

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

Financial Statements

September 30, 2011 And 2010

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.

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Independent Auditor's Report

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

We have audited the accompanying statements of financial position of Ontario County Four Seasons Local Development, Inc. (a nonprofit organization) as of September 30, 2011, 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, 2011, 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Fredericksen & Sirianni, LLP
Certified Public Accountants

December 9, 2011

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

www.fredericksen-sirianni.com

* 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, 2011 And 2010****ASSETS**

	<u>2011</u>	<u>2010</u>
<u>Current Assets</u>		
Unrestricted cash and cash equivalents	\$ 487,093	\$ 402,074
Accounts receivable	11,785	0
Prepaid expenses	<u>16,900</u>	<u>12,805</u>
Total Current Assets	<u>515,778</u>	<u>414,879</u>
<u>Property and Equipment</u>		
Land	14,000	14,000
Building and improvements	296,609	289,980
Furniture and equipment	104,035	129,375
Vehicle	<u>26,843</u>	<u>26,843</u>
	441,487	460,198
Less: Accumulated depreciation	<u>(142,830)</u>	<u>(147,781)</u>
Total Net Property and Equipment	<u>298,657</u>	<u>312,417</u>
<u>Other Assets</u>		
Restricted cash and cash equivalents	<u>56,819</u>	<u>28,975</u>
Total Assets	\$ <u>871,254</u>	\$ <u>756,271</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Current portion of long-term debt	\$ 4,969	\$ 4,775
Accounts payable	12,440	10,125
Accrued expenses	31,265	9,461
Unearned revenue	<u>213,043</u>	<u>178,987</u>
Total Current Liabilities	<u>261,717</u>	<u>203,348</u>
<u>Long-Term Debt</u>		
Note payable - Windows	10,161	12,762
Mortgage payable	<u>22,909</u>	<u>30,584</u>
	33,070	43,346
Less: Current portion of debt	<u>(4,969)</u>	<u>(4,775)</u>
Total Long-Term Debt	<u>28,101</u>	<u>38,571</u>
<u>Other Liabilities</u>		
Cooperative regional programs	<u>56,819</u>	<u>28,975</u>
Total Liabilities	<u>346,637</u>	<u>270,894</u>
<u>Net Assets</u>		
Unrestricted	74,298	86,225
Unrestricted – Board designated	237,276	220,390
Temporarily restricted	<u>213,043</u>	<u>178,762</u>
Net Assets – End of Year	<u>524,617</u>	<u>485,377</u>
Total Liabilities and Net Assets	\$ <u>871,254</u>	\$ <u>756,271</u>

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

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.

Statements Of Activities

For The Years Ended September 30, 2011 And 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>
<u>Support and Revenues</u>			
County contract	\$ 0	\$ 775,587	\$ 775,587
NYS matching fund	0	42,308	42,308
Public support	2,400	0	2,400
Donated services and merchandise	0	20,326	20,326
Reimbursement of shared costs	0	36,284	36,284
Interest income	<u>845</u>	<u>0</u>	<u>845</u>
	3,245	874,505	877,750
Net Assets Released from Restrictions:			
Satisfaction of purpose	<u>840,224</u>	<u>(840,224)</u>	<u>0</u>
Total Support and Revenues	<u>843,469</u>	<u>34,281</u>	<u>877,750</u>
<u>Expenses</u>			
Program services	726,347	0	726,347
Administrative and general	<u>112,163</u>	<u>0</u>	<u>112,163</u>
Total Expenses	<u>838,510</u>	<u>0</u>	<u>838,510</u>
Change in Net Assets	4,959	34,281	39,240
Net Assets – Beginning of Year	<u>306,615</u>	<u>178,762</u>	<u>485,377</u>
Net Assets – End of Year	<u>\$ 311,574</u>	<u>\$ 213,043</u>	<u>\$ 524,617</u>

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Statements Of Activities
For The Years Ended September 30, 2011 And 2010

	<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	<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>

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

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Statements Of Functional Expenses
For The Years Ended September 30, 2011 And 2010

	<u>Program Services</u>	<u>Administrative And General</u>	<u>Total 2011</u>
Bank charges	\$ 0	\$ 44	\$ 44
Communications	6,958	1,752	8,710
Dues, fees and subscriptions	11,123	0	11,123
Insurance - general	3,820	3,670	7,490
Interest expense	0	1,326	1,326
Mailing	6,204	0	6,204
Marketing:			
Advertising and branding	70,325	0	70,325
Audio/visual production	13,231	0	13,231
Brochures	39,281	0	39,281
Websites	95,641	0	95,641
Non-cash donation expense	20,326	0	20,326
Office supplies	3,520	2,347	5,867
Professional development	4,048	1,349	5,397
Professional services	0	15,693	15,693
Public relations	17,768	0	17,768
Real estate taxes	3,961	1,320	5,281
Repairs and maintenance	15,543	5,181	20,724
Research	4,319	0	4,319
Salaries and wages	281,530	52,504	334,034
Taxes and benefits	57,615	19,205	76,820
Travel, trade show and information center	47,818	0	47,818
Utilities	<u>3,853</u>	<u>1,285</u>	<u>5,138</u>
Total Functional Expenses Before Depreciation	706,884	105,676	812,560
Depreciation	<u>19,463</u>	<u>6,487</u>	<u>25,950</u>
Total Functional Expenses	<u>\$ 726,347</u>	<u>\$ 112,163</u>	<u>\$ 838,510</u>

EXHIBIT "C"

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Statements Of Functional Expenses
For The Years Ended September 30, 2011 And 2010

	<u>Program Services</u>	<u>Administrative And General</u>	<u>Total 2010</u>
Bank charges	\$ 0	\$ 193	\$ 193
Communications	6,839	1,752	8,591
Dues, fees and subscriptions	6,102	0	6,102
Insurance - general	3,563	3,423	6,986
Interest expense	0	2,884	2,884
Mailing	7,968	0	7,968
Marketing:			
Advertising and branding	155,213	0	155,213
Audio/visual production	13,768	0	13,768
Brochures	41,409	0	41,409
Websites	57,393	0	57,393
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
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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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Statements Of Cash Flows
For The Years Ended September 30, 2011 And 2010

	<u>2011</u>	<u>2010</u>
<u>Cash Flows From Operating Activities</u>		
Increase (Decrease) in net assets	\$ 39,240	\$ (22,090)
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	25,950	21,994
(Increase) Decrease in operating assets:		
Accounts receivable	(11,785)	20,000
Prepaid expenses	(4,095)	39,266
Increase (Decrease) in operating liabilities:		
Accounts payable	2,315	(2,852)
Accrued expenses	21,804	(6,805)
Unearned revenue	34,056	(31,559)
Cooperative regional programs	<u>27,844</u>	<u>24,558</u>
Total Adjustments	<u>96,089</u>	<u>64,602</u>
Net Cash Provided By Operating Activities	<u>135,329</u>	<u>42,512</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of property and equipment	(12,190)	(44,716)
Net Cash Used By Investing Activities	(12,190)	(44,716)
<u>Cash Flows From Financing Activities</u>		
Payments on note payable – windows	(2,601)	(2,500)
Payments on mortgage payable	<u>(7,675)</u>	<u>(6,819)</u>
Net Cash Used By Financing Activities	(10,276)	(9,319)
Net Increase (Decrease) in Cash and Cash Equivalents	112,863	(11,523)
Cash and Cash Equivalents – Beginning of Year	<u>431,049</u>	<u>442,572</u>
Cash and Cash Equivalents – End of Year	\$ <u>543,912</u>	\$ <u>431,049</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, 2011 And 2010**

	<u>2011</u>	<u>2010</u>
Unrestricted Cash and Cash Equivalents - Beginning	\$ 402,074	\$ 213,104
Increase (Decrease) in Cash and Cash Equivalents	<u>85,019</u>	<u>188,970</u>
Unrestricted Cash and Cash Equivalents – Ending	\$ <u>487,093</u>	\$ <u>402,074</u>
Restricted Cash and Cash Equivalents – Beginning	\$ 28,975	\$ 229,468
(Decrease) Increase in Cash and Cash Equivalents	<u>27,844</u>	<u>(200,493)</u>
Restricted Cash and Cash Equivalents – Ending	\$ <u>56,819</u>	\$ <u>28,975</u>
Cash Paid for:		
Interest expense	\$ <u>1,326</u>	\$ <u>2,884</u>
Non-Cash Transactions:		
Donated materials	\$ <u>20,326</u>	\$ <u>39,035</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, 2011 And 2010

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 \$795,766 and \$715,050 for the Ontario County period ending December 31, 2011 and 2010, respectively. The financial statements reflect three-quarters of this amount as income and one-quarter as deferred revenue. Deferred revenue amounted to \$198,941 and \$178,762 at September 30, 2011 and 2010, 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, 2011 And 2010

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 "Financial Statements of Not-For-Profit Organizations". Under FASB ASC 958-005, 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, 2011. 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>2011</u>	<u>2010</u>
Cash and cash equivalents		
Unrestricted	\$ 487,093	\$ 402,074
Temporarily restricted	<u>56,819</u>	<u>28,975</u>
Total Cash and Cash Equivalents	<u>\$ 543,912</u>	<u>\$ 431,049</u>

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 9, 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, 2011 And 2010

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's uninsured cash equivalent balance represents amounts on deposit at one institution totaling approximately \$126,287 and \$82,080 at September 30, 2011 and 2010, respectively.

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, 2011 and 2010 amounted to \$25,950 and \$21,994, 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 of \$237,276 and \$220,390 for the periods ended September 30, 2011 and 2010, respectively.

Advertising and Branding and Marketing

The Organization expenses all advertising related costs as they are incurred. These advertising and branding expenses for the years ended September 30, 2011 and 2010 was \$70,325 and \$157,266, respectively.

The marketing expenses for the years ended September 30, 2011 and 2010 was \$39,281 and \$41,409, respectively.

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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Notes To Financial Statements
For The Years Ended September 30, 2011 And 2010

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, 2011 And 2010

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.

The balance of the restricted bank accounts was \$56,819 and \$28,975 for the years ended September 30, 2011 and 2010, 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>2011</u>	<u>2010</u>
Canandaigua Chamber of Commerce	\$ 2,750	0
Victor Chamber of Commerce	<u>5,834</u>	<u>2,500</u>
	\$ <u>8,584</u>	\$ <u>2,500</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 \$56,410 for 2011 fiscal year and \$0 for 2010 fiscal year end of New York State. Deferred revenue amounted to \$14,102 and \$0 at September 30, 2011 and 2010, respectively.

**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, 2011 And 2010

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 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, 2011 the rate of interest was 3.25%. As of September 30, 2011, there was no outstanding balance on the line of credit.

NOTE 7 LONG-TERM DEBT (Continued)

Long-term debt at September 30, 2011 and 2010 consisted of the following:

Mortgage payable

On May 18, 2010, 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 interest rate terms expires 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, 2011 and 2010 is \$22,909 and \$30,584, respectively.

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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Notes To Financial Statements
For The Years Ended September 30, 2011 And 2010

NOTE 7 LONG-TERM DEBT (Continued)

Future principal payments required on this mortgage at September 30, 2011 are as follows:

2012	\$ 2,338
2013	2,487
2014	2,641
2015	2,973
2016	3,160
Thereafter	<u>9,310</u>
Total Mortgage Payable	22,909
Less: Current portion	<u>2,338</u>
Mortgage payable, net of current	<u>\$ 20,571</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 2011, 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 \$10,161 and \$12,762 as of September 30, 2011 and 2010, respectively.

Future principal payments required on this note at September 30, 2011 are as follows:

2012	\$ 2,631
2013	2,711
2014	2,794
2015	2,025
Thereafter	<u>0</u>
Total Note Payable – Windows	10,161
Less: Current portion	<u>2,631</u>
Note Payable – Windows, net of current portion	<u>\$ 7,530</u>

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ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Notes To Financial Statements
For The Years Ended September 30, 2011 And 2010

NOTE 7 LONG-TERM DEBT (Continued)

Combined Long-Term Debt:

Total Long-Term Debt	\$ 33,070
Less: Total current portion	<u>4,969</u>
Total Long-Term Debt, Net of Current Portion	<u>\$ 28,101</u>

Interest expense for total long-term debt amounted to \$1,326 and \$2,884 at September 30, 2011 and 2010, respectively.

NOTE 8 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 \$12,015 and \$9,687 in 2011 and 2010, respectively.

NOTE 9 TEMPORARY RESTRICTIONS ON NET ASSETS

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

	<u>2011</u>	<u>2010</u>
Temporarily restricted for time restrictions:		
Ontario County contract	198,941	178,762
NYS matching fund contract	<u>14,102</u>	<u>0</u>
	<u>213,043</u>	<u>178,762</u>
Total Temporarily Restricted Net Assets	<u>\$ 213,043</u>	<u>\$ 178,762</u>

The Organization has no permanently restricted net assets for the years ended September 30, 2011 and 2010.

**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, 2011 And 2010

NOTE 10 IN-KIND DONATIONS

The Organization held two Slice, Dice and Spice NY events during the fiscal year ending September 30, 2010. 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.

NOTE 11 CONTINGENCIES

The Organization filed an arbitration in Rochester City Court – Civil Division, against a former vendor for lack of services.

And award by the Rochester City Court – Civil Division, was granted in favor of the Organization on October 26, 2011 for the maximum award amount of \$5,000 plus filing fees.

On November 29, 2011, the Defendant exercised his right to try the case before a Rochester City Court judge rather than paying the amount awarded to the Organization.

No revenue amount has been accrued in the financial statements for the year ended September 30, 2011 due to the uncertainty of the amount awarded to the Organization.

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

ONTARIO COUNTY FOUR SEASONS LOCAL DEVELOPMENT, INC.
Comparative Statements Of Income – Ontario County Program
For The Years Ended September 30, 2011 And 2010

	<u>2011</u>	<u>2010</u>
<u>Support and Revenue</u>		
County contract	\$ 775,587	\$ 731,043
Public support	2,400	0
Donated services	20,326	39,035
Reimbursement of shared costs	<u>36,284</u>	<u>16,325</u>
Total Support Revenue	<u>834,597</u>	<u>786,403</u>
<u>Operating Expenses</u>		
Communications	6,958	6,839
Depreciation	19,463	16,496
Dues, fees and subscriptions	11,123	6,102
Insurance – general	3,820	3,563
Mailing	0	5,114
Marketing:		
Advertising and branding	67,725	146,678
Audio/visual production	557	12,673
Brochures	17,791	33,394
Websites	17,874	55,455
Non-cash donation expense	20,326	39,035
Office supplies	3,520	4,293
Professional development	4,048	4,456
Public relations	1,904	34,817
Real estate taxes	3,961	3,652
Repairs and maintenance	15,543	12,892
Research	4,319	6,893
Salaries and wages	281,530	227,467
Taxes and benefits	57,615	43,282
Travel, trade shows and information centers	41,182	30,248
Utilities	<u>3,853</u>	<u>3,515</u>
Total Operating Expenses	<u>583,112</u>	<u>696,864</u>
Net Increase in Net Assets	\$ <u>251,485</u>	\$ <u>87,337</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, 2011 And 2010**

	<u>2011</u>	<u>2010</u>
<u>Revenue</u>		
New York State matching funds tourism	\$ <u>42,308</u>	\$ <u>15,791</u>
<u>Operating Expenses</u>		
Mailing	6,204	2,854
Marketing:		
Advertising and branding	2,600	8,535
Audio/visual production	12,674	1,095
Brochures	21,490	8,015
Websites	77,767	1,938
Public relations	15,864	0
Research	0	296
Travel, trade shows and information centers	<u>6,636</u>	<u>323</u>
Total Operating Expenses	<u>143,235</u>	<u>23,056</u>
Net Decrease in Net Assets	\$ <u>(100,927)</u>	\$ <u>(7,265)</u>

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