

**ONTARIO COUNTY ECONOMIC DEVELOPMENT  
CORPORATION**

**ONTARIO COUNTY, NEW YORK**

**AUDITED FINANCIAL STATEMENTS  
SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORTS**

**For Years Ended December 31, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Ontario County Economic Development Corporation, Ontario County, New York, which comprise the statements of financial position as of December 31, 2021, and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ontario County Economic Development Corporation, Ontario County, New York as of December 31, 2021, and 2020, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ontario County Economic Development Corporation, Ontario County, New York and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ontario County Economic Development Corporation, Ontario County, New York's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ontario County Economic Development Corporation, Ontario County, New York's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audits were 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 audits 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 \_\_\_\_\_, 2022 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 solely 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 the effectiveness of 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  
\_\_\_\_\_, 2022

## ONTARIO COUNTY ECONOMIC DEVELOPMENT CORPORATION

## ONTARIO COUNTY, NEW YORK

## STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
<b><u>ASSETS:</u></b>		
<b><u>Current Assets -</u></b>		
Cash and cash equivalents	\$ 1,305,626	\$ 769,652
Accounts receivable	4,750	18,664
Loans receivable	912,036	837,674
Prepaid expenses	-	1,250
<b>Total Current Assets</b>	<b>\$ 2,222,412</b>	<b>\$ 1,627,240</b>
<b><u>Noncurrent Assets -</u></b>		
Loans receivable, net	\$ 2,637,506	\$ 3,294,584
Deferred notes/interest receivable	63,687	66,122
<b>Total Noncurrent Assets</b>	<b>\$ 2,701,193</b>	<b>\$ 3,360,706</b>
<b><u>Capital Assets -</u></b>		
Equipment	\$ 10,945	\$ 10,945
(Accumulated depreciation)	(10,945)	(10,945)
<b>Total Capital Assets, Net</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,923,605</b>	<b>\$ 4,987,946</b>
<b><u>LIABILITIES:</u></b>		
<b><u>Current Liabilities -</u></b>		
Accounts payable	\$ 253	\$ 13,039
Unearned revenues	710,316	1,443,895
<b>Total Current Liabilities</b>	<b>\$ 710,569</b>	<b>\$ 1,456,934</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 710,569</b>	<b>\$ 1,456,934</b>
<b><u>NET ASSETS:</u></b>		
<b><u>Without Donor Restrictions -</u></b>		
Operating	\$ 1,241,387	\$ 372,552
Designated	2,439,303	2,897,735
<b>Total Without Donor Restrictions</b>	<b>\$ 3,680,690</b>	<b>\$ 3,270,287</b>
<b><u>With Donor Restrictions -</u></b>		
<b>TOTAL NET ASSETS</b>	<b>\$ 4,213,036</b>	<b>\$ 3,531,012</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,923,605</b>	<b>\$ 4,987,946</b>

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

## ONTARIO COUNTY ECONOMIC DEVELOPMENT CORPORATION

## ONTARIO COUNTY, NEW YORK

## STATEMENTS OF ACTIVITIES

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES:</b>						
Program income	\$ 144,843	\$ 2,950	\$ 147,793	\$ 164,992	\$ -	\$ 164,992
Application income	1,600	-	1,600	1,600	-	1,600
Miscellaneous income	30	-	30	-	-	-
Grants	-	734,000	734,000	204,000	-	204,000
Net assets released from restriction	465,329	(465,329)	-	147,099	(147,099)	-
<b>TOTAL REVENUES</b>	<b>\$ 611,802</b>	<b>\$ 271,621</b>	<b>\$ 883,423</b>	<b>\$ 517,691</b>	<b>\$ (147,099)</b>	<b>\$ 370,592</b>
<b>EXPENSES:</b>						
<b>Program Services-</b>						
Loans	\$ 76,624	\$ -	\$ 76,624	\$ 396,043	\$ -	\$ 396,043
<b>Total Program Services</b>	<b>\$ 76,624</b>	<b>\$ -</b>	<b>\$ 76,624</b>	<b>\$ 396,043</b>	<b>\$ -</b>	<b>\$ 396,043</b>
<b>Supporting Services -</b>						
Management and general	\$ 52,434	\$ -	\$ 52,434	\$ 41,885	\$ -	\$ 41,885
<b>Total Supporting Services</b>	<b>\$ 52,434</b>	<b>\$ -</b>	<b>\$ 52,434</b>	<b>\$ 41,885</b>	<b>\$ -</b>	<b>\$ 41,885</b>
<b>TOTAL EXPENSES</b>	<b>\$ 129,058</b>	<b>\$ -</b>	<b>\$ 129,058</b>	<b>\$ 437,928</b>	<b>\$ -</b>	<b>\$ 437,928</b>
<b>Excess (Deficiency)</b>	<b>\$ 482,744</b>	<b>\$ 271,621</b>	<b>\$ 754,365</b>	<b>\$ 79,763</b>	<b>\$ (147,099)</b>	<b>\$ (67,336)</b>
Bad debt adjustment	(72,341)	-	(72,341)	(196,968)	-	(196,968)
<b>CHANGE IN NET ASSETS</b>	<b>\$ 410,403</b>	<b>\$ 271,621</b>	<b>\$ 682,024</b>	<b>\$ (117,205)</b>	<b>\$ (147,099)</b>	<b>\$ (264,304)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>3,270,287</b>	<b>260,725</b>	<b>3,531,012</b>	<b>3,387,492</b>	<b>407,824</b>	<b>3,795,316</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,680,690</b>	<b>\$ 532,346</b>	<b>\$ 4,213,036</b>	<b>\$ 3,270,287</b>	<b>\$ 260,725</b>	<b>\$ 3,531,012</b>

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

ONTARIO COUNTY ECONOMIC DEVELOPMENT CORPORATION

ONTARIO COUNTY, NEW YORK

STATEMENTS OF FUNCTIONAL EXPENSES

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>2021</u>	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>2020</u>
Advertising & public relations	\$ -	\$ 4,731	\$ 4,731	\$ -	\$ 5,395	\$ 5,395
Grants	26,390	-	26,390	324,161	-	324,161
Insurance	-	3,278	3,278	-	3,220	3,220
Legal costs	5,135	-	5,135	9,300	-	9,300
Mileage and travel	-	375	375	-	406	406
Miscellaneous	275	1,325	1,600	391	1,364	1,755
Ontario County services	28,589	42,685	71,274	39,774	31,500	71,274
Professional fees	16,235	-	16,235	22,417	-	22,417
Training and conferences	-	40	40	-	-	-
<b>TOTAL</b>	<u>\$ 76,624</u>	<u>\$ 52,434</u>	<u>\$ 129,058</u>	<u>\$ 396,043</u>	<u>\$ 41,885</u>	<u>\$ 437,928</u>

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

## ONTARIO COUNTY ECONOMIC DEVELOPMENT CORPORATION

## ONTARIO COUNTY, NEW YORK

## STATEMENTS OF CASH FLOWS

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from providing services	\$ 157,472	\$ 144,363
Cash payments contractual expenses	(114,204)	(113,503)
Cash payments grants	(1,000)	(264,000)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 42,268</b>	<b>\$ (233,140)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Loans made to companies	\$ (859,034)	\$ (964,949)
Principal payments received on loans	1,347,512	652,750
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>\$ 488,478</b>	<b>\$ (312,199)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Economic development grant	\$ -	\$ 184,000
Federal Grant received for loan program	5,228	370,578
<b>Net Cash Provided by Financing Activities</b>	<b>\$ 5,228</b>	<b>\$ 554,578</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<b>\$ 535,974</b>	<b>\$ 9,239</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>769,652</b>	<b>760,413</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 1,305,626</b>	<b>\$ 769,652</b>

(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, 2021 and 2020**

**(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, 2021 and 2020.

**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. Capital Assets**

Equipment is stated at cost (or estimated historical cost) and is depreciated using the straight-line method with an estimated useful life of 5 years. For the years ended December 31, 2021 and 2020 the OCEDC's equipment was the only class of capital asset held and was fully depreciated with a net book value of \$0. There were no additions or disposals of capital assets during the years ended December 31, 2021 or 2020 and depreciation expense was \$0 and \$1,824 respectively.

(Note 1) (Continued)

**E. 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.

**F. 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.

**G. 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.

**H. 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.

**I. 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.

**J. Revenues**

The OCEDC receives revenue from Federal and State grants from the County of Ontario and other granting authorities which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures, or issued loans, in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures, or in satisfaction of the terms of loan agreements, are reported as unearned revenues in the statement of financial position. Grants received for establishing revolving loans totaling \$708,163 have not been recognized at December 31, 2021 because certain measurable performance requirements have not been achieved in accordance with the contract terms. Unearned revenues for grants totaling \$708,163 and \$1,442,163 are reported on the statements of financial position at December 31, 2021 and 2020.

**(Note 1) (Continued)**

The OCEDC recognizes revenues from application fees during the period in which the application is received.

The OCEDC recognizes interest revenue on its revolving loans monthly as earned.

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, 2021 and 2020 the balance of deferred loans and any accrued interest was \$63,687 and \$66,122, respectively. Deferred revenue related to interest on the loans was \$2,153 and \$1,731 for the years ended December 31, 2021 and 2020, respectively.

**K. 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, 2021 there was one approved company within FTZ 289.

**(Note 2) Reclassification:**

Certain amounts in the 2020 financial statements have been reclassified to confirm 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 Statements of Cash Flows use 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:

(Note 3) (Continued)

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

	2021	
	<u>Canandaigua National Bank</u>	<u>Lyons National Bank</u>
Cash	\$ 1,065,392	\$ 240,234
Less: FDIC Insurance	(250,000)	(240,234)
<b>Under (Over) Insured</b>	<u>\$ 815,392</u>	<u>\$ -</u>

  

	2020	
	<u>Canandaigua National Bank</u>	<u>Lyons National Bank</u>
Cash	\$ 529,478	\$ 240,174
Less: FDIC Insurance	(250,000)	(240,174)
<b>Under (Over) Insured</b>	<u>\$ 279,478</u>	<u>\$ -</u>

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,305,626	\$ 769,652
Accounts receivable	4,750	18,664
Current portion of loans receivable	912,036	837,674
<b>Total</b>	<u>\$ 2,222,412</u>	<u>\$ 1,625,990</u>

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.

3. **Accounts Receivable**

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

	<u>2021</u>	<u>2020</u>
Ontario County	\$ -	\$ 16,064
Late fees	1,950	600
Other	2,800	2,000
<b>Total</b>	<u>\$ 4,750</u>	<u>\$ 18,664</u>

(Note 3) (Continued)

4. **Loans Receivable**

The OCEDC has 25 outstanding notes receivable from the revolving loan program that have interest rates from 1%-4.125% and various maturities through 2031. All notes receivable are collateralized by assets of the respective companies. As of December 31<sup>st</sup> the OCEDC had the following:

	<u>2021</u>	<u>2020</u>
Notes Receivable	\$ 4,060,468	\$ 4,571,480
Interest Receivable	9,755	9,118
<b>Subtotal</b>	<u>\$ 4,070,223</u>	<u>\$ 4,580,598</u>
<u>Less:</u> Current Portion	<u>(912,036)</u>	<u>(837,674)</u>
<b>Total Long-Term Notes Receivable</b>	<u>\$ 3,158,187</u>	<u>\$ 3,742,924</u>
<u>Less:</u> Allowance for loan impairment	<u>(520,681)</u>	<u>(448,340)</u>
<b>Total Long-Term Notes Receivable, net</b>	<u><u>\$ 2,637,506</u></u>	<u><u>\$ 3,294,584</u></u>

An allowance for loan impairment has been established based upon a review of the repayment status of outstanding loans. This allowance, which totals \$520,681 at December 31, 2021 is considered by management to be sufficient for any losses.

Principal maturities are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 902,282
2023	844,406
2024	570,143
2025	362,825
2026	628,873
Thereafter	751,939
<b>Total</b>	<u><u>\$ 4,060,468</u></u>

(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.

(Note 4) (Continued)

**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 31<sup>st</sup>, the outstanding balance net of any applicable share of the loan impairment allowance is as follows:

	<u>2021</u>	<u>2020</u>
HUD	\$ 518,677	\$ 250,006
GAIN	13,669	10,719
<b>Total</b>	<u>\$ 532,346</u>	<u>\$ 260,725</u>

(Note 5) **Master Agreement with Ontario County**

The OCEDC executed an annual 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 \$71,274 retainer was paid to the County in 2021 and 2020, and was payable in equal monthly installments of \$5,939.50 for 2021. A copy of the agreement can be obtained from the Ontario County Board of Supervisors office. In accordance with this agreement, the OCEDC paid \$71,274 to Ontario County for 2021 and 2020.

(Note 6) **Commitment and Contingencies**

Management is not aware of any pending or threatening litigation as of the statements of financial position date.

(Note 7) **New Accounting Pronouncement - Leases**

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the 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, 2021, and interim periods within fiscal years beginning after December 15, 2022. 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) **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 9)      Subsequent Events**

Events and transactions which have occurred from December 31, 2021 to [REDACTED], 2022 the date of these financial statements, 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.

Due to the economic conditions arising from our nation's response to the COVID-19 outbreak at the Federal, State, and local levels, management is continuously evaluating the viability of the companies with which the Corporation conducts business. As of the date of this report, management cannot reasonably determine the impact that this issue may have on the collectability of its outstanding loans.

**(Note 10)      Accounting Impact of COVID-19 Outbreak**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Corporation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Corporation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for 2022.

**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 statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated \_\_\_\_\_, 2022.

***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  
\_\_\_\_\_, 2022