

**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, 2019 AND 2018



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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, 2019 and 2018, 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, 2019 and 2018, 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 11, 2019 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, Baw & Co. LLP

Canandaigua, New York
December 11, 2019

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
<u>CURRENT ASSETS</u>		
Unrestricted cash and cash equivalents	\$ 1,239,554	\$ 895,496
Grants and contracts receivable	230	252,943
Prepaid expenses	<u>9,892</u>	<u>11,526</u>
TOTAL CURRENT ASSETS	1,249,676	1,159,965
 <u>PROPERTY AND EQUIPMENT, NET</u>	 352,141	 330,944
 <u>OTHER ASSETS</u>		
Restricted cash	<u>3,783</u>	<u>6,715</u>
TOTAL ASSETS	<u>\$ 1,605,600</u>	<u>\$ 1,497,624</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 5,529	\$ 23,197
Accrued expenses	21,668	14,964
Unearned revenue	<u>261,719</u>	<u>259,789</u>
TOTAL CURRENT LIABILITIES	288,916	297,950
 <u>OTHER LIABILITIES</u>		
Cooperative regional programs	<u>3,783</u>	<u>6,715</u>
TOTAL LIABILITIES	292,699	304,665
 <u>NET ASSETS</u>		
Without donor restrictions	<u>1,312,901</u>	<u>1,192,959</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,605,600</u>	<u>\$ 1,497,624</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

	<u>Without donor restrictions</u>	
	<u>Year ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
<u>SUPPORT AND REVENUE:</u>		
County contract	\$ 1,037,660	\$ 1,009,043
NYS matching fund grants	79,045	61,074
Program service fees	36,466	43,416
Donated services and merchandise	13,293	9,719
Interest income	869	850
Other revenue	<u>1,405</u>	<u>138</u>
TOTAL SUPPORT AND REVENUE	1,168,738	1,124,240
 <u>EXPENSES</u>		
Program services	935,571	948,765
Administrative and general	<u>113,225</u>	<u>141,901</u>
TOTAL EXPENSES	<u>1,048,796</u>	<u>1,090,666</u>
CHANGE IN NET ASSETS	119,942	33,574
Net assets at beginning of year	<u>1,192,959</u>	<u>1,159,385</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,312,901</u>	<u>\$ 1,192,959</u>

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, 2019			Year ended September 30, 2018		
	Program Services	Administrative and General	Total	Program Services	Administrative and General	Total
Salaries and wages	\$ 315,538	\$ 61,858	\$ 377,396	\$ 294,417	\$ 68,600	\$ 363,017
Taxes and benefits	61,639	5,780	67,419	66,934	15,404	82,338
Marketing:						
Advertising and branding	118,048	-	118,048	249,106	-	249,106
Brochures	75,055	-	75,055	33,699	-	33,699
Mailing	19,879	-	19,879	16,775	-	16,775
Travel, trade show and information center	25,299	806	26,105	16,432	1,420	17,852
Websites	44,339	-	44,339	56,451	-	56,451
Audio/visual production	10,160	-	10,160	18,921	-	18,921
Research	23,612	-	23,612	15,192	-	15,192
Public Relations	53,480	1,198	54,678	43,935	1,327	45,262
Brand development/strategic plan	45,963	-	45,963	22,988	-	22,988
Professional development	20,935	1,263	22,198	11,023	3,674	14,697
Professional services	7,273	17,055	24,328	2,159	21,136	23,295
Dues, fees and subscriptions	5,934	1,483	7,417	5,325	1,775	7,100
Non-cash donation expense	13,293	-	13,293	9,719	-	9,719
Insurance	7,428	1,857	9,285	5,681	1,894	7,575
Office expenses	5,348	1,337	6,685	6,845	2,282	9,127
Telephone and internet	6,766	1,692	8,458	8,478	2,826	11,304
Repairs and maintenance	17,652	4,413	22,065	10,539	3,514	14,053
Technology/Information systems	14,391	3,598	17,989	8,080	2,693	10,773
Real estate taxes	4,994	1,249	6,243	4,913	1,638	6,551
Utilities	5,719	1,430	7,149	5,910	1,970	7,880
Depreciation	32,826	8,206	41,032	35,243	11,748	46,991
TOTAL EXPENSES	\$ 935,571	\$ 113,225	\$ 1,048,796	\$ 948,765	\$ 141,901	\$ 1,090,666

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>2019</u>	<u>2018</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 119,942	\$ 33,574
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	41,032	46,991
Loss on property and equipment disposals	937	125
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	252,713	(195,583)
Prepaid expenses	1,634	(1,120)
Accounts payable	(17,668)	15,244
Accrued expenses	6,704	(5,630)
Unearned revenue	1,930	259,789
NET CASH PROVIDED FROM OPERATING ACTIVITIES	407,224	153,390
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(77,216)	(28,093)
Proceeds from sales of property and equipment	14,050	-
NET CASH USED FOR INVESTING ACTIVITIES	(63,166)	(28,093)
NET INCREASE IN CASH	344,058	125,297
Unrestricted cash and cash equivalents at beginning of year	895,496	770,199
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,239,554</u>	<u>\$ 895,496</u>
<u>NON-CASH OPERATING ACTIVITY</u>		
Donated services and merchandise	<u>\$ 13,293</u>	<u>\$ 9,719</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, 2019 AND 2018

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. The Organization had no net assets with donor restrictions at September 30, 2019 and 2018.

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.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2019 AND 2018

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

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, 2019 or 2018.

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.

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, 2019, 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, 2016. The tax returns for years ended September 30, 2016 through September 30, 2019 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.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2019 AND 2018

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

Revenue and support recognition

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 \$1,046,875 and \$1,010,017 for the Ontario County periods ending December 31, 2019 and 2018, respectively. Revenue recognized during the years ended September 30, 2019 and 2018 is \$1,037,660 and \$1,009,043 respectively. Deferred revenue amounted to \$261,719 and \$259,789 as of September 30, 2019 and 2018. Grants and contracts receivable amounted to \$230 and \$252,943 as of September 30, 2019 and 2018, respectively.

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.

Advertising, branding and marketing

The Organization expenses all advertising related costs as they are incurred. Advertising costs for the years ended September 30, 2019 and 2018 amounted to approximately \$118,000 and \$249,100, 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, 2019 and 2018 and the reported amounts of revenues and expenses for the years then ended. Actual results could differ from those estimates.

Change in accounting principle

During August 2016 FASB issued Accounting Standards Update No. 2016-14 "*Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*". The main provisions of ASU 2016-14 require a Not-For-Profit (NFP) to:

- 1) Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than three classes. That is, an NFP will report amounts for *net assets with donor restrictions* and *net assets without donor restrictions*, as well as the currently required amount for total net assets.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2019 AND 2018

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

- 2) Present on the face of the statement of activities the amount of the change in each of the two classes of net assets (noted in item 1) rather than that of the required three classes as in prior years. An NFP would continue to report the currently required amount of the change in total net assets for the period.
- 3) Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.
- 4) Provide enhanced disclosures about:
 - a) Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
 - b) Qualitative information that communicates how a NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.
 - c) Quantitative information, and additional qualitative information, that communicates the availability of an NFP's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the statement of financial position date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by Board of Directors decisions.
 - d) Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location.
 - e) Method(s) used to allocate costs among program and support functions.

ASU 2016-14 is effective for financial statements beginning after December 15, 2017 and was applied retrospectively except for the disclosures regarding liquidity and availability of resources, which are presented only for the current year. There was no effect on total assets or changes in net assets. The Organization has adopted the amendments effective October 1, 2018.

Reclassifications

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

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2019 AND 2018

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

New accounting pronouncements

Revenue from contracts with customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued a new standard related to revenue recognition. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. For nonpublic entities, the guidance in this new standard is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. 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.

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 US GAAP. For nonpublic entities, the guidance in this new standard is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. 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.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through December 11, 2019, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2019 AND 2018

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 at September 30, 2019:

	<u>Amount</u>
Cash and cash equivalents	\$ 1,243,337
Grants and contracts receivable	<u>230</u>
Total financial assets available within one year	1,243,567
Less:	
Amounts unavailable for general expenditures within one year due to:	
Restricted for the purpose of shared costs	<u>(3,783)</u>
Total amounts unavailable for general expenditures within one year	(3,783)
Amounts unavailable to management without Board approval:	
Board designated for operating reserve	(411,882)
Board designated for capital reserve	(249,859)
Board designated for visitor experience fund	<u>(25,000)</u>
Total amounts unavailable to management without Board's approval	<u>(686,741)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 553,043</u>

The Organization has a \$75,000 line of credit that they could draw upon in the event of unanticipated liquidity needs. At September 30, 2019, there were no outstanding borrowings on this line of credit. In addition, the annual contract with Ontario County was renewed for \$992,085 for the County period ending December 31, 2020.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2019 AND 2018

NOTE C: PROPERTY AND EQUIPMENT

The composition of property and equipment is as follows:

	September 30,	
	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 28,420	\$ 14,000
Building and improvements	370,865	360,616
Furniture and equipment	100,830	91,295
Vehicle	40,791	35,707
Website development	<u>58,450</u>	<u>58,450</u>
	599,356	560,068
Less accumulated depreciation and amortization	<u>247,215</u>	<u>229,124</u>
	<u>\$ 352,141</u>	<u>\$ 330,944</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, 2019 and 2018 with interest at the prime rate (an effective rate of 5.00% at September 30, 2019). The line is secured by all business assets. There were no amounts outstanding on the line of credit at September 30, 2019 and 2018.

NOTE E: NET ASSETS

Net assets without donor restrictions consist of the following:

	September 30,	
	<u>2019</u>	<u>2018</u>
Undesignated	\$ 274,019	\$ 397,846
Invested in property and equipment	352,141	330,944
Board designated:		
Operating reserve	411,882	352,823
Capital reserve	249,859	111,346
Visitor experience fund	<u>25,000</u>	<u>-</u>
	<u>686,741</u>	<u>464,169</u>
	<u>\$ 1,312,901</u>	<u>\$ 1,192,959</u>

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2019 AND 2018

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 2019 or 2018.

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 and \$6,715 as of September 30, 2019 and 2018, respectively.

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 \$71,760 for 2019 and \$68,359 for 2018. There is no deferred revenue related to the grant at September 30, 2019. There was \$7,285 of deferred revenue related to the grant at September 30, 2018. Revenue recognized during the years ended September 30, 2019 and 2018 is \$79,045 and \$61,074, 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 PLANS

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 \$14,710 and \$14,133 to the 401(k) plan for the years ended September 30, 2019 and 2018, respectively.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2019 AND 2018

NOTE J: COMMITMENTS

The Organization entered into a website consulting, content management solutions and customer relationship management agreement at a quarterly cost of \$10,500 through May 2019. During July 2019, the Organization renewed the agreement at a quarterly cost of \$11,000 through June 2022.

The future minimum payments on this agreement are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2020	44,000
2021	44,000
2022	<u>33,000</u>
	<u>\$ 121,000</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.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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

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, 2019, 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 11, 2019.

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) 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 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*.

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 11, 2019