

**ONTARIO COUNTY FOUR SEASONS LOCAL
DEVELOPMENT CORP.**

CANANDAIGUA, NEW YORK

AUDITED FINANCIAL STATEMENTS

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

SEPTEMBER 30, 2021 AND 2020



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ontario County Four Seasons Local Development Corp.

Report on the Financial Statements

We have audited the accompanying financial statements of Ontario County Four Seasons Local Development Corp., which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ontario County Four Seasons Local Development Corp. as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021 on our consideration of Ontario County Four Seasons Local Development Corp.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ontario County Four Seasons Local Development Corp.'s internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Canandaigua, New York
December 13, 2021

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS</u>		
Unrestricted cash and cash equivalents	\$ 606,389	\$ 637,408
Certificates of deposit - current	456,000	356,000
Grants and contracts receivable, net of allowance for doubtful accounts of \$18,000 in 2020	29,622	27,518
Employee Retention Credit receivable	76,930	-
Other receivables	3,836	4,193
Prepaid expenses	10,139	22,684
TOTAL CURRENT ASSETS	<u>1,182,916</u>	<u>1,047,803</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	340,465	375,617
<u>OTHER ASSETS</u>		
Certificates of deposit - long-term	-	100,000
Restricted cash	3,783	3,783
	<u>3,783</u>	<u>103,783</u>
TOTAL ASSETS	<u>\$ 1,527,164</u>	<u>\$ 1,527,203</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 13,841	\$ 5,592
Accrued expenses	24,634	30,728
Unearned revenue	131,907	-
Note payable	-	95,995
TOTAL CURRENT LIABILITIES	<u>170,382</u>	<u>132,315</u>
<u>OTHER LIABILITIES</u>		
Cooperative regional programs	3,783	3,783
TOTAL LIABILITIES	<u>174,165</u>	<u>136,098</u>
<u>NET ASSETS</u>		
Without donor restrictions	1,352,999	1,377,077
With donor restrictions	-	14,028
TOTAL NET ASSETS	<u>1,352,999</u>	<u>1,391,105</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,527,164</u>	<u>\$ 1,527,203</u>

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

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended September 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>						
County contract	\$ 643,739	\$ -	\$ 643,739	\$ 1,005,783	\$ -	\$ 1,005,783
NYS matching fund grants	29,622	-	29,622	45,518	-	45,518
Program service fees	12,653	-	12,653	10,670	-	10,670
Donated services and merchandise	5,049	-	5,049	18,745	-	18,745
Interest income	4,510	-	4,510	4,827	-	4,827
Other contributions and grants	-	423	423	-	34,383	34,383
Other revenue	1,453	-	1,453	-	-	-
Net assets released from restriction	14,451	(14,451)	-	20,355	(20,355)	-
TOTAL SUPPORT AND REVENUE	711,477	(14,028)	697,449	1,105,898	14,028	1,119,926
<u>EXPENSES</u>						
Program services	849,559	-	849,559	919,684	-	919,684
Administrative and general	95,012	-	95,012	122,038	-	122,038
TOTAL EXPENSES	944,571	-	944,571	1,041,722	-	1,041,722
CHANGE IN NET ASSETS FROM OPERATIONS	(233,094)	(14,028)	(247,122)	64,176	14,028	78,204
<u>OTHER INCOME (LOSS)</u>						
Employee Retention Credit	115,161	-	115,161	-	-	-
Note payable forgiveness	95,995	-	95,995	-	-	-
Loss on disposal of property and equipment	(2,140)	-	(2,140)	-	-	-
	209,016	-	209,016	-	-	-
CHANGE IN NET ASSETS	(24,078)	(14,028)	(38,106)	64,176	14,028	78,204
Net assets at beginning of year	1,377,077	14,028	1,391,105	1,312,901	-	1,312,901
NET ASSETS AT END OF YEAR	\$ 1,352,999	\$ -	\$ 1,352,999	\$ 1,377,077	\$ 14,028	\$ 1,391,105

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

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

STATEMENTS OF FUNCTIONAL EXPENSES

	Year ended September 30, 2021			Year ended September 30, 2020		
	Program Services	Administrative and General	Total	Program Services	Administrative and General	Total
Salaries and wages	\$ 281,637	\$ 77,242	\$ 358,879	\$ 381,277	\$ 64,047	\$ 445,324
Taxes and benefits	52,029	5,362	57,391	57,011	4,938	61,949
Marketing:						
Advertising and branding	87,396	-	87,396	107,772	-	107,772
Brochures	50,174	-	50,174	327	-	327
Mailing	4,674	-	4,674	3,810	-	3,810
Travel, trade show and information center	7,149	646	7,795	14,211	507	14,718
Websites	79,974	-	79,974	55,291	-	55,291
Audio/visual production	20,099	-	20,099	19,002	-	19,002
Research	17,493	-	17,493	4,052	-	4,052
Public Relations	15,954	568	16,522	36,880	442	37,322
Brand development/strategic plan	42,179	-	42,179	54,649	-	54,649
Direct sales/lead generation	63,284	-	63,284	72,908	-	72,908
Professional development	4,693	992	5,685	8,776	234	9,010
Professional services	13,267	3,117	16,384	3,430	13,483	16,913
Dues, fees and subscriptions	4,881	-	4,881	5,829	1,457	7,286
Non-cash donation expense	5,049	-	5,049	18,745	-	18,745
Insurance	7,311	1,828	9,139	7,133	1,783	8,916
Office expenses	5,139	1,462	6,601	4,812	1,204	6,016
Telephone and internet	7,767	1,942	9,709	4,176	1,044	5,220
Repairs and maintenance	10,801	2,700	13,501	9,132	2,283	11,415
Technology/Information systems	20,308	5,077	25,385	15,013	3,753	18,766
Real estate taxes	5,272	1,318	6,590	5,002	1,251	6,253
Utilities	5,619	1,405	7,024	5,015	1,254	6,269
Depreciation	37,410	9,353	46,763	25,431	6,358	31,789
Bad debt (recovery) expense	-	(18,000)	(18,000)	-	18,000	18,000
TOTAL EXPENSES	\$ 849,559	\$ 95,012	\$ 944,571	\$ 919,684	\$ 122,038	\$ 1,041,722

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

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

STATEMENTS OF CASH FLOWS

	<u>Year ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ (38,106)	\$ 78,204
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Bad debt (recovery) expense	(18,000)	18,000
Depreciation	46,763	31,789
Loss on disposal of property and equipment	2,140	-
Note payable forgiveness	(95,995)	-
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	15,896	(45,518)
Employee Retention Credit receivable	(76,930)	-
Other receivables	357	(3,963)
Prepaid expenses	12,545	(12,792)
Accounts payable	8,249	63
Accrued expenses	(6,094)	9,060
Unearned revenue	<u>131,907</u>	<u>(261,719)</u>
NET CASH USED FOR OPERATING ACTIVITIES	(17,268)	(186,876)
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(13,751)	(55,265)
Purchases of certificates of deposit	<u>-</u>	<u>(456,000)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(13,751)	(511,265)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Proceeds from note payable	<u>-</u>	<u>95,995</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>-</u>	<u>95,995</u>
NET DECREASE IN UNRESTRICTED CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(31,019)	(602,146)
Unrestricted cash and cash equivalents and restricted cash at beginning of year	<u>641,191</u>	<u>1,243,337</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 610,172</u>	<u>\$ 641,191</u>

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

STATEMENTS OF CASH FLOWS, Cont'd

	<u>Year ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Reconciliation of unrestricted cash and cash equivalents and restricted cash reported within the statements of financial position that sum to the total amounts shown in the statements of cash flows:		
Unrestricted cash and cash equivalents	\$ 606,389	\$ 637,408
Restricted cash	<u>3,783</u>	<u>3,783</u>
	<u>\$ 610,172</u>	<u>\$ 641,191</u>
 <u>NON-CASH OPERATING ACTIVITY</u>		
Donated services and merchandise	<u>\$ 5,049</u>	<u>\$ 18,745</u>

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

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Ontario County Four Seasons Local Development Corp. (the Organization) is a non-profit agency and was incorporated in June 1984 and organized under section 501(c)(3) of the Internal Revenue Code. The Organization is located in Canandaigua, New York and conducts business under the name "Finger Lakes Visitors Connection". Funding is primarily provided by Ontario County, located in the Finger Lakes Region of upstate New York. The Organization's purpose is to promote tourism in Ontario County.

Basis of accounting

The Organization maintains its books and records on the accrual basis of accounting.

Financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

These classes of net assets are defined as follows:

Net Assets Without Donor Restrictions - The net assets over which the Board of Directors has discretionary control to use in carrying on the Organization's operations in accordance with the guidelines established for the Organization. The Board may designate portions of the current net assets without donor restrictions for specific purposes, projects or investment. Note E provides further details of Board designated net assets.

Net Assets With Donor Restrictions - Net assets that are subject to donor (or certain grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Note E provides further detail of donor restricted net assets.

Revenue and support recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2021 AND 2020

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

The Organization records substantially all revenues over time as follows:

County contract

The Organization receives funding from Ontario County under an annually renewable contract. Revenues are requested quarterly under the terms of the contract in anticipation of expenses to be incurred. The contract amounted to \$527,625 and \$992,085 for the Ontario County periods ending December 31, 2021 and 2020, respectively. Revenue recognized during the years ended September 30, 2021 and 2020 is \$643,739 and \$1,005,783, respectively.

The following table summarizes contract balances at their respective statement of financial position dates:

	September 30,		
	2021	2020	2019
Unearned revenue	\$ 131,907	\$ -	\$ 261,719

Grant revenue

Some of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. A receivable is recognized to the extent support earned exceeds cash advances. Amounts received prior to incurring qualifying expenditures are reported as unearned revenue on the statement of financial position. Net grants and contracts receivable amounted to \$29,622 and \$27,518 as of September 30, 2021 and 2020, respectively. There was no unearned revenue relating to cost-reimbursement grants at September 30, 2021 and 2020.

In-kind donations

The Organization receives various in-kind donations consisting of merchandise or gift certificates as promotional materials from various businesses during the year. These items are provided to others for the purposes of promoting enhanced marketing and sales in Ontario County. Contributions of donated non-cash assets and services are recorded at their fair market values in the period received.

Cash and cash equivalents

Cash and certain money market account balances are maintained at financial institutions located in upstate New York and are insured by the FDIC up to \$250,000 at each institution. The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Organization has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2021 AND 2020

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Certificates of deposit

The Organization maintains its certificates of deposit with a financial institution that is part of the Certificate of Deposit Account Registry Service ("CDARS") Network. Participation in the CDARS program is intended to limit balances in excess of federally insured limits of \$250,000 per financial institution. However, at times the Organization's balance may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk. The CDs have maturity dates through August 2022 and interest rates from 0.15% to 1.75%.

Grants and contracts receivable

Grants and contracts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at September 30, 2021. The allowance for doubtful accounts at September 30, 2020 was \$18,000.

Property and equipment

Property and equipment, including major renewals and betterments, are recorded on the basis of cost if purchased or at fair value at the date of the gift, if donated.

The Organization's policy is to capitalize all expenditures for property and equipment with a cost over \$2,500. Routine maintenance and repairs are charged to operations as they are incurred. Expenditures that extend the useful life of the asset are capitalized. Upon sale or retirement, the related cost and accumulated depreciation are removed from the accounts and any related gain or loss is reflected in activities. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets.

Estimated useful lives of property and equipment are as follows:

Land improvements	15 Years
Building and improvements	39 Years
Furniture and equipment	5 - 7 Years
Vehicle	5 Years
Website	3 Years

Reserve policy

The Organization has established procedures or set aside funds for emergency operating purposes as well as major repairs and maintenance to its capitalized property and equipment in accordance with the Organization's Reserve Policy. The Organization sets aside amounts determined by the Board (as detailed in Note E) in cash accounts classified as unrestricted and included in unrestricted cash and cash equivalents.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2021 AND 2020

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Income tax exemption

The Organization is organized as a nonprofit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations. The Organization files Form 990 tax returns in the U.S. federal jurisdiction and in New York State.

With few exceptions, as of September 30, 2021, the Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years ended prior to September 30, 2018. The tax returns for years ended September 30, 2018 through September 30, 2021 are still subject to potential audit by the IRS and taxing authorities in New York State. Management of the Organization believes they have no material uncertain tax positions and, accordingly, they have not recognized any liability for unrecognized tax benefits.

Advertising, branding and marketing

The Organization expenses all advertising related costs as they are incurred. Advertising costs for the years ended September 30, 2021 and 2020 amounted to approximately \$87,400 and \$107,800, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at September 30, 2021 and 2020 and the reported amounts of revenues and expenses for the years then ended. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

New accounting pronouncements

Leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Organization's financial position or results of operations.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2021 AND 2020

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Gifts-in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kind recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and will be applied on a retrospective basis. The Organization is currently evaluating the provisions of this update to determine the impact it will have on the Organization's financial statements.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through December 13, 2021, which is the date the financial statements are available to be issued. See Note B and Note J.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2021 AND 2020

NOTE B: LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization's main source of liquidity is its cash accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures relating to its ongoing activities of promoting tourism in Ontario County as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash, cash equivalents and restricted cash	\$ 610,172	\$ 641,191
Certificates of deposit - current	456,000	356,000
Grants and contracts receivable	29,622	27,518
Employee Retention Credit receivable	76,930	-
Other receivables	<u>3,836</u>	<u>4,193</u>
Total financial assets available within one year	1,176,560	1,028,902
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted for the purpose of shared costs	(3,783)	(3,783)
Donor restricted for specific purposes	<u>-</u>	<u>(14,028)</u>
Total amounts unavailable for general expenditures within one year	(3,783)	(17,811)
Amounts unavailable to management without Board approval:		
Board designated for operating reserve	(456,000)	(411,882)
Board designated for capital reserve	(244,449)	(187,724)
Board designated for visitor experience fund	<u>(3,000)</u>	<u>(7,825)</u>
Total amounts unavailable to management without Board's approval	<u>(703,449)</u>	<u>(607,431)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 469,328</u>	<u>\$ 403,660</u>

The Organization has a \$75,000 line of credit they could draw upon in the event of unanticipated liquidity needs. At September 30, 2021 and 2020, there were no outstanding borrowings on this line of credit. In addition, on December 9, 2021, Ontario County approved renewal of the annual contract with the Organization for \$1,042,529 for the County fiscal year ending December 31, 2022.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2021 AND 2020

NOTE C: PROPERTY AND EQUIPMENT

The composition of property and equipment is as follows:

	September 30,	
	2021	2020
Land and land improvements	\$ 28,420	\$ 28,420
Building and improvements	384,880	384,880
Furniture and equipment	77,006	96,324
Vehicle	40,791	40,791
Website development	113,450	99,700
	<u>644,547</u>	<u>650,115</u>
Less accumulated depreciation and amortization	<u>304,082</u>	<u>274,498</u>
	<u>\$ 340,465</u>	<u>\$ 375,617</u>

NOTE D: LINE OF CREDIT

The Organization has available a demand line of credit in the amount of \$75,000 as of September 30, 2021 and 2020 with interest at the prime rate (an effective rate of 3.25% at September 30, 2021). The line is secured by all business assets. There were no amounts outstanding on the line of credit at September 30, 2021 and 2020.

NOTE E: NET ASSETS

	September 30,	
	2021	2020
<u>Net assets without donor restrictions consist of the following:</u>		
Undesignated	\$ 309,085	\$ 394,029
Invested in property and equipment	340,465	375,617
Board designated:		
Operating reserve	456,000	411,882
Capital reserve	244,449	187,724
Visitor experience fund	3,000	7,825
	<u>703,449</u>	<u>607,431</u>
	<u>\$ 1,352,999</u>	<u>\$ 1,377,077</u>
<u>Net assets with donor restrictions consist of the following:</u>		
Subject to expenditure for a specified purpose:		
Personal protective equipment and supplies	<u>\$ -</u>	<u>\$ 14,028</u>

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2021 AND 2020

NOTE F: CONCENTRATION

The Organization receives a substantial amount of its support from state and local governments. A significant reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities. State and local government grants require fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill these conditions may result in the return of these funds to the grantors.

NOTE G: SHARED PROJECTS AND COOPERATIVE REGIONAL FUNDING

In its assigned function, the Organization acts jointly with other tourist promotion groups, such as the local Chambers of Commerce and the Finger Lakes Tourism Promotion Agencies Council. Thus, expenditures are incurred for marketing activities, matching grants and cooperative projects, some of which are reimbursed from cooperating agencies. There were no reimbursements received in 2021 or 2020.

The Organization acted as regional administrator for these funds through June 2014. At that time the funds relating to the regional programs were transferred to a new non-profit entity established to manage these funds. The Organization continues to administer small joint promotional activities with surrounding counties. As administrator, the Organization holds bank accounts under the name of the organization and expenses are paid as incurred. The accounts are restricted for the purpose of the shared costs.

The balance of the restricted bank accounts are \$3,783 as of September 30, 2021 and 2020.

Only the shared portion of expenses belonging to the Organization are reported as expenses on the Statement of Activities.

NOTE H: NEW YORK STATE TOURISM MATCHING FUNDS PROGRAM

The Organization applied for and received grants from the New York State Department of Economic Development. The grants amounted to \$29,622 for 2021 and \$67,601 for 2020. Amounts due from New York State totaled \$29,622 and \$45,518 at September 30, 2021 and 2020, respectively. Revenue recognized during the years ended September 30, 2021 and 2020 is \$29,622 and \$45,518, respectively.

The grants are required to be matched by local funds in order to be received. The program is designed to promote tourism on a cooperative basis. Matching funds were provided by Ontario County and various private sectors and other local organizations. The state requires that 100% of the grant be used for approved marketing program activities.

NOTE I: RETIREMENT PLAN

The Organization sponsors a defined contribution 401(k) plan for eligible participants. The Plan allows eligible participants to make voluntary contributions of compensation subject to Internal Revenue Code limitations. The Organization contributes up to 5% of an employee's salary if matched by the employee contribution to their 401(k). The Organization contributed \$11,851 and \$7,178 to the 401(k) plan for the years ended September 30, 2021 and 2020, respectively.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2021 AND 2020

NOTE J: COMMITMENTS

The Organization entered into a website consulting, content management solutions and customer relationship management agreement at a quarterly cost of \$11,000 through June 2022. During December 2019, the Organization amended the agreement at a quarterly cost of \$11,613 through June 2022. In February 2021, additional services were added through this vendor at a quarterly cost of \$6,000 through January 2022. Additional unrelated agreements were entered into starting in October 2021 for technology services at a monthly cost of \$882 through September 2024 and website accessibility software at monthly cost of \$500 per month through October 2024.

The future minimum payments on these agreements are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2022	\$ 59,421
2023	16,584
2024	16,584
	<u>\$ 92,589</u>

NOTE K: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, salaries and wages, taxes and benefits, and certain administrative costs which are allocated based on estimation of time, effort and usage.

NOTE L: NOTE PAYABLE

In response to the COVID-19 outbreak, as disclosed in Note M, in May 2020, the Organization applied for and was approved by a bank for a loan of \$95,995 through the Paycheck Protection Program established by the Small Business Administration. The loan had a maturity of 2 years and an interest rate of 1%. The loan had the potential for forgiveness provided certain requirements were met by the Organization. The loan was funded on May 4, 2020. As of October 2020, the Organization met the requirements for forgiveness and the Small Business Administration approved the forgiveness on October 8, 2020.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2021 AND 2020

NOTE M: FINANCIAL IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Employee Retention Credit

On March 27, 2020, the CARES Act was enacted. Under the CARES Act, the Employee Retention Credit, a refundable wage-related tax credit, was made available to eligible employers. The Organization recognized a benefit of \$115,161, recorded as other income, related to this credit during the year ended September 30, 2021.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Ontario County Four Seasons Local Development Corp.

We have audited, 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, the financial statements of Ontario County Four Seasons Local Development Corp., which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ontario County Four Seasons Local Development Corp.'s internal control over financial reporting (internal control) as a basis for designing 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 Ontario County Four Seasons Local Development Corp.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Ontario County Four Seasons Local Development Corp.'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 Ontario County Four Seasons Local Development Corp.'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*.

We noted certain matters that we reported to management of Ontario County Four Seasons Local Development Corp. in a separate letter dated December 13, 2021.

Purpose of This Report

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

Mengel, Metzger, Barw & Co. LLP

Canandaigua, New York
December 13, 2021