

**ONTARIO COUNTY LOCAL 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 Local Development Corporation
Ontario County, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Ontario County Local Development Corporation, Ontario County, New York (the Corporation) 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 Local Development Corporation, Ontario County, New York as of December 31, 2018 and 2017, and the changes in its net position 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 March 13, 2019 on our consideration of Ontario County Local 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 Local Development Corporation, Ontario County, New York’s internal control over financial reporting and compliance.

Rochester, New York
March 13, 2019



**ONTARIO COUNTY
LOCAL DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

Statement of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS:</u>		
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 256,685	\$ 379,880
Total Current Assets	<u>\$ 256,685</u>	<u>\$ 379,880</u>
TOTAL ASSETS	<u>\$ 256,685</u>	<u>\$ 379,880</u>
<u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ -	\$ 2,014
Total Current Liabilities	<u>\$ -</u>	<u>\$ 2,014</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 2,014</u>
<u>NET ASSETS:</u>		
<u>Without Donor Restrictions -</u>		
Operating	\$ 56,685	\$ 377,866
Designated	200,000	-
TOTAL NET ASSETS	<u>\$ 256,685</u>	<u>\$ 377,866</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 256,685</u>	<u>\$ 379,880</u>

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

**ONTARIO COUNTY
LOCAL DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

Statement of Activities

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>OPERATING REVENUES:</u>		
Project fees	\$ -	\$ 358,800
Application fees	-	750
TOTAL REVENUES	<u>\$ -</u>	<u>\$ 359,550</u>
<u>EXPENSES:</u>		
Program Services	\$ 100,000	\$ 2,014
Supporting Services-Management and General	21,276	6,378
TOTAL EXPENSES	<u>\$ 121,276</u>	<u>\$ 8,392</u>
CHANGE IN NET ASSETS	\$ (121,276)	\$ 351,158
Interest income, other	95	7
CHANGE IN NET ASSETS	\$ (121,181)	\$ 351,165
NET ASSETS - BEGINNING OF YEAR	<u>377,866</u>	<u>26,701</u>
NET ASSETS - END OF YEAR	<u><u>\$ 256,685</u></u>	<u><u>\$ 377,866</u></u>

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

**ONTARIO COUNTY
LOCAL DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

Statement of Functional Expenses

For the Years Ended December 31, 2018 and 2017

	Program Services	Supporting Services Management and general	Total	
			2018	2017
Advertising & public relations	\$ -	\$ 3,846	\$ 3,846	\$ -
Grants	100,000	-	100,000	-
Insurance	-	2,424	2,424	2,403
Legal costs	-	1,430	1,430	-
Ontario County services	-	9,600	9,600	2,014
Professional fees	-	3,976	3,976	3,975
	<u>\$ 100,000</u>	<u>\$ 21,276</u>	<u>\$ 121,276</u>	<u>\$ 8,392</u>

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

**ONTARIO COUNTY
LOCAL DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

Statement of Cash Flows

For the Year Ended December 31, 2018 and 2017

	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from project fees	\$ -	\$ 358,800
Cash received from application fees	-	750
Cash payments contractual expenses	(23,290)	(6,378)
Cash payments grants	(100,000)	-
Net Cash Provided (Used) by Operating Activities	\$ (123,290)	\$ 353,172
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	\$ 95	\$ 7
Net Cash Provided (Used) by Investing Activities	\$ 95	\$ 7
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (123,195)	\$ 353,179
BEGINNING CASH AND CASH EQUIVALENTS	379,880	26,701
ENDING CASH AND CASH EQUIVALENTS	\$ 256,685	\$ 379,880
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ (121,276)	\$ 351,158
Adjustments to Reconcile Change in Net Assets to Net cash		
Provided by (Used in) Operating Activities:		
Increase/(decrease) in accounts payable	\$ (2,014)	\$ 2,014
Total Adjustments	\$ (2,014)	\$ 2,014
Net Cash Provided (Used) by Operating Activities	\$ (123,290)	\$ 353,172

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

**ONTARIO COUNTY LOCAL
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 Local Development Corporation, Ontario County, New York (the Corporation) was incorporated on April 12, 2010 under Section 402 of the Not-For-Profit Corporation Law. The mission of the Ontario County LDC is to conduct activities that will relieve and reduce unemployment; promote and provide for additional and maximum employment; better and maintain job opportunities; instructor train individuals to improve or develop their capabilities for such jobs; carry on scientific research for the purpose of aiding the County by attracting new industry in the County; and lessening the burdens of government and acting in the public interest. The Board shall consist of seven (7) Directors, all of whom, shall be appointed by the County and is reported as a related entity by the County.

B. Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States. Revenues are recognized when earned and expenses are recognized when incurred.

The Corporation 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 Corporation is required to present a Statement of Cash Flows. The Corporation reports only net assets without donor restrictions at December 31, 2018 and 2017.

C. Cash and Cash Equivalents

For purposes of presenting the Statement of Cash Flows, the Corporation considers all highly liquid cash accounts and other temporary investments of three months or less as cash equivalents.

D. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

E. Revenues

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

(Note 1) (Continued)

F. Income Taxes

The Corporation is a not-for-profit corporation organized pursuant to Sections 402 and 1411 of the New York State Not-for-Profit Corporation law and is, therefore, exempt from income taxes. The Corporation is also exempt from Federal reporting requirements under Internal Revenue Procedure 95-48, 1995-2 C.B. 418 as a governmental unit or affiliate of a governmental unit described in the procedure.

(Note 2) **Change in Accounting Principle:**

During 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. Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.
- D. Provide enhanced disclosures about:

Amounts 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.

(Note 2) (Continued)

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

Underwater endowment funds, which include required disclosures of a NFP's policy, and any actions taken during the period, concerning appropriation from underwater endowment funds, (2) the aggregate fair value of such funds, (3) the aggregate of the original gift amounts (or level required by donor or law) to be maintained, and (4) the aggregate amount by which funds are underwater (deficiencies), which are to be classified as part of net assets with donor restrictions.

- E. Report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted together.
- F. 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 fiscal year ended December 31, 2018. Certain balances as of December 31, 2017 have been reclassified to conform with the current year presentation.

(Note 3) Cash and Cash Equivalents:

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. While the Corporation does not have a specific policy for custodial credit risk, New York State statutes govern the Corporation's investment policies, as discussed previously in these notes. Deposits at December 31, 2018 were under collateralized in the amount of \$6,685 and also under collateralized at December 31, 2017 in the amount of \$129,880.

(Note 4) Conduit Debt Obligations:

The Corporation has issued Tax-Exempt and Taxable Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Corporation, Village, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2018, there was one series of Revenue Bonds outstanding with an aggregate principal amount payable of \$35,310,000.

(Note 5) **Net Assets:**

A. **Net Assets Without Donor Restrictions**

Operating – represents funds available for operations.

Designated – represents funds which have been designated for the Corporations joint-venture agreement with the Ontario County Industrial Development Agency (OCIDA).

(Note 6) **Master Agreement with Ontario County:**

The Corporation 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 Corporation on the same website used by the ED Department. In exchange for the services rendered by the County a \$9,600 retainer was paid to the County in 2018, and was payable in equal monthly installments of \$800 for 2018. A copy of the agreement can be obtained from the Ontario County Board of Supervisors office. In accordance with this agreement, the Corporation paid \$9,600 and \$2,014 to Ontario County for 2018 and 2017, respectively.

(Note 7) **Commitments and Contingencies:**

A. **Litigation**

The Corporation is not aware of any pending litigation as of the balance sheet date.

(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 between December 31, 2018 and March 13, 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. No such events or transactions were noted.

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

Run Date: 03/18/2019
Status: UNSUBMITTED
Certified Date: N/A

Bond Information.

Name of Recipient of Bond Proceeds	FF Thompson Hospital	Bond Interest Rate	3.29
Address Line1	350 Parrish St	Last Year Bonds Expected to be Retired	2040
Address Line2		Amount of Bond Principal Retired during the Reporting Year	570000
City	CANANDAIGUA	Amount of Bond Principal Retired Prior to Reporting Year	0
State	NY	Current Amount of Bonds Outstanding	\$35,310,000.00
Postal Code	14424	Purpose of Project Requiring the Bond Issuance	Commercial Property Construction/Acquisition/Revitalization/Improvement
Plus4		Was the Bond Issuance Expected to Result in New Jobs Being Created?	No
Province/Region	United States	If yes, How Many Jobs Were Planned to be Created?	
Country	\$35,880,000.00	If yes, How Many Jobs Have Been Created to Date?	
Amount of Bonds Issued	12/27/2017	Have the Bonds Been Fully Retired?	No
Date Bonds Issued			

**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 Local 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 Local Development Corporation, Ontario County, New York (the Corporation), 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 March 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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
March 13, 2019

**ONTARIO COUNTY
LOCAL DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2018

I. Summary of the Auditors' Results

Financial Statements

a) Type of auditor's report issued	Unmodified
b) Internal control over financial reporting	
1. Material weaknesses identified	No
2. Significant deficiency(ies) identified	No
c) Noncompliance material to financial statements noted	No

II. Financial Statement Findings

There were no current year findings and there were no prior year findings.