

**ONTARIO COUNTY ECONOMIC DEVELOPMENT
CORPORATION**

ONTARIO COUNTY, NEW YORK

FINANCIAL STATEMENTS

For Years Ended December 31, 2018 and 2017

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board Members
Ontario County Economic
Development Corporation
Ontario County, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Ontario County Economic Development Corporation, Ontario County, New York which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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 audit. We conducted our audit 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 audit 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 Corporation'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 Corporation'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 Economic Development Corporation, Ontario County, New York as of December 31, 2018 and 2017, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The project reporting information is presented for purposes of additional analysis and is 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019 on our consideration of Ontario County Economic Development Corporation, Ontario County, New York’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 Economic Development Corporation, Ontario County, New York’s internal control over financial reporting and compliance.



Rochester, New York
February 27, 2019

ONTARIO COUNTY ECONOMIC DEVELOPMENT CORPORATION

ONTARIO COUNTY, NEW YORK

STATEMENT OF FINANCIAL POSITION

	December 31,	
	2018	2017
<u>ASSETS:</u>		
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 788,201	\$ 652,569
Accounts receivable	13,531	47,868
Loans receivable	716,813	711,452
Total Current Assets	\$ 1,518,545	\$ 1,411,889
<u>Noncurrent Assets -</u>		
Loans receivable, net	\$ 2,660,460	\$ 2,709,331
Deferred notes/interest receivable	78,889	77,755
Total Noncurrent Assets	\$ 2,739,349	\$ 2,787,086
<u>Capital Assets -</u>		
Equipment	\$ 10,945	\$ 5,472
(Accumulated depreciation)	(6,378)	(3,636)
Total Capital Assets, Net	\$ 4,567	\$ 1,836
TOTAL ASSETS	\$ 4,262,461	\$ 4,200,811
<u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ 30,276	\$ 1,433
Unearned revenues	421,954	352,646
Total Current Liabilities	\$ 452,230	\$ 354,079
TOTAL LIABILITIES	\$ 452,230	\$ 354,079
<u>NET ASSETS:</u>		
<u>Without Donor Restrictions -</u>		
Net investment in capital assets	\$ 4,567	\$ 1,836
Operating	490,252	517,295
Designated	2,709,665	2,538,024
Total Without Donor Restrictions	\$ 3,204,484	\$ 3,057,155
<u>With Donor Restrictions -</u>		
TOTAL NET ASSETS	\$ 3,810,231	\$ 3,846,732
TOTAL LIABILITIES AND NET ASSETS	\$ 4,262,461	\$ 4,200,811

(The accompanying notes are an integral part of these financial statements)

ONTARIO COUNTY ECONOMIC DEVELOPMENT CORPORATION

ONTARIO COUNTY, NEW YORK

STATEMENT OF ACTIVITIES

	Year ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:						
Program income	\$ 128,074	\$ -	\$ 128,074	\$ 114,922	\$ 1,971	\$ 116,893
Application income	2,000	-	2,000	2,000	-	2,000
Miscellaneous income	1,635	-	1,635	-	-	-
Grants	30,000	-	30,000	-	-	-
Net assets released from restriction	183,830	(183,830)	-	399,547	(399,547)	-
TOTAL REVENUES	\$ 345,539	\$ (183,830)	\$ 161,709	\$ 516,469	\$ (397,576)	\$ 118,893
EXPENSES:						
Program Services-						
Loans	\$ 138,434	\$ -	\$ 138,434	\$ 133,936	\$ -	\$ 133,936
Total Program Services	\$ 138,434	\$ -	\$ 138,434	\$ 133,936	\$ -	\$ 133,936
Supporting Services -						
Management and general	\$ 56,382	\$ -	\$ 56,382	\$ 42,529	\$ -	\$ 42,529
Total Supporting Services	\$ 56,382	\$ -	\$ 56,382	\$ 42,529	\$ -	\$ 42,529
TOTAL EXPENSES	\$ 194,816	\$ -	\$ 194,816	\$ 176,465	\$ -	\$ 176,465
Excess (deficiency)	\$ 150,723	\$ (183,830)	\$ (33,107)	\$ 340,004	\$ (397,576)	\$ (57,572)
Bad debt adjustment	(3,394)	-	(3,394)	(23,534)	-	(23,534)
CHANGE IN NET ASSETS	\$ 147,329	\$ (183,830)	\$ (36,501)	\$ 316,470	\$ (397,576)	\$ (81,106)
NET ASSETS - BEGINNING OF YEAR	3,057,155	789,577	3,846,732	2,740,685	1,187,153	3,927,838
NET ASSETS - END OF YEAR	\$ 3,204,484	\$ 605,747	\$ 3,810,231	\$ 3,057,155	\$ 789,577	\$ 3,846,732

(The accompanying notes are an integral part of these financial statements)

ONTARIO COUNTY ECONOMIC DEVELOPMENT CORPORATION

ONTARIO COUNTY, NEW YORK

STATEMENT OF FUNCTIONAL EXPENSES

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>	
	<u>Loans</u>	<u>Management and general</u>	<u>2018</u>	<u>2017</u>
Advertising & public relations	\$ -	\$ 3,198	\$ 3,198	\$ 3,025
Grants	68,333	-	68,333	84,217
Insurance	-	3,083	3,083	2,980
Legal costs	14,438	-	14,438	5,544
Mileage and travel	-	1,553	1,553	754
Miscellaneous	317	1,527	1,844	2,612
Ontario County services	36,532	45,080	81,612	58,633
Professional fees	18,814	-	18,814	16,635
Training and conferences	-	1,941	1,941	2,065
	<u>\$ 138,434</u>	<u>\$ 56,382</u>	<u>\$ 194,816</u>	<u>\$ 176,465</u>

(The accompanying notes are an integral part of these financial statements)

ONTARIO COUNTY ECONOMIC DEVELOPMENT CORPORATION

ONTARIO COUNTY, NEW YORK

STATEMENT OF CASH FLOWS

	Year ended December 31,	
	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from providing services	\$ 151,862	\$ 111,004
Cash payments contractual expenses	(148,422)	(177,997)
Cash payments grants	34,937	-
Net Cash Provided (Used) by Operating Activities	\$ 38,377	\$ (66,993)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Loans made to companies	\$ (865,161)	\$ (1,132,153)
Principal payments received on loans	897,889	744,785
Purchases of equipment	(5,473)	-
Net Cash Provided (Used) by Investing Activities	\$ 27,255	\$ (387,368)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Economic development grant	\$ 70,000	\$ -
State Grant received for loan program	-	149,163
Net Cash Provided (Used) by Financing Activities	\$ 70,000	\$ 149,163
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	\$ 135,632	\$ (305,198)
BEGINNING CASH AND CASH EQUIVALENTS		
	652,569	957,767
ENDING CASH AND CASH EQUIVALENTS		
	\$ 788,201	\$ 652,569
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ (36,501)	\$ (81,106)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	\$ 2,742	\$ 1,353
Bad debt adjustment	3,394	23,534
Increase/(decrease) in accounts payable	28,843	(11,101)
Increase/(decrease) in unearned revenues	(692)	61
(Increase)/decrease in interest due on loan receivable	(1,422)	(3,965)
(Increase)/decrease in accounts receivable	32,987	(39,924)
(Increase)/decrease in deferred notes/interest receivable	9,026	44,155
Total Adjustments	\$ 74,878	\$ 14,113
Net Cash Provided (Used) by Operating Activities	\$ 38,377	\$ (66,993)

(The accompanying notes are an integral part of these financial statements)

ONTARIO COUNTY ECONOMIC DEVELOPMENT CORPORATION

ONTARIO COUNTY, NEW YORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

(Note 1) Summary of Significant Accounting Policies:

A. Organization

The Ontario County Economic Development Corporation, Ontario County, New York (OCEDC) was incorporated as a nonprofit local development corporation on January 11, 2010. The purposes for which the OCEDC is to be formed and operated, are exclusively for charitable purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code, to relieve and reduce unemployment, to better and maintain job opportunities, promote and provide for additional employment, to help increase the tax base of Ontario County through the attraction of private sector investment, lessen the burdens of government and otherwise act in the public interest. In accordance with its by-laws, the Ontario County Board of Supervisors appoints three Directors to the OCEDC Board, however, the Board of Supervisors exercises no oversight responsibility for members of the OCEDC or accountability for fiscal matters. The OCEDC is reported as a related entity by the County.

The OCEDC has established a revolving loan fund from grants obtained from Federal Grants that Pass-Through Ontario County. The OCEDC offers low interest loans to businesses who are located or wish to relocate to Ontario County. Loans are approved by the governing board after consideration of various criteria. As the loans are repaid to the OCEDC the program income is considered defederalized and unrestricted.

B. Basis of Presentation

The OCEDC financial statements have been prepared on the accrual basis of accounting. The OCEDC 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. In addition, the OCEDC is required to present a Statement of Cash Flows. The OCEDC reports only net assets without donor restrictions and net assets with donor restrictions at December 31, 2018.

C. Cash and Cash Equivalents

Cash and cash equivalents are carried at cost plus accrued interest, which approximates fair value. For purposes of presenting the statement of cash flows, the OCEDC considers all highly liquid short-term investments with maturities of three months or less from the date of purchase to be cash or cash equivalents.

D. Income Taxes

The OCEDC is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position since events could potentially occur that jeopardize tax-exempt status. Management is not aware of any events that could jeopardize the Corporation's tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements. The Corporation has received a determination letter from the IRS.

(Note 1) (Continued)

E. Allocation of Expenses

The costs of providing the program and supporting services have been summarized on the functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.

F. Loans Receivable

Loans receivable are stated at principal balances net of the amounts deemed by management and the Board to be potentially uncollectible.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

G. Unearned Revenue

Unearned revenue primarily consists of revolving loan funds received from the New York State Empire Development Corporation to implement a Growing the Agriculture Industry Now (GAIN) revolving loan program.

H. Use of 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 the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Revenues

The OCEDC receives Federal and State grants from the County of Ontario and other granting authorities for various economic development programs in Ontario County. These grants are received by the Ontario County Economic Development Corporation, and then loaned to other organizations once the conditions of the grants are met.

The Corporation receives application fees from organizations for the various economic deals the OCEDC participates in.

The Corporation receives interest on the loans given out to the various organizations.

J. Foreign Trade Zone

On March 7, 2014, Ontario County received a Grant of Authority from the United States Foreign-Trade Zones Board to operate Foreign-Trade Zone 289 (FTZ 289) with the Ontario County Economic Development Corporation as the designated administrator of the zone. The Foreign-Trade Zone was established for the benefit of companies engaged in international trade located within Ontario, Wayne, Seneca, Yates and Livingston Counties. Companies may apply for foreign trade zone status if they are within 60 miles or 90 minutes from the local port of entry, which for FTZ 289 is the Rochester International Airport. As of December 31, 2018 there was one approved company within FTZ 289.

(Note 2) Change in Accounting Principle:

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

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

B. Present on the face of the statement of activities the amount of the change in each of the two classes of net assets (noted in item 1) rather than that of the currently required three classes. An NFP would continue to report the currently required amount of the change in total net assets for the period.

C. Provide enhanced disclosures about:

Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.

Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.

Qualitative information that communicates how a NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.

Quantitative information, and additional qualitative information, that communicates the availability of a NFP’s financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.

Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location.

Method(s) used to allocate costs among program and support functions.

D. Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

The Corporation adopted the amendments during the year ended December 31, 2018. Certain balances as of December 31, 2017 have been reclassified to conform with the current year presentation.

(Note 3) **Detail Notes on All Funds and Account Groups:**

A. **Assets**

1. **Cash and Investments**

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity. The Statement of Cash Flows uses the direct method of reporting cash flows.

Deposits at year-end were not entirely covered by federal depository insurance. The deposits and investments consisted of:

Deposits - All deposits are carried at cost and with FDIC insurance coverage as follows:

	2018	
	Canandaigua National Bank	Lyons National Bank
Cash	\$ 583,469	\$ 204,732
Less: FDIC Insurance	(320,750)	(204,732)
Under (Over) Insured	\$ 262,719	\$ -

	2017	
	Canandaigua National Bank	Lyons National Bank
Cash	\$ 324,617	\$ 327,952
Less: FDIC Insurance	(251,150)	(250,000)
Under (Over) Insured	\$ 73,467	\$ 77,952

2. **Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2018:

	2018
Cash and cash equivalents	\$ 788,201
Accounts receivable	13,531
Current portion of loans receivable	716,813
Total	\$ 1,518,545

Net assets with donor restrictions are not available for spending until repaid by the borrower at which time those funds are defederalized and available for operations.

(Note 3) (Continued)

3. Accounts Receivable

The balance of accounts receivable is stated at net realizable value and at year end is comprised of the following:

	<u>2018</u>	<u>2017</u>
Administrative Fees	\$ 2,000	\$ 7,237
Ontario County	11,531	3,581
Canandaigua National Bank	-	36,000
Project Fees	-	1,050
Total	<u>\$ 13,531</u>	<u>\$ 47,868</u>

4. Capital Assets

The following is a summary of capital assets for the OCEDC at December 31, 2018:

	<u>Balance @ 1/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance @ 12/31/18</u>
<u>Depreciable Assets</u>				
Equipment	\$ 5,472	\$ 5,473	\$ -	\$ 10,945
Total Depreciable Assets	<u>\$ 5,472</u>	<u>\$ 5,473</u>	<u>\$ -</u>	<u>\$ 10,945</u>
<u>Accumulated Depreciation</u>				
Equipment	\$ (3,636)	\$ (2,742)	\$ -	\$ (6,378)
Total Accumulated Depreciation	<u>\$ (3,636)</u>	<u>\$ (2,742)</u>	<u>\$ -</u>	<u>\$ (6,378)</u>
Total Capital Assets	<u>\$ 1,836</u>	<u>\$ 2,731</u>	<u>\$ -</u>	<u>\$ 4,567</u>

Equipment is depreciated by the OCEDC using the straight-line method with an estimated useful life of 5 years.

5. Loan Receivables

The OCEDC has 23 outstanding notes receivable from the revolving loan program that have interest rates from 1%-4% and various maturities through 2027. All notes receivable are collateralized by assets of the respective companies. As of December 31st the OCEDC had the following:

	<u>2018</u>	<u>2017</u>
Notes Receivable	\$ 3,580,789	\$ 3,814,253
Interest Receivable	5,749	8,875
Subtotal	<u>\$ 3,586,538</u>	<u>\$ 3,823,128</u>
<u>Less:</u> Current Portion	<u>(716,813)</u>	<u>(711,452)</u>
Total Long-Term Notes Receivable	<u>\$ 2,869,725</u>	<u>\$ 3,111,676</u>
<u>Less:</u> Allowance for loan impairment	<u>(209,265)</u>	<u>(402,345)</u>
Total Long-Term Notes Receivable, net	<u>\$ 2,660,460</u>	<u>\$ 2,709,331</u>

(Note 3) (Continued)

An allowance for loan impairment has been established based upon a review of the repayment status of outstanding loans. This allowance, which totals \$209,265 is considered by management to be sufficient for any losses.

Principal maturities are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 711,064
2020	674,104
2021	729,073
2022	447,874
2023	293,284
Thereafter	725,390
Total	<u><u>\$ 3,580,789</u></u>

6. Deferred Notes/Interest Receivable

The OCEDC provides economic development grants in the form of loans, the principal and any accumulated interest may be forgiven after the grantee achieves certain performance goals. Interest on the loans is accrued but revenue is not recognized unless performance goals are not met, and the loan becomes receivable. For the years ended December 31, 2018 and 2017 the balance of deferred loans and any accrued interest was \$78,889 and \$77,755, respectively.

(Note 4) **Net Assets:**

A. Net Assets without Donor Restrictions

Operating – represents funds available for operations.

Designated – represents funds which have been designated to offset outstanding loan balances made with local dollars.

B. Net Assets with Donor Restrictions

Net assets with donor restrictions represents community development block grants drawn down from Ontario County and loaned to other organizations that are restricted until they are defederalized when repaid. At December 31st, the outstanding balance net of any applicable share of the loan impairment allowance is as follows:

	<u>2018</u>	<u>2017</u>
HUD	\$ 601,299	\$ 787,562
GAIN	4,448	2,015
Total	<u><u>\$ 605,747</u></u>	<u><u>\$ 789,577</u></u>

(Note 5) Master Agreement with Ontario County

The OCEDC executed an agreement with Ontario County in which the County would provide office, parking, and storage space and managerial and administrative services. The County would also arrange to host and update a webpage for the OCEDC on the same website used by the ED Department. In exchange for the services rendered by the County a \$58,633 retainer was paid to the County in 2018 and 2017, and was payable in equal monthly installments of \$4,886 for 2018. A copy of the agreement can be obtained from the Ontario County Board of Supervisors office. In accordance with this agreement, the OCEDC paid \$81,612 and \$58,633 to Ontario County for 2018 and 2017, respectively.

(Note 6) Commitment and Contingencies

Management is not aware of any pending or threatening litigation as of the balance sheet date.

(Note 7) Revenue from Contracts from 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 Corporation is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Corporation’s financial position or results of operations.

(Note 8) 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 balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the guidance in this new standard is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Corporation is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Corporation’s financial position or results of operations.

(Note 9) Functional Expenses

The financial statements report certain categories of expenses that are attributable to the program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.

(Note 10) Subsequent Events

Events and transactions which have occurred from January 1, 2019 to February 27, 2019 the date of these financials, have been evaluated by the Corporation’s management for the purpose of determining whether there were any events that might require disclosure in these financial statements. OCEDC closed on one loan (\$300,000) during January of 2019.

Loan Information

Source of Loan Funds	State	Original Amount of Loan	\$149,163.00
Name of Loan Recipient	AGRO International	Date Loan Awarded	8/28/2018
Address Line1	1133 Route 5820	Interest Rate (%)	1
Address Line2		Length of Loan(# of years to repay)	5
City	GENEVA	Amount of Loan Principal Repaid to Date	\$9,713.93
State	NY	Purpose of Loan	Commercial Property Construction/Acquisition/Revitalization/Improvement
Postal Code	14456	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	5
Province/Region		If Yes, how many jobs have been created to date?	1
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$80,837.00
Name of Loan Recipient	AGRO International	Date Loan Awarded	8/28/2018
Address Line1	1133 Route 5820	Interest Rate (%)	3.75
Address Line2		Length of Loan(# of years to repay)	5
City	GENEVA	Amount of Loan Principal Repaid to Date	\$4,930.51
State	NY	Purpose of Loan	Commercial Property Construction/Acquisition/Revitalization/Improvement
Postal Code	14456	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	5
Province/Region		If Yes, how many jobs have been created to date?	1
Country	United States	Have the terms of the loan been completed?	No

Annual Report for Ontario County Economic Development Corporation
Fiscal Year Ending: 12/31/2018

Run Date: 03/15/2019
Status: UNSUBMITTED
Certified Date: N/A

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$90,000.00
Name of Loan Recipient	AV Bristol	Date Loan Awarded	1/19/2017
Address Line1	7910 Rae Blvd	Interest Rate (%)	3
Address Line2		Length of Loan(# of years to repay)	5
City	VICTOR	Amount of Loan Principal Repaid to Date	\$31,445.52
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14564	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	3
Province/Region		If Yes, how many jobs have been created to date?	0
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$250,000.00
Name of Loan Recipient	Amcore Power Supply	Date Loan Awarded	8/6/2018
Address Line1	783 Wagnum Road	Interest Rate (%)	3.75
Address Line2		Length of Loan(# of years to repay)	5
City	FISHERS	Amount of Loan Principal Repaid to Date	\$11,419.80
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14453	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	5
Province/Region		If Yes, how many jobs have been created to date?	1
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$400,000.00
Name of Loan Recipient	Berryfield Bottling, LLC	Date Loan Awarded	1/31/2014
Address Line1	3655 Berryfield Rd.	Interest Rate (%)	3
Address Line2		Length of Loan# of years to repay)	5
City	GENEVA	Amount of Loan Principal Repaid to Date	\$385,662.15
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14456	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	15
Province/Region		If Yes, how many jobs have been created to date?	8
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$200,000.00
Name of Loan Recipient	BioWorks, Inc.	Date Loan Awarded	1/13/2015
Address Line1	100 Rawson Rd	Interest Rate (%)	3
Address Line2		Length of Loan# of years to repay)	5
City	VICTOR	Amount of Loan Principal Repaid to Date	\$140,480.75
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14564	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	5
Province/Region		If Yes, how many jobs have been created to date?	8
Country	United States	Have the terms of the loan been completed?	No

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Source of Loan Funds	Federal	Original Amount of Loan	\$221,500.00
Name of Loan Recipient	CCN International, Inc.	Date Loan Awarded	6/6/2014
Address Line1	200 Lehigh St.	Interest Rate (%)	3
Address Line2		Length of Loan(# of years to repay)	7
City	GENEVA	Amount of Loan Principal Repaid to Date	\$134,302.52
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14456	Was the loan expected to result in new jobs being created?	Yes
Plus4		if Yes, how many jobs were planned to be created?	2
Province/Region		if Yes, how many jobs have been created to date?	12
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	State	Original Amount of Loan	\$200,000.00
Name of Loan Recipient	Cheribundi, Inc.	Date Loan Awarded	12/30/2016
Address Line1	500 Technology Farm Drive	Interest Rate (%)	1
Address Line2		Length of Loan(# of years to repay)	5
City	GENEVA	Amount of Loan Principal Repaid to Date	\$200,000.00
State	NY	Purpose of Loan	Commercial Property Construction/Acquisition/Revitalization/Improvement
Postal Code	14456	Was the loan expected to result in new jobs being created?	Yes
Plus4		if Yes, how many jobs were planned to be created?	12
Province/Region		if Yes, how many jobs have been created to date?	48
Country	United States	Have the terms of the loan been completed?	Yes

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Source of Loan Funds	Not for Profit	Original Amount of Loan	\$200,000.00
Name of Loan Recipient	Construction Robotics	Date Loan Awarded	10/24/2017
Address Line1	7385 Willowbrook Road	Interest Rate (%)	3.19
Address Line2		Length of Loan(# of years to repay)	7
City	VICTOR	Amount of Loan Principal Repaid to Date	\$47,456.24
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14564	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	11
Province/Region		If Yes, how many jobs have been created to date?	17
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$200,000.00
Name of Loan Recipient	Construction Robotics	Date Loan Awarded	1/11/2018
Address Line1	7385 Willowbrook Road	Interest Rate (%)	3.19
Address Line2		Length of Loan(# of years to repay)	7
City	VICTOR	Amount of Loan Principal Repaid to Date	\$0.00
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14564	Was the loan expected to result in new jobs being created?	No
Plus4		If Yes, how many jobs were planned to be created?	
Province/Region		If Yes, how many jobs have been created to date ?	
Country	United States	Have the terms of the loan been completed?	No

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Source of Loan Funds	Not for Profit	Original Amount of Loan	\$400,000.00
Name of Loan Recipient	Grosslockner, Inc./Artisen Meat	Date Loan Awarded	12/10/2015
Address Line1	2640 Brickyard Rd	Interest Rate (%)	3
Address Line2		Length of Loan# of years to repay)	7
City	CANANDAIGUA	Amount of Loan Principal Repaid to Date	\$156,539.44
State	NY	Purpose of Loan	Equipment and Fixed Asset Acquisition
Postal Code	14424	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	7
Province/Region		If Yes, how many jobs have been created to date?	9
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$400,000.00
Name of Loan Recipient	Janiway/Zoetek	Date Loan Awarded	9/25/2015
Address Line1	668 Phillips Rd	Interest Rate (%)	3
Address Line2		Length of Loan# of years to repay)	10
City	VICTOR	Amount of Loan Principal Repaid to Date	\$113,957.36
State	NY	Purpose of Loan	Commercial Property Construction/Acquisition/Revitalization/Improvement
Postal Code	14564	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	6
Province/Region		If Yes, how many jobs have been created to date?	0
Country	United States	Have the terms of the loan been completed?	No

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Source of Loan Funds	Federal	Original Amount of Loan	\$500,000.00
Name of Loan Recipient	L & D Acquisition Corp. LLC	Date Loan Awarded	9/10/2010
Address Line1	One Lake Niagara Lane	Interest Rate (%)	3
Address Line2		Length of Loan(# of years to repay)	10
City	NAPLES	Amount of Loan Principal Repaid to Date	\$396,117.82
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14512	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	26
Province/Region		If Yes, how many jobs have been created to date?	37
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$175,000.00
Name of Loan Recipient	LaBarge Media	Date Loan Awarded	8/15/2018
Address Line1	236 Gorham Street	Interest Rate (%)	3.75
Address Line2		Length of Loan(# of years to repay)	7
City	CANANDAIGUA	Amount of Loan Principal Repaid to Date	\$5,492.35
State	NY	Purpose of Loan	Equipment and Fixed Asset Acquisition
Postal Code	14424	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	2
Province/Region		If Yes, how many jobs have been created to date?	0
Country	United States	Have the terms of the loan been completed?	No

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Source of Loan Funds	Not for Profit	Original Amount of Loan	\$225,000.00
Name of Loan Recipient	Landyhan LLC	Date Loan Awarded	8/1/2016
Address Line1	PO Box 642	Interest Rate (%)	3
Address Line2	VICTOR	Length of Loan(# of years to repay)	10
City	NY	Amount of Loan Principal Repaid to Date	\$48,365.16
State	14564	Purpose of Loan	Commercial Property Construction/Acquisition/Revitalization/Improvement
Postal Code	14564	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	6
Province/Region	United States	If Yes, how many jobs have been created to date?	36
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$220,000.00
Name of Loan Recipient	Modern Manufacturing	Date Loan Awarded	4/13/2016
Address Line1	1111 Corporate Drive	Interest Rate (%)	3
Address Line2	FARMINGTON	Length of Loan(# of years to repay)	10
City	NY	Amount of Loan Principal Repaid to Date	\$52,380.77
State	14425	Purpose of Loan	Commercial Property Construction/Acquisition/Revitalization/Improvement
Postal Code	14425	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	5
Province/Region	United States	If Yes, how many jobs have been created to date?	1
Country	United States	Have the terms of the loan been completed?	No

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Source of Loan Funds	Not for Profit	Original Amount of Loan	\$461,881.00
Name of Loan Recipient	New Scale Technologies, Inc.	Date Loan Awarded	6/21/2013
Address Line1	121 Victor Heights Parkway	Interest Rate (%)	3
Address Line2		Length of Loan(# of years to repay)	5
City	VICTOR	Amount of Loan Principal Repaid to Date	\$461,881.00
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14564	Was the loan expected to result in new jobs being created?	Yes
Province/Region	Plus4	If Yes, how many jobs were planned to be created?	7
Country	United States	If Yes, how many jobs have been created to date?	0
		Have the terms of the loan been completed?	Yes

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$400,000.00
Name of Loan Recipient	PhillipsVictor, LLC/Swiftlift	Date Loan Awarded	1/1/2015
Address Line1	820 Phillips Rd	Interest Rate (%)	3
Address Line2		Length of Loan(# of years to repay)	10
City	VICTOR	Amount of Loan Principal Repaid to Date	\$135,753.34
State	NY	Purpose of Loan	Commercial Property Construction/Acquisition/Revitalization/Improvement
Postal Code	14564	Was the loan expected to result in new jobs being created?	Yes
Province/Region	Plus4	If Yes, how many jobs were planned to be created?	4
Country	United States	If Yes, how many jobs have been created to date?	2
		Have the terms of the loan been completed?	No

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Source of Loan Funds	Federal	Original Amount of Loan	\$400,000.00
Name of Loan Recipient	Rochester Regional Recycling Recovery	Date Loan Awarded	10/29/2010
Address Line1	7318 Victor Mendon Road	Interest Rate (%)	3
Address Line2		Length of Loan(# of years to repay)	15
City	VICTOR	Amount of Loan Principal Repaid to Date	\$195,428.48
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14564	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	12
Province/Region		If Yes, how many jobs have been created to date?	63
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$462,591.94
Name of Loan Recipient	Surmotech	Date Loan Awarded	10/26/2017
Address Line1	7676 Netlin Drive	Interest Rate (%)	3.19
Address Line2		Length of Loan(# of years to repay)	10
City	VICTOR	Amount of Loan Principal Repaid to Date	\$19,171.00
State	NY	Purpose of Loan	Residential Property Construction/Acquisition/Rehabilitation/Improvement
Postal Code	14564	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	4
Province/Region		If Yes, how many jobs have been created to date?	18
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$50,000.00
Name of Loan Recipient	Victor LDC	Date Loan Awarded	12/16/2015
Address Line1	85 East Main St	Interest Rate (%)	0
Address Line2		Length of Loan(# of years to repay)	2
City	VICTOR	Amount of Loan Principal Repaid to Date	\$16,187.00
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14564	Was the loan expected to result in new jobs being created?	No
Plus4		If Yes, how many jobs were planned to be created?	
Province/Region		If Yes, how many jobs have been created to date?	
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Not for Profit	Original Amount of Loan	\$400,000.00
Name of Loan Recipient	Young Lion Brewery	Date Loan Awarded	1/27/2017
Address Line1	1080 Pittsford Victor Road	Interest Rate (%)	3
Address Line2		Length of Loan(# of years to repay)	5
City	PITTSFORD	Amount of Loan Principal Repaid to Date	\$88,046.56
State	NY	Purpose of Loan	Equipment and Fixed Asset Acquisition
Postal Code	14534	Was the loan expected to result in new jobs being created?	Yes
Plus4		If Yes, how many jobs were planned to be created?	19
Province/Region		If Yes, how many jobs have been created to date?	11
Country	United States	Have the terms of the loan been completed?	No

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Source of Loan Funds	Federal	Original Amount of Loan	\$440,000.00
Name of Loan Recipient	Z-AXIS, Inc.	Date Loan Awarded	1/16/2014
Address Line1	1916 State Rt. 96	Interest Rate (%)	4
Address Line2		Length of Loan(# of years to repay)	7
City	HELPS	Amount of Loan Principal Repaid to Date	\$290,451.49
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14532	Was the loan expected to result in new jobs being created?	Yes
Plus4		if Yes, how many jobs were planned to be created?	13
Province/Region		if Yes, how many jobs have been created to date?	18
Country	United States	Have the terms of the loan been completed?	No

Source of Loan Funds	Federal	Original Amount of Loan	\$400,000.00
Name of Loan Recipient	e2e Materials, Inc	Date Loan Awarded	4/12/2012
Address Line1	2916 Lyons Road	Interest Rate (%)	3
Address Line2		Length of Loan(# of years to repay)	5
City	GENEVA	Amount of Loan Principal Repaid to Date	\$209,426.49
State	NY	Purpose of Loan	Business Expansion/Startup
Postal Code	14456	Was the loan expected to result in new jobs being created?	Yes
Plus4		if Yes, how many jobs were planned to be created?	102
Province/Region		if Yes, how many jobs have been created to date?	0
Country	United States	Have the terms of the loan been completed?	Yes

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Additional Comments

**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**

Independent Auditors' Report

To the Board Members
Ontario County Economic
Development Corporation, Ontario County, New York

We have audited, in accordance with the 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 the Ontario County Economic Development Corporation, Ontario County, New York, which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated February 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ontario County Economic Development Corporation, Ontario County, New York's internal control over financial reporting 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 the Ontario County Economic Development Corporation, Ontario County, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ontario County Economic Development Corporation, Ontario County, New York'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 Corporation'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 the Ontario County Economic Development Corporation, Ontario County, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rochester, New York
February 27, 2019