance</u>
<i>Commerce and Economic Development Commission Loan (CEDC).</i> Held over from the now sunset Arizona Department of Commerce, this loan is a non-interest bearing loan with a monthly payment of \$1,852 and a maturity date of April 10, 2016.	\$ 200,000	\$ 18,519
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with variable monthly interest only payments, with a floating interest rate of 2.00% above the Prime Rate as published by the Wall Street Journal and a floor of 5.25%. The loan has a maturity date of November 21, 2015, subject to renewal.	450,000	450,000
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation loan with an interest rate of 7.50%. The loan requires monthly payments of \$4,127 and has a maturity date of July 23, 2018.	205,902	134,172
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation loan with an interest rate of 5.50%. The loan requires variable monthly interest only payments and has a maturity date of October 11, 2018.	1,500,000	1,128,612

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

Arizona Innovation Accelerator Fund Loan (AIAF).
Interest bearing participation loan with an interest rate of 3.50%. The loan requires monthly payments of \$2,836 and has a maturity date of May 23, 2019.

445,900 428,973

Arizona Innovation Accelerator Fund Loan (AIAF).
Interest bearing participation loan with an interest rate of 5.95%. The loan requires monthly interest only payments of \$1,470 and has a maturity date of June 16, 2019.

206,000 199,837

Arizona Innovation Accelerator Fund Loan (AIAF).
Interest bearing participation loan with an interest rate set at the Prime Rate as published by the Wall Street Journal plus 4.00%. The loan requires monthly payments of \$1,919 and has a maturity date of August 20, 2018.

227,500 218,077

Arizona Innovation Accelerator Fund Loan (AIAF).
Interest bearing participation revolving line of credit with variable monthly interest only payments, with an interest rate set at the Prime Rate as published by the Wall Street Journal plus 3.00%. The loan and has a maturity date of October 5, 2015, subject to renewal.

147,000 147,000

Arizona Innovation Accelerator Fund Loan (AIAF).
Interest bearing participation revolving line of credit with variable monthly interest only payments, with an interest rate set at the Prime Rate as published by the Wall Street Journal plus 6.75%. The loan and has a maturity date of August 26, 2015, subject to renewal.

49,900 49,682

Arizona Innovation Accelerator Fund Loan (AIAF).
Interest bearing participation loan with an interest rate set at the Prime Rate as published by the Wall Street Journal plus 5.25%. The loan requires monthly payments of \$1,242 and has a maturity date of April 4, 2019.

99,800 90,832

Arizona Innovation Accelerator Fund Loan (AIAF).
Interest bearing participation loan with an interest rate set at 9.50%. The loan requires variable monthly payments and has a maturity date of September 12, 2018.

249,001 180,353

**ARIZONA COMMERCE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation loan with an interest rate set at 10.00%. The loan requires variable monthly interest only payments and has a maturity date of April 18, 2019.

199,000 197,698

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation loan with an interest rate of 7.40%. The loan requires monthly payments of \$535 and has a maturity date of October 14, 2018.

66,875 49,195

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation loan with an interest rate of 7.50%. The loan requires monthly payments of \$556 and has a maturity date of April 4, 2019.

70,135 68,193

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation revolving line of credit with variable monthly interest only payments, with a floating interest rate of 4.00% above the Prime Rate as published by the Wall Street Journal and a floor of 6.00% (6.00% at June 30, 2015). The loan has a maturity date of August 8, 2015, subject to renewal.

49,000 49,000

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation revolving line of credit with variable monthly interest only payments, with a floating interest rate of 4.75% above the Prime Rate as published by the Wall Street Journal and a floor of 6.50%. The loan has a maturity date of May 7, 2017, subject to renewal.

49,900 49,900

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation loan with an interest rate set at 5.00%. The loan requires monthly interest only payments of \$1,246 and has a maturity date of September 13, 2021.

206,250 205,494

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation loan with an interest rate of 4.0%. The loan requires monthly payments of \$4,268 and has a maturity date of April 16, 2019.

900,000 876,118

**ARIZONA COMMERCE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation revolving line of credit with variable monthly interest only payments and an interest rate of 8.00%. The loan has a maturity date of May 13, 2018, subject to renewal.

150,000 150,000

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation loan with an interest rate of 6.25%. The loan requires monthly interest only payments of \$37,334 and has a maturity date of June 10, 2018.

1,750,000 1,540,000

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation loan with an interest rate of 8.25%. The loan requires monthly payments of \$1,405 and has a maturity date of November 29, 2017.

110,000 94,593

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation loan with an interest rate of 3.48%. The loan requires monthly payments of \$5,387 and has a maturity date of July 23, 2018.

842,000 785,095

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation loan with an interest rate of 9.5%. The loan requires monthly payments of \$2,107 and has a maturity date of May 1, 2018.

100,000 64,120

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation revolving line of credit with variable monthly interest only payments with an interest rate of one month LIBOR plus 3.75% (3.932% at June 30, 2015). The loan has a maturity date of October 15, 2015, subject to renewal.

375,000 375,000

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation revolving line of credit with an interest rate of 8%. The loan has a maturity date of September 25, 2015, subject to renewal.

800,000 800,000

Arizona Innovation Accelerator Fund Loan (AIAF).

Interest bearing participation revolving line of credit with an interest rate of 7%. The loan has a maturity date of April 14, 2020, subject to renewal.

238,250 237,674

**ARIZONA COMMERCE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with an interest rate of 7%. The loan has a maturity date of July 27, 2020, subject to renewal.	50,000	50,000
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with variable monthly interest only payments, with a floating interest rate of 3.5% above the Prime Rate as published by the Wall Street Journal. The loan has a maturity date of June 24, 2016, subject to renewal.	499,000	499,000
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with variable monthly interest only payments, with a floating interest rate of 2.75% above the Prime Rate as published by the Wall Street Journal and a floor of 6.00%. The loan has a maturity date of October 16, 2015, subject to renewal.	150,000	150,000
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with a fixed interest rate of 8.25%. The loan has a maturity date of June 27, 2017, subject to renewal.	49,900	49,900
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with a fixed interest rate of 5.75%. The loan has a maturity date of August 22, 2020, subject to renewal.	587,000	587,000
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with variable monthly interest only payments, with a floating interest rate of 2.5% above the Prime Rate as published by the Wall Street Journal. The loan has a maturity date of September 1, 2015, subject to renewal.	250,000	250,000
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation loan with an interest rate of 5.569%. The loan requires interest only payments, with principal due at maturity on November 17, 2024.	188,500	188,500

**ARIZONA COMMERCE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation loan with variable monthly interest only payments, with a floating interest rate of 3.25% above the Prime Rate as published by the Wall Street Journal. The loan has a maturity date of March 4, 2025.	220,000	218,591
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with a fixed interest rate of 12.00%. The loan has a maturity date of February 20, 2016, subject to renewal.	100,000	100,000
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with a fixed interest rate of 8.00%. The loan has a maturity date of April 23, 2016, subject to renewal.	350,000	350,000
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with variable monthly interest only payments, with a floating interest rate of 5.00% above the Prime Rate as published by the Wall Street Journal. The loan has a maturity date of May 31, 2016, subject to renewal.	441,000	441,000
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with variable monthly interest only payments, with a fixed interest rate of 6.00%. The loan has a maturity date of May 10, 2021, subject to renewal.	100,000	96,035
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation revolving line of credit with variable monthly interest only payments, with a fixed interest rate of 11.50%. The loan has a maturity date of November 20, 2016, subject to renewal.	49,900	41,881
<i>Arizona Innovation Accelerator Fund Loan (AIAF).</i> Interest bearing participation loan with a fixed interest rate of 10.00%. The loan has a maturity date of May 10, 2020.	87,500	87,500
Total		11,697,544
Allowance for Doubtful Accounts		(116,975)
Notes Receivable, Net		\$ 11,580,569

**ARIZONA COMMERCE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

As of June 30, 2015, current and non-current notes receivable, after applying the allowance for doubtful accounts, consisted of the following:

<u>Description</u>	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
CEDC Loan	\$ 18,334	\$ -	\$ 18,334
AIAF Loans	<u>4,129,861</u>	<u>7,432,374</u>	<u>11,562,235</u>
Total	<u>\$ 4,148,195</u>	<u>\$ 7,432,374</u>	<u>\$ 11,580,569</u>

The following table provides a summary of changes in total notes receivable for the year ended June 30, 2015:

<u>Description</u>	<u>Balances June 30, 2014</u>	<u>Note Issuances</u>	<u>Payments Received</u>	<u>Balances June 30, 2015</u>
CEDC Loan	\$ 40,741	\$ -	\$ (22,222)	\$ 18,519
AIAF Loans	<u>8,373,328</u>	<u>4,361,050</u>	<u>(1,055,353)</u>	<u>11,679,025</u>
Total	<u>\$ 8,414,069</u>	<u>\$ 4,361,050</u>	<u>\$ (1,077,575)</u>	<u>\$ 11,697,544</u>

The lines of credit are typically renewed upon their renewal date. During fiscal year 2015, six lines of credit totaling \$1,220,682 were extended from one to three years pursuant to the terms of the agreements. Also, during fiscal year 2015, one \$49,900 line of credit note was rewritten as a forbearance agreement to include a monthly principal payment of \$2,500 and interest at 7% with a maturity date of May 7, 2017.

**ARIZONA COMMERCE AUTHORITY
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NOTE 4 CAPITAL ASSETS

Capital assets at June 30, 2015, consist of the following:

	<u>Balances June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances June 30, 2015</u>
Capital Assets:				
Furniture and Equipment	\$ 312,297	\$ 86,500	\$ (9,765)	\$ 389,032
Leasehold Improvements	856,032	12,875	-	868,907
Total Depreciable Assets	<u>1,168,329</u>	<u>99,375</u>	<u>(9,765)</u>	<u>1,257,939</u>
Less Accumulated Depreciation:				
Furniture and Equipment	(169,728)	(60,909)	9,765	(220,872)
Leasehold Improvements	(240,968)	(93,179)	-	(334,147)
Total Accumulated Depreciation	<u>(410,696)</u>	<u>(154,088)</u>	<u>9,765</u>	<u>(555,019)</u>
Capital Assets, Net	<u>\$ 757,633</u>	<u>\$ (54,713)</u>	<u>\$ -</u>	<u>\$ 702,920</u>

Depreciation expense was charged to the Arizona Commerce Authority Fund and ADOC Carryover Fund in the amounts of \$49,469 and \$104,619, respectively.

Note 5 FUND BALANCES

Fund balances at June 30, 2015, consist of the following:

	<u>General</u>	<u>Bond Fund</u>	<u>AIAF Fund</u>	<u>Total</u>
Fund Balances				
Spendable				
Restricted for:				
Job Training Fund	\$ 30,879,121	\$ -	\$ -	\$ 30,879,121
Arizona Competes Fund	75,923,501	-	-	75,923,501
Bond Fund	-	169,183	-	169,183
Committed to:				
AIAF Fund	-	-	10,769,676	10,769,676
Assigned to:				
Job Training Fund	31,587,860	-	-	31,587,860
Arizona Competes Fund	14,415,855	-	-	14,415,855
ADOC Fund	980,350	-	-	980,350
Unassigned	3,630,245	-	(19,749)	3,610,496
Total Fund Balance	<u>\$ 157,416,932</u>	<u>\$ 169,183</u>	<u>\$10,749,927</u>	<u>\$ 168,336,042</u>

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JUNE 30, 2015**

NOTE 6 COMMITMENTS

Grant activity payments were \$10,762,372 for the year ended June 30, 2015. Grant awards totaling approximately \$22,079,044 were not recorded as grants expense and grants payable due to significant conditions that were not satisfied before June 30, 2015. Management expects the conditions to be satisfied in fiscal year 2017.

NOTE 7 OPERATING LEASES

The Authority is committed under four operating leases, which are reported in the General Fund for governmental activities. One of these leases is with a related party. Future minimum operating lease commitments are as follows:

	Governmental Activities (Related Party)	Governmental Activities (Non-Related Party)	Total
Years Ending June 30:			
2016	\$ 435,896	\$ 121,845	\$ 557,741
2017	440,944	91,169	532,113
2018	476,276	92,874	569,150
2019	476,276	94,614	570,890
2020	476,276	96,389	572,665
2021-2022	119,069	24,209	143,278
Total Minimum Payments Required	<u>\$ 2,424,737</u>	<u>\$ 521,100</u>	<u>\$ 2,945,837</u>

Lease expense for fiscal year 2015 was \$571,367.

NOTE 8 RETIREMENT PLAN

- General.** The Plan is a 401(k) Safe Harbor defined contribution plan covering all full-time employees of the Authority who are age twenty-one or older. Eligibility to participate in the plan occurs on the first day of the first payroll period immediately following the date the participant completes the eligibility requirements. It is subject to the provisions of the Employee Retirement Income Security Act of 1976 (ERISA).
- Contributions.** Each year, participants may contribute up to the amount allowed by the Internal Revenue Code. In addition, participants over the age of 50 are permitted to make additional catch-up contributions. The Authority contributes a matching contribution equal to 100% of deferral contributions up to, but not exceeding, 4% of compensation. For the period ended June 30, 2015, the Authority contributed \$196,364 in contributions to the retirement plan.
- Participant Accounts.** Each participant's account is credited with (a) participant's contribution, (b) the Authority's contribution, (c) Plan earnings (losses), and charged with an allocation of administrative expenses. Allocations are based upon participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**ARIZONA COMMERCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ARIZONA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 RETIREMENT PLAN (CONTINUED)

4. **Vesting.** Participants are immediately 100% vested in (a) their contributions, (b) the Authority's matching contribution, and (c) earnings thereon.
5. **Withdrawals.** Participant withdrawals may be made from the Plan upon termination of employment, death, disability, attainment of age 59 1/2, Early Retirement Age, Normal Retirement Age, or in the case of a hardship as defined in the plan description.

NOTE 9 CONTINGENCY

The Authority participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, the Authority's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Authority's management expects such amounts, if any, to be immaterial.

**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**

The Board of Directors of the
The Arizona Commerce 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 governmental activities and each major fund of Arizona Commerce Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Arizona Commerce Authority's basic financial statements and have issued our report thereon dated October 19, 2015.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Phoenix, Arizona
October 19, 2015



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COMMERCE
AUTHORITY

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