

**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, 2020 AND 2019



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, 2020 and 2019, 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, 2020 and 2019, 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 9, 2020 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.

Emphasis of Matters

As discussed in Note A to the financial statements, in 2020, Ontario County Four Seasons Local Development Corp. adopted new accounting guidance for recognition of revenue, contributions received, and statement of cash flows presentation. Our opinion is not modified with respect to these matters.

Mengel, Metzger, Baw & Co. LLP

Canandaigua, New York
December 9, 2020

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Unrestricted cash and cash equivalents	\$ 637,408	\$ 1,239,554
Certificates of deposit - current	356,000	-
Grants and contracts receivable, net of allowance for doubtful accounts of \$18,000 in 2020	27,518	-
Other receivables	4,193	230
Prepaid expenses	<u>22,684</u>	<u>9,892</u>
TOTAL CURRENT ASSETS	1,047,803	1,249,676
<u>PROPERTY AND EQUIPMENT, NET</u>	375,617	352,141
<u>OTHER ASSETS</u>		
Certificates of deposit - long-term	100,000	-
Restricted cash	<u>3,783</u>	<u>3,783</u>
	<u>103,783</u>	<u>3,783</u>
TOTAL ASSETS	<u>\$ 1,527,203</u>	<u>\$ 1,605,600</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 5,592	\$ 5,529
Accrued expenses	30,728	21,668
Unearned revenue	-	261,719
Note payable	<u>95,995</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	132,315	288,916
<u>OTHER LIABILITIES</u>		
Cooperative regional programs	<u>3,783</u>	<u>3,783</u>
TOTAL LIABILITIES	136,098	292,699
<u>NET ASSETS</u>		
Without donor restrictions	1,377,077	1,312,901
With donor restrictions	<u>14,028</u>	<u>-</u>
TOTAL NET ASSETS	<u>1,391,105</u>	<u>1,312,901</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,527,203</u>	<u>\$ 1,605,600</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,			2019 Without Donor Restrictions Total
	2020		Total	
	Without Donor Restrictions	With Donor Restrictions		
<u>SUPPORT AND REVENUE</u>				
County contract	\$ 1,005,783	\$ -	\$ 1,005,783	\$ 1,037,660
NYS matching fund grants	45,518	-	45,518	79,045
Program service fees	10,670	-	10,670	36,466
Donated services and merchandise	18,745	-	18,745	13,293
Interest income	4,827	-	4,827	869
Other contributions and grants	-	34,383	34,383	-
Other revenue	-	-	-	1,405
Net assets released from restriction	20,355	(20,355)	-	-
TOTAL SUPPORT AND REVENUE	1,105,898	14,028	1,119,926	1,168,738
<u>EXPENSES</u>				
Program services	919,684	-	919,684	935,571
Administrative and general	122,038	-	122,038	113,225
TOTAL EXPENSES	1,041,722	-	1,041,722	1,048,796
CHANGE IN NET ASSETS	64,176	14,028	78,204	119,942
Net assets at beginning of year	1,312,901	-	1,312,901	1,192,959
NET ASSETS AT END OF YEAR	\$ 1,377,077	\$ 14,028	\$ 1,391,105	\$ 1,312,901

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, 2020			Year ended September 30, 2019		
	Program Services	Administrative and General	Total	Program Services	Administrative and General	Total
Salaries and wages	\$ 381,277	\$ 64,047	\$ 445,324	\$ 315,538	\$ 61,858	\$ 377,396
Taxes and benefits	57,011	4,938	61,949	61,639	5,780	67,419
Marketing:						
Advertising and branding	150,826	-	150,826	118,048	-	118,048
Brochures	327	-	327	75,055	-	75,055
Mailing	3,810	-	3,810	19,879	-	19,879
Travel, trade show and information center	14,211	507	14,718	25,299	806	26,105
Websites	55,291	-	55,291	44,339	-	44,339
Audio/visual production	19,002	-	19,002	10,160	-	10,160
Research	4,052	-	4,052	23,612	-	23,612
Public Relations	36,880	442	37,322	53,480	1,198	54,678
Brand development/strategic plan	54,649	-	54,649	45,963	-	45,963
Direct sales/lead generation	29,854	-	29,854	-	-	-
Professional development	8,776	234	9,010	20,935	1,263	22,198
Professional services	3,430	13,483	16,913	7,273	17,055	24,328
Dues, fees and subscriptions	5,829	1,457	7,286	5,934	1,483	7,417
Non-cash donation expense	18,745	-	18,745	13,293	-	13,293
Insurance	7,133	1,783	8,916	7,428	1,857	9,285
Office expenses	4,812	1,204	6,016	5,348	1,337	6,685
Telephone and internet	4,176	1,044	5,220	6,766	1,692	8,458
Repairs and maintenance	9,132	2,283	11,415	17,652	4,413	22,065
Technology/Information systems	15,013	3,753	18,766	14,391	3,598	17,989
Real estate taxes	5,002	1,251	6,253	4,994	1,249	6,243
Utilities	5,015	1,254	6,269	5,719	1,430	7,149
Depreciation	25,431	6,358	31,789	32,826	8,206	41,032
Bad debt expense	-	18,000	18,000	-	-	-
TOTAL EXPENSES	\$ 919,684	\$ 122,038	\$ 1,041,722	\$ 935,571	\$ 113,225	\$ 1,048,796

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>2020</u>	<u>2019</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 78,204	\$ 119,942
Adjustments to reconcile change in net assets to net cash (used for) provided from operating activities:		
Bad debts	18,000	-
Depreciation	31,789	41,032
Loss on property and equipment disposals	-	937
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	(45,518)	252,713
Other receivables	(3,963)	-
Prepaid expenses	(12,792)	1,634
Accounts payable	63	(17,668)
Accrued expenses	9,060	6,704
Unearned revenue	(261,719)	1,930
Cooperative regional programs	-	(2,932)
NET CASH (USED FOR) PROVIDED FROM OPERATING ACTIVITIES	(186,876)	404,292
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(55,265)	(77,216)
Proceeds from sales of property and equipment	-	14,050
Purchases of certificates of deposit	(456,000)	-
NET CASH USED FOR INVESTING ACTIVITIES	(511,265)	(63,166)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Proceeds from note payable	95,995	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	95,995	-
NET (DECREASE) INCREASE IN UNRESTRICTED CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(602,146)	341,126
Unrestricted cash and cash equivalents and restricted cash at beginning of year	1,243,337	902,211
UNRESTRICTED CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 641,191</u>	<u>\$ 1,243,337</u>

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

STATEMENTS OF CASH FLOWS, Cont'd

	<u>Year ended September 30,</u>	
	<u>2020</u>	<u>2019</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	\$ 637,408	\$ 1,239,554
Restricted cash	<u>3,783</u>	<u>3,783</u>
	<u>\$ 641,191</u>	<u>\$ 1,243,337</u>
 <u>NON-CASH OPERATING ACTIVITY</u>		
Donated services and merchandise	<u>\$ 18,745</u>	<u>\$ 13,293</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, 2020 AND 2019

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, 2020 AND 2019

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 \$992,085 and \$1,046,875 for the Ontario County periods ending December 31, 2020 and 2019, respectively. Revenue recognized during the years ended September 30, 2020 and 2019 is \$1,005,783 and \$1,037,660, respectively.

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

	<u>September 30,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Unearned revenue	\$ -	\$ 261,719	\$ 259,789

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 \$27,518 as of September 30, 2020. There were no such amounts at September 30, 2019. There was no unearned revenue relating to cost-reimbursement grants at September 30, 2020 and 2019.

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, 2020 AND 2019

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 February 2022 and interest rates from 0.35% 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. The allowance for doubtful accounts at September 30, 2020 was \$18,000. There was no allowance for doubtful accounts at September 30, 2019.

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, 2020 AND 2019

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, 2020, 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, 2017. The tax returns for years ended September 30, 2017 through September 30, 2020 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, 2020 and 2019 amounted to approximately \$150,800 and \$118,000, 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, 2020 and 2019 and the reported amounts of revenues and expenses for the years then ended. Actual results could differ from those estimates.

Adoption of new accounting standards

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 adopted ASC 606 with the date of initial application of October 1, 2019.

The Organization applied ASC 606 using the cumulative effect method, which generally requires the recognition of the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets, at October 1, 2019. There was no adjustment to the opening balance of net assets at October 1, 2019, as a result of this new accounting standard. In addition, the comparative information has not been adjusted and continues to be reported under existing revenue guidance. The Organization does not expect the adoption of the new revenue standard to have a material impact on its income on an ongoing basis.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2020 AND 2019

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

As part of the adoption of ASC 606, the Organization elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligation, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Contributions received and contributions made

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. For most resource recipients, this standard is effective for annual reporting periods beginning after December 15, 2018. The Organization adopted the provisions of ASU 2018-08 applicable to contributions received with a date of initial application of October 1, 2019 under a modified prospective basis. Accordingly, there is no effect on net assets.

Statement of cash flows

In November 2016, the FASB issued new guidance related to the statement of cash flows (ASC 230), which requires entities to include restricted cash in the reconciliation of the beginning-of-year to the end-of-year balance of cash in the statement of cash flows. ASC 230 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization adopted this standard as of October 1, 2019 using the retrospective transition method.

Reclassifications

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

New accounting pronouncement - 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 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.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through December 9, 2020, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted except as disclosed in Note B and Note L.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2020 AND 2019

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:

	September 30,	
	<u>2020</u>	<u>2019</u>
Cash, cash equivalents and restricted cash	\$ 641,191	\$ 1,243,337
Certificates of deposit - current	356,000	-
Grants and contracts receivable	27,518	-
Other receivables	<u>4,193</u>	<u>230</u>
Total financial assets available within one year	1,028,902	1,243,567
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>(14,028)</u>	<u>-</u>
Total amounts unavailable for general expenditures within one year	(17,811)	(3,783)
Amounts unavailable to management without Board approval:		
Board designated for operating reserve	(411,882)	(411,882)
Board designated for capital reserve	(187,724)	(249,859)
Board designated for visitor experience fund	<u>(7,825)</u>	<u>(25,000)</u>
Total amounts unavailable to management without Board's approval	<u>(607,431)</u>	<u>(686,741)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 403,660</u>	<u>\$ 553,043</u>

The Organization has a \$75,000 line of credit they could draw upon in the event of unanticipated liquidity needs. At September 30, 2020 and 2019, there were no outstanding borrowings on this line of credit. In addition, on December 3, 2020, the annual contract with Ontario County was renewed for \$527,625 for the County period ending December 31, 2021.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2020 AND 2019

NOTE C: PROPERTY AND EQUIPMENT

The composition of property and equipment is as follows:

	September 30,	
	2020	2019
Land and land improvements	\$ 28,420	\$ 28,420
Building and improvements	384,880	370,865
Furniture and equipment	96,324	100,830
Vehicle	40,791	40,791
Website development	99,700	58,450
	<u>650,115</u>	<u>599,356</u>
Less accumulated depreciation and amortization	274,498	247,215
	<u>\$ 375,617</u>	<u>\$ 352,141</u>

At September 30, 2020, approximately \$41,000 is included in website development relating to amounts paid toward a new website which was not yet in service. No provision for depreciation or amortization is made for these costs until the website is put into use. The Organization has additional commitments with a vendor of approximately \$14,000 in relation to the website.

NOTE D: LINE OF CREDIT

The Organization has available a demand line of credit in the amount of \$75,000 as of September 30, 2020 and 2019 with interest at the prime rate (an effective rate of 3.25% at September 30, 2020). The line is secured by all business assets. There were no amounts outstanding on the line of credit at September 30, 2020 and 2019.

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2020 AND 2019

NOTE E: NET ASSETS

	September 30,	
	<u>2020</u>	<u>2019</u>
<u>Net assets without donor restrictions consist of the following:</u>		
Undesignated	\$ 394,029	\$ 274,019
Invested in property and equipment	375,617	352,141
Board designated:		
Operating reserve	411,882	411,882
Capital reserve	187,724	249,859
Visitor experience fund	<u>7,825</u>	<u>25,000</u>
	<u>607,431</u>	<u>686,741</u>
	<u>\$ 1,377,077</u>	<u>\$ 1,312,901</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>\$ 14,028</u>	<u>\$ -</u>

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 2020 or 2019.

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, 2020 and 2019.

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

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2020 AND 2019

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 \$67,601 for 2020 and \$71,760 for 2019. Amounts due from New York State totaled \$45,518 at September 30, 2020. There was no such receivable at September 30, 2019. Revenue recognized during the years ended September 30, 2020 and 2019 is \$45,518 and \$79,045, 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 \$7,178 and \$14,710 to the 401(k) plan for the years ended September 30, 2020 and 2019, respectively.

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. During December 2019, the Organization amended the agreement at a quarterly cost of \$11,613 through June 2022.

The future minimum payments on this agreement are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2021	\$ 46,450
2022	34,838
	<u>\$ 81,288</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.

NOTES TO FINANCIAL STATEMENTS, Cont'd

SEPTEMBER 30, 2020 AND 2019

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 has a maturity of 2 years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the Organization. The loan was funded on May 4, 2020.

As of October 2020, the Organization has met the requirements for forgiveness and the Small Business Administration has approved the forgiveness subsequent to September 30, 2020, on October 8, 2020.

NOTE M: ACCOUNTING 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 2021.

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, 2020, 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 9, 2020.

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*.

We noted certain matters that we reported to management of Ontario County Four Seasons Local Development Corp. in a separate letter dated December 9, 2020.

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 9, 2020