

**ONTARIO COUNTY FOUR SEASONS
LOCAL DEVELOPMENT, INC.**

Financial Statements

September 30, 2010 And 2009

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.

TABLE OF CONTENTS

Independent Auditor's Report

Exhibit "A"	Statements Of Financial Position - September 30, 2010 And 2009
Exhibit "B"	Statements Of Activities For The Years Ended September 30, 2010 And 2009
Exhibit "C"	Statements Of Functional Expenses For The Years Ended September 30, 2010 And 2009
Exhibit "D"	Statements Of Cash Flows For The Years Ended September 30, 2010 And 2009

Notes To Financial Statements

Schedule I	Comparative Statements Of Income – Ontario County Program - For The Years Ended September 30, 2010 And 2009
Schedule II	Comparative Statements Of Income – New York State Matching Program - For The Years Ended September 30, 2010 And 2009

Independent Auditor's Report

**To: Board of Directors
Ontario County Four Seasons Local Development, Inc.**

Suite 400 • 401 Exchange St.
Geneva, NY 14456

315-789-3310
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We have audited the accompanying statements of financial position of Ontario County Four Seasons Local Development, Inc. (a nonprofit organization) as of September 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, Inc. as of September 30, 2010, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of Comparative Statements of Income – Ontario County Program, and Comparative Statements of Income – New York State Matching Program are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Fredericksen & Sirianni LLP

Fredericksen & Sirianni, LLP
Certified Public Accountants

January 12, 2011

Andrew F. Fredericksen, CPA* • William T. Sirianni, CPA

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* Also licensed in the State of Florida

Members of the American Institute of Certified Public Accountants & the New York State Society of Certified Public Accountants.

EXHIBIT "A"

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Statements Of Financial Position
September 30, 2010 And 2009

ASSETS

	<u>2010</u>	<u>2009</u>
<u>Current Assets</u>		
Unrestricted cash and cash equivalents	\$ 402,074	\$ 213,104
Accounts receivable	0	20,000
Prepaid expenses	<u>12,805</u>	<u>52,071</u>
Total Current Assets	414,879	285,175
<u>Property and Equipment</u>		
Land	14,000	14,000
Building and improvements	289,980	276,296
Furniture and equipment	129,375	125,186
Vehicle	<u>26,843</u>	<u>0</u>
	460,198	415,482
Less: Accumulated depreciation	<u>(147,781)</u>	<u>(125,787)</u>
Total Net Property and Equipment	312,417	289,695
<u>Other Assets</u>		
Restricted cash and cash equivalents	<u>28,975</u>	<u>229,468</u>
Total Assets	\$ <u>756,271</u>	\$ <u>804,338</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Current portion of long-term debt	\$ 4,775	\$ 4,559
Accounts payable	10,125	12,977
Accrued expenses	9,461	16,266
Unearned revenue	<u>178,987</u>	<u>210,546</u>
Total Current Liabilities	203,348	244,348
<u>Long-Term Debt</u>		
Note payable - Windows	12,762	15,262
Mortgage payable	<u>30,584</u>	<u>37,403</u>
	43,346	52,665
Less: Current portion of debt	<u>(4,775)</u>	<u>(4,559)</u>
Total Long-Term Debt	38,571	48,106
<u>Other Liabilities</u>		
Cooperative regional programs	<u>28,975</u>	<u>4,417</u>
Total Liabilities	270,894	296,871
<u>Net Assets</u>		
Unrestricted	86,225	289,656
Unrestricted – Board designated	220,390	0
Temporarily restricted	<u>178,762</u>	<u>217,811</u>
Net Assets – End of Year	485,377	507,467
Total Liabilities and Net Assets	\$ <u>756,271</u>	\$ <u>804,338</u>

**The Accompanying Notes Are An Integral
Part Of These Financial Statements**

EXHIBIT "B"

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Statements Of Activities
For The Years Ended September 30, 2010 And 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2010</u>
<u>Support and Revenues</u>			
County contract	\$ 0	\$ 731,043	\$ 731,043
NYS matching funds	0	15,791	15,791
Donated services and merchandise	0	39,035	39,035
Reimbursement of shared costs	0	16,325	16,325
Interest income	<u>1,513</u>	<u>0</u>	<u>1,513</u>
	1,513	802,194	803,707
 Net Assets Released from Restrictions:			
Satisfaction of purpose	<u>841,243</u>	<u>(841,243)</u>	<u>0</u>
 Total Support and Revenues	<u>842,756</u>	<u>(39,049)</u>	<u>803,707</u>
 <u>Expenses</u>			
Program services	719,920	0	719,920
Administrative and general	<u>105,877</u>	<u>0</u>	<u>105,877</u>
 Total Expenses	<u>825,797</u>	<u>0</u>	<u>825,797</u>
 Change in Net Assets	16,959	(39,049)	(22,090)
 Net Assets – Beginning of year, restated	<u>289,656</u>	<u>217,811</u>	<u>507,467</u>
 Net Assets – End of Year	<u>\$ 306,615</u>	<u>178,762</u>	<u>\$ 485,377</u>

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EXHIBIT "B"
(Continued)

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Statements Of Activities
For The Years Ended September 30, 2010 And 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2009</u>
<u>Support and Revenues</u>			
County contract	\$ 0	\$ 765,997	\$ 765,997
NYS matching fund	0	47,373	47,373
Donated services and merchandise	0	3,220	3,220
Reimbursement of shared costs	0	15,954	15,954
Interest income	<u>2,181</u>	<u>0</u>	<u>2,181</u>
Net Assets Released from Restrictions:			
Satisfaction of purpose	<u>640,470</u>	<u>(640,470)</u>	<u>0</u>
Total Support and Revenues	<u>642,651</u>	<u>192,074</u>	<u>834,725</u>
<u>Expenses</u>			
Program services	596,347	0	596,347
Administrative and general	<u>115,374</u>	<u>0</u>	<u>115,374</u>
Total Expenses	<u>711,721</u>	<u>0</u>	<u>711,721</u>
Change in Net Assets	(69,070)	192,074	123,004
Net Assets – Beginning of year, restated	358,726	30,154	388,880
Reclassification of Cooperative Regional Programs	<u>0</u>	<u>(4,417)</u>	<u>(4,417)</u>
Net Assets – End of Year	<u>\$ 289,656</u>	<u>\$ 217,811</u>	<u>\$ 507,467</u>

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EXHIBIT "C"

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Statements Of Functional Expenses
For The Years Ended September 30, 2010 And 2009

	<u>Program Services</u>	<u>Administrative And General</u>	<u>Total 2010</u>
Advertising and marketing	\$ 155,213	\$ 0	\$ 155,213
Audio/visual production	13,768	0	13,768
Bank charges	0	193	193
Brochure production/distribution	41,409	0	41,409
Dues, fees and subscriptions	6,102	0	6,102
Equipment leasing	0	0	0
Insurance - general	3,563	3,423	6,986
Interest expense	0	2,884	2,884
Mailing	7,968	0	7,968
Miscellaneous	0	0	0
Non-cash donation expense	39,035	0	39,035
Office supplies	4,293	2,862	7,155
Professional development	4,456	1,486	5,942
Professional services	0	11,548	11,548
Public relations	34,817	0	34,817
Real estate taxes	3,652	1,217	4,869
Repairs and maintenance	12,892	4,298	17,190
Research	7,189	0	7,189
Salaries and wages	227,467	55,116	282,583
Taxes and benefits	43,282	14,427	57,709
Telephone and websites	64,232	1,752	65,984
Travel, trade show and information center	30,571	0	30,571
Utilities	<u>3,515</u>	<u>1,173</u>	<u>4,688</u>
Total Functional Expenses Before Depreciation	703,424	100,379	803,803
Depreciation	<u>16,496</u>	<u>5,498</u>	<u>21,994</u>
Total Functional Expenses	\$ <u>719,920</u>	\$ <u>105,877</u>	\$ <u>825,797</u>

**The Accompanying Notes Are An Integral
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EXHIBIT "C"
(Continued)

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Statements Of Functional Expenses
For The Years Ended September 30, 2010 And 2009

	<u>Program</u> <u>Services</u>	<u>Administrative</u> <u>And General</u>	<u>Total</u> <u>2009</u>
Advertising and marketing	\$ 99,095	\$ 0	\$ 99,095
Audio/visual production	10,479	0	10,479
Bank charges	0	52	52
Brochure production/distribution	38,981	0	38,981
Dues, fees and subscriptions	3,250	0	3,250
Equipment leasing	196	0	196
Insurance - general	4,482	4,307	8,789
Interest expense	0	5,105	5,105
Mailing	17,178	0	17,178
Miscellaneous	0	44	44
Non-cash donation expense	3,220	0	3,220
Office supplies	4,833	3,221	8,054
Professional development	8,875	2,959	11,834
Professional services	0	16,703	16,703
Public relations	24,374	0	24,374
Real estate taxes	3,579	1,193	4,772
Repairs and maintenance	14,967	4,990	19,957
Research	3,840	0	3,840
Salaries and wages	226,011	53,416	279,427
Taxes and benefits	60,150	15,355	75,505
Telephone and websites	22,579	1,752	24,331
Travel, trade show and information center	31,425	0	31,425
Utilities	<u>3,421</u>	<u>1,140</u>	<u>4,561</u>
Total Functional Expenses			
Before Depreciation	580,935	110,237	691,172
Depreciation	<u>15,412</u>	<u>5,137</u>	<u>20,549</u>
Total Functional Expenses	\$ <u>596,347</u>	\$ <u>115,374</u>	\$ <u>711,721</u>

**The Accompanying Notes Are An Integral
Part Of These Financial Statements**

EXHIBIT "D"**ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.****Statements Of Cash Flows****For The Years Ended September 30, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<u>Cash Flows From Operating Activities</u>		
(Decrease) Increase in net assets	\$ (22,090)	\$ 123,004
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	21,994	20,549
(Increase) Decrease in operating assets:		
Accounts receivable	20,000	81,322
Prepaid expenses	39,266	(43,960)
Increase (Decrease) in operating liabilities:		
Accounts payable	(2,852)	(9,921)
Accrued expenses	(6,805)	10,572
Unearned revenue	(31,559)	28,815
Cooperative regional programs	<u>24,558</u>	<u>0</u>
Total Adjustments	<u>64,602</u>	<u>87,377</u>
Net Cash Provided By Operating Activities	<u>42,512</u>	<u>210,381</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of property and equipment	<u>(44,716)</u>	<u>(17,528)</u>
Net Cash Used By Investing Activities	<u>(44,716)</u>	<u>(17,528)</u>
<u>Cash Flows From Financing Activities</u>		
Payments on note payable – windows	(2,500)	(2,393)
Payments on mortgage payable	<u>(6,819)</u>	<u>(45,409)</u>
Net Cash Used By Financing Activities	<u>(9,319)</u>	<u>(47,802)</u>
Net Increase in Cash and Cash Equivalents	(11,523)	145,051
Cash and Cash Equivalents – Beginning of Year	<u>442,572</u>	<u>297,521</u>
Cash and Cash Equivalents – End of Year	\$ <u>431,049</u>	\$ <u>442,572</u>

**The Accompanying Notes Are An Integral
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EXHIBIT "D"
(Continued)

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Statements Of Cash Flows
For The Years Ended September 30, 2010 And 2009

	<u>2010</u>	<u>2009</u>
Unrestricted Cash and Cash Equivalents - Beginning	\$ 213,104	\$ 281,872
Increase (Decrease) in Cash and Cash Equivalents	<u>188,970</u>	<u>(68,768)</u>
Unrestricted Cash and Cash Equivalents – Ending	\$ <u>402,074</u>	\$ <u>213,104</u>
Restricted Cash and Cash Equivalents – Beginning	\$ 229,468	\$ 15,649
(Decrease) Increase in Cash and Cash Equivalents	<u>(200,493)</u>	<u>213,819</u>
Restricted Cash and Cash Equivalents – Ending	\$ <u>28,975</u>	\$ <u>229,468</u>
Cash Paid for:		
Interest expense	\$ <u>2,884</u>	\$ <u>5,105</u>
Non-Cash Transactions:		
Donated materials and services	\$ <u>39,035</u>	\$ <u>3,220</u>

**The Accompanying Notes Are An Integral
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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.

Notes To Financial Statements

For The Years Ended September 30, 2010 And 2009

NOTE 1 ORGANIZATION

Ontario County Four Seasons Local Development, Inc. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of Ontario County Four Seasons Local Development, Inc. as summarized below, conform with generally accepted accounting principles and reflect practices appropriate to the industry in which it operates.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recognition of Income

The Organization receives funding from Ontario County under an annually renewable contract. Revenues are requested periodically under the terms of the contract in anticipation of expenses to be incurred. The contract amounted to \$715,050 and \$779,021 for the Ontario County period ending December 31, 2010 and 2009, respectively. The financial statements reflect three-quarters of this amount as income and one-quarter as deferred revenue. Deferred revenue amounted to \$178,762 and \$194,755 at September 30, 2010 and 2009, respectively.

Reclassification

Certain prior period items have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**The Accompanying Independent Auditor's Report Is
An Integral Part of These Financial Statements**

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.

Notes To Financial Statements

For The Years Ended September 30, 2010 And 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Resources

Operating funds restricted by the donor, grantor or other parties for particular operating purposes are deemed to be earned and reported as revenue of unrestricted operations when the Organization has incurred expenditures in compliance with the specific restrictions. Amounts received, but not yet earned, are reported as restricted deferred amounts.

The Organization has an informal alliance with other organizations in the surrounding counties. The multi-county funds are held and managed by the Organization for joint promotional work for tourism and is considered restricted.

Classification of Net Assets

The Organization has adopted Statement FASB ASC 958 (formerly Financial Accounting Standards (SFAS) No. 117), "Financial Statements of Not-For-Profit Organizations". Under FASB ASC 958-005 (SFAS No. 117), the Organization is required to report information regarding its financial position activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Organization had no permanently restricted net assets as of September 30, 2010. In addition, the Organization is required to present a statement of cash flows.

Restrictions on net assets designated by the Board are classified as unrestricted board designated.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash and money market funds with maturity of three months or less to be cash equivalents.

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents		
Unrestricted	\$ 402,074	\$ 213,104
Temporarily restricted	<u>28,975</u>	<u>229,468</u>
Total Cash and Cash Equivalents	\$ <u>431,049</u>	\$ <u>442,572</u>

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 12, 2011.

**The Accompanying Independent Auditor's Report Is
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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Notes To Financial Statements
For The Years Ended September 30, 2010 And 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unsecured Cash Balances

The Organization maintains bank accounts with several institutions which are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000 per customer.

The Organization has no cash equivalent balances in excess of FDIC limits at September 30, 2010.

The Organization's uninsured cash equivalent balance represents amounts on deposit at one institution totaling approximately \$82,080 at September 30, 2009.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Estimated useful lives of property and equipment are as follows:

Building and improvements	39 years
Furniture and equipment	5 – 7 years

Depreciation expense for the periods ended September 30, 2010 and 2009 amounted to \$21,994 and \$20,549, respectively.

Reserve Policy

The Organization has established procedures or set aside funds for major repairs and maintenance to its capitalized property and equipment as per the Reserve Policy. The Organization sets aside an amount determined by the Board in a cash account classified as unrestricted and is included in cash and cash equivalents.

As per the Reserve Policy, the designated amount for the period ended September 30, 2010 is \$220,390.

Advertising and Marketing

The Organization expenses all advertising and marketing related costs as they are incurred. These related expenses for the years ended September 30, 2010 and 2009 was \$157,266 and \$99,095, respectively.

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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Notes To Financial Statements
For The Years Ended September 30, 2010 And 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status

The Organization has been designated as a non-profit organization under Section 501 (c) (3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes.

In June 2006, the Financial Accounting Standards Board ("FASB") issued interpretation No. 48, Accounting for Uncertainty in Income Taxes – an Interpretation of FASB No. 109, Accounting for Income Taxes ("FIN 48"). FIN 48 requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize tax-exempt status. The Organization implemented FIN 48 and its current accounting policy for evaluation tax positions in accordance with generally accepted accounting principles. The organization believes it has no uncertain tax positions and has not recognized any benefits from uncertain tax positions that will significantly increase or decrease in twelve months after the balance sheet date.

Commitments and Contingencies

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.

Non-Cash Donations

Contributions of donated non-cash assets and services are recorded at their fair market values in the period received.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**The Accompanying Independent Auditor's Report Is
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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.

Notes To Financial Statements

For The Years Ended September 30, 2010 And 2009

NOTE 3 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 Alliance. Thus, expenditures are incurred for marketing activities, matching grants and cooperative projects, some of which are reimbursed from cooperating agencies.

The Organization acts as regional administrator for these funds. As administrator, the Organization holds two 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. See Note 10.

The balance of the restricted bank accounts was \$28,975 and \$4,417 for the years ended September 30, 2010 and 2009, respectively.

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

NOTE 4 COOPERATIVE PROJECTS AND AGENCY CONTRACTS

The Organization entered into cooperative contracts for the promotion of Ontario County with materials and support as follows:

	<u>2010</u>	<u>2009</u>
Geneva Chamber of Commerce	\$ 0	\$ 8,250
Canandaigua Chamber of Commerce	0	8,250
Victor Chamber of Commerce	<u>2,500</u>	<u>5,000</u>
	\$ <u>2,500</u>	\$ <u>21,500</u>

NOTE 5 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 \$0 for 2009-2010 fiscal year and \$63,164 for 2008-2009 fiscal year end of New York State. New York State changed the matching funds program from a October 1 – September 30 fiscal year to a January 1 – December 31 fiscal year. As a result, a portion of the grant funds received in 2009 was deferred to 2010 fiscal year.

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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Notes To Financial Statements
For The Years Ended September 30, 2010 And 2009

NOTE 5 NEW YORK STATE TOURISM MATCHING FUNDS PROGRAM
(continued)

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 6 ADDITIONAL NYS GRANTS

New York State offered a new grants program in 2008-2009 called Explore NY Grants.

Slice, Dice and Spice NY grant included a partnership between Ontario County, Livingston County, Wayne County, the New York Wine and Culinary Center, and the Canandaigua Wine Trail. The grant was for \$50,000 and required a dollar-for-dollar match. The grant period ended on July 31, 2009, and the Final Report indicated a total partner investment of \$105,559.

Slice, Dice and Spice NY II grant included a partnership between Ontario County, the New York Wine and Culinary Center and the Canandaigua Wine Trail. The grant was for \$20,000 and required a dollar-for-dollar match. The grant period ended on December 31, 2009.

No funds were offered by New York State during the fiscal year ended September 30, 2010.

NOTE 7 LINE OF CREDIT

The Organization has obtained a commercial line of credit with Five Star Bank in the amount of \$75,000. This line of credit became effective on July 2, 2007 and expires December 31, 2048 and is secured by all business assets. The line of credit has a variable prime rate that changes automatically with any change published in the Wall Street Journal. As of September 30, 2010 the rate of interest was 3.25%. As of September 30, 2010, there was no outstanding balance on the line of credit.

The Accompanying Independent Auditor's Report Is
An Integral Part of These Financial Statements

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Notes To Financial Statements
For The Years Ended September 30, 2010 And 2009

NOTE 8 LONG-TERM DEBT

Long-term debt at September 30, 2010 and 2009 consisted of the following:

Mortgage payable

On May 18, 2009, the Organization re-negotiated the mortgage loan with FiveStar Bank under a five year agreement. Under the new terms, the annual fixed rate of interest is 6%. Payments amount to \$352.87 per month and include interest. The mortgage loan matures May 10, 2014. Prior to the renegotiation, mortgage payable to Five Star Bank was a 20 year mortgage at an annual fixed prime interest rate of 6.85% for a five year period.

The mortgage is secured by the building owned by the Organization. In addition, the Organization has made voluntary additional principal payments. Mortgage payable at September 30, 2010 and 2009 is \$30,584 and \$37,403, respectively.

Future principal payments required on this mortgage at September 30, 2010 are as follows:

2011	\$ 2,174
2012	2,308
2013	2,451
2014	23,651
Thereafter	<u>0</u>
Total Mortgage Payable	30,584
Less: Current portion	<u>2,174</u>
Mortgage payable, net of current	\$ <u>28,410</u>

Note Payable – Windows

Note payable to the Five Star Bank is for the replacement of windows on the building, and is collateralized by a second lien on the real estate mortgage. The note began July 14, 2005 and matures July 14, 2015. The original rate of interest on the note is 3% per annum, fixed rate with an adjusted rate after five years. In July 2010, the interest rate was adjusted to 0.08% per annum. Payments amount to \$242 per month and include interest. The balance on this note is \$12,762 and \$15,262 as of September 30, 2010 and 2009, respectively.

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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Notes To Financial Statements
For The Years Ended September 30, 2010 And 2009

NOTE 8 LONG-TERM DEBT (Continued)

Future principal payments required on this note at September 30, 2010 are as follows:

2011	\$ 2,601
2012	2,621
2013	2,643
2014	2,664
2015	2,223
Thereafter	<u>0</u>
Total Note Payable – Windows	12,762
Less: Current portion	<u>2,601</u>
Note Payable – Windows, net of current portion	\$ <u>10,161</u>

Combined Long-Term Debt:

Total Long-Term Debt	\$ 43,347
Less: Total current portion	<u>4,775</u>
Total Long-Term Debt, Net of Current Portion	\$ <u>38,572</u>

Interest expense for total long-term debt amounted to \$2,884 and \$5,105 at September 30, 2010 and 2009, respectively.

NOTE 9 RETIREMENT PLAN

The Organization sponsors a SEP (Simplified Employee Pension) plan that covers all employees who have worked for a minimum of three years for the Organization. The Organization contributes up to 5% of an employee's salary if matched by employee contribution to their 403b. The Organization contributed \$9,687 and \$10,849 in 2010 and 2009, respectively.

**The Accompanying Independent Auditor's Report Is
An Integral Part of These Financial Statements**

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Notes To Financial Statements
For The Years Ended September 30, 2010 And 2009

NOTE 10 TEMPORARY RESTRICTIONS ON NETS ASSETS

Restrictions on net asset are composed of funds temporarily restricted for specific programs as per grantor stipulations

	<u>2010</u>	<u>2009</u>
Temporarily restricted for purpose restrictions:		
NYS matching funds tourism	\$ 0	\$ 7,265
Multi-county programs	<u>0</u>	<u>0</u>
	<u>0</u>	<u>7,265</u>
Temporarily restricted for time restrictions:		
Ontario County contract	178,762	194,755
NYS matching fund contract	<u>0</u>	<u>15,791</u>
	<u>178,762</u>	<u>210,546</u>
Total Temporarily Restricted Net Assets	\$ <u>178,762</u>	\$ <u>217,811</u>

The Organization has no permanently restricted net assets for the years ended September 30, 2010 and 2009.

The Organization reclassified the multi-county restricted program based on clarification of the program and funding to other liabilities. This program receives funding from various counties in New York to promote tourism. The Organization acts as administrator of these funds. As administrator, the ending balance in the bank account does not belong to the Organization for its operating use. The cash account balance would belong to the various multi-counties on a pro-rata basis for use as per agreement. Based on clarification of the cooperative program, the ending balance has been reclassified for the year ended September 30, 2009 from temporarily restricted net asset to other liabilities in the amount of \$4,417.

NOTE 11 IN-KIND DONATIONS

The Organization held two Slice, Dice and Spice NY events during the fiscal year ending September 30, 2011. One event was held in October 2009 and the second event was held in September 2010. The events resulted in a high in-kind donations and expenses for the year ended September 30, 2010.

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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Comparative Statements Of Income – Ontario County Program
For The Years Ended September 30, 2010 And 2009

	<u>2010</u>	<u>2009</u>
<u>Support and Revenue</u>		
County contract	\$ 731,043	\$ 765,997
Donated services	39,035	3,220
Reimbursement of shared costs	<u>16,325</u>	<u>15,954</u>
Total Support Revenue	<u>786,403</u>	<u>785,171</u>
<u>Operating Expenses</u>		
Advertising and marketing	146,678	78,877
Audio/visual production	12,673	7,885
Bank charges	0	0
Brochure production/distribution	33,394	19,998
Depreciation	16,496	15,412
Dues, fees and subscriptions	6,102	3,250
Equipment leasing	0	196
Insurance – general	3,563	4,482
Interest expense	0	0
Mailing	5,114	10,417
Miscellaneous	0	0
Non-cash donation expense	39,035	3,220
Office supplies	4,293	4,833
Professional development	4,456	8,875
Public relations	34,817	24,374
Real estate taxes	3,652	3,579
Repairs and maintenance	12,892	14,967
Research	6,893	3,140
Salaries and wages	227,467	226,011
Taxes and benefits	43,282	60,150
Telephone and websites	62,294	17,988
Travel, trade shows and information centers	30,248	30,659
Utilities	<u>3,515</u>	<u>3,421</u>
Total Operating Expenses	<u>696,864</u>	<u>541,734</u>
Net Increase in Net Assets	\$ <u>87,337</u>	\$ <u>243,437</u>

**The Accompanying Notes Are An Integral
Part Of These Financial Statements**

Schedule II

**ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Comparative Statements Of Income – New York State Matching Program
For The Years Ended September 30, 2010 And 2009**

	<u>2010</u>	<u>2009</u>
<u>Revenue</u>		
New York State matching funds tourism	\$ <u>15,791</u>	\$ <u>47,373</u>
<u>Operating Expenses</u>		
Advertising and marketing	8,535	20,218
Audio/visual production	1,095	2,594
Brochure production/distribution	8,015	18,983
Mailing	2,854	6,761
Research	296	700
Telephone and websites	1,938	4,591
Travel, trade shows and information centers	<u>323</u>	<u>766</u>
Total Operating Expenses	<u>23,056</u>	<u>54,613</u>
Net Decrease in Temporarily Restricted Net Assets	(7,265)	(7,240)
Temporarily Restricted Net Assets, beginning	<u>7,265</u>	<u>14,505</u>
Temporarily Restricted Net Assets, ending	\$ <u><u>0</u></u>	\$ <u><u>7,265</u></u>

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