

VICTOR LOCAL DEVELOPMENT CORPORATION
NEW YORK

AUDITED FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

DECEMBER 31, 2021 AND 2020



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Victor Local Development
Corporation, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Victor Local Development Corporation (the Corporation) 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 the Corporation 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 the Corporation 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 the Corporation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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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 the Corporation'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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2022 on our consideration of the Corporation'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 the Corporation's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
March 17, 2022

VICTOR LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	December 31,	
	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 93,397	\$ 110,161
Accounts receivable	20,000	-
Loans receivable	15,016	26,608
TOTAL CURRENT ASSETS	<u>\$ 128,413</u>	<u>\$ 136,769</u>
 <u>OTHER NON-CURRENT ASSETS</u>		
Loans receivable	<u>23,018</u>	<u>29,539</u>
TOTAL ASSETS	<u>\$ 151,431</u>	<u>\$ 166,308</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>OTHER NON-CURRENT LIABILITIES</u>		
Loan payable	<u>\$ 3,024</u>	<u>\$ 14,220</u>
 <u>NET ASSETS</u>		
<u>Without donor restrictions</u>		
Designated	\$ 56,425	\$ 55,343
Operations	91,982	96,745
TOTAL NET ASSETS	<u>\$ 148,407</u>	<u>\$ 152,088</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 151,431</u>	<u>\$ 166,308</u>

The accompanying notes are an integral part of these financial statements.

VICTOR LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES

	<u>Year Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>REVENUES</u>		
Contributions	\$ 23,273	\$ 26,437
State aid - Main Street grant program	-	146,750
Miscellaneous revenue	533	2,467
TOTAL REVENUES	<u>\$ 23,806</u>	<u>\$ 175,654</u>
 <u>EXPENSES</u>		
Program services	\$ 1,565	\$ 153,701
Support services - management and general	25,922	9,382
TOTAL EXPENSES	<u>\$ 27,487</u>	<u>\$ 163,083</u>
CHANGE IN NET ASSETS	\$ (3,681)	\$ 12,571
Net assets at beginning of year	152,088	139,517
NET ASSETS AT END OF YEAR	<u>\$ 148,407</u>	<u>\$ 152,088</u>

The accompanying notes are an integral part of these financial statements.

VICTOR LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for 2020)

	<u>Program Services</u>	<u>Supporting Services Management and general</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
Conferences/travel	\$ -	\$ -	\$ -	\$ 3
Insurance	-	402	402	1,537
Printing, postage, and shipping	-	22	22	285
Utilities and maintenance	-	677	677	991
Legal	-	8,751	8,751	5,730
Business recruitment	-	265	265	-
Miscellaneous	-	15,805	15,805	311
Event coordinator	-	-	-	525
Main Street grant program	-	-	-	139,915
Business events	989	-	989	11,644
Marketing-advertising	576	-	576	2,142
	<u>\$ 1,565</u>	<u>\$ 25,922</u>	<u>\$ 27,487</u>	<u>\$ 163,083</u>

The accompanying notes are an integral part of these financial statements.

VICTOR LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2021	2020
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Cash received from providing services	\$ 3,806	\$ 176,354
Cash payments contractual expenses	(27,487)	(163,708)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	\$ (23,681)	\$ 12,646
<u>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES</u>		
Payments made on loan from Ontario County EDC	\$ (11,196)	\$ (8,397)
Revolving loan issued	(17,500)	(17,500)
Loans receivable repayments	35,613	22,921
NET CASH PROVIDED BY (USED) NONCAPITAL FINANCING ACTIVITIES	\$ 6,917	\$ (2,976)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (16,764)	\$ 9,670
Cash and cash equivalents at beginning of year	110,161	100,491
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 93,397	\$ 110,161
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (3,681)	\$ 12,571
<u>Adjustments to Reconcile Change in Net Assets to Net Cash</u>		
<u>(Used In) Provided By Operating Activities</u>		
(Increase)/decrease in accounts receivable	\$ (20,000)	\$ 700
(Decrease) in accounts payable	-	(625)
Total Adjustments	\$ (20,000)	\$ 75
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	\$ (23,681)	\$ 12,646

The accompanying notes are an integral part of these financial statements.

VICTOR LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE A: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Victor Local Development Corporation, New York (the Corporation) was incorporated on December 1, 1999 under Section 402 of the Not-For-Profit Corporation Law. The mission of the Victor Local Development Corporation is to conduct activities that will relieve and reduce unemployment, promote and provide for additional and maximum employment; better and maintain job opportunities, assist individuals to improve or develop their capabilities for jobs, carry on scientific research for the purpose of aiding the community or geographic area by attracting industry to the community; and lessening the burdens of government and acting in the public interest.

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.

These classes of net assets are defined as follows:

Net assets without donor restrictions - The net assets over which the Board of Directors has discretionary control to use in carrying on the Corporation's operations in accordance with the guidelines established for the Corporation. The Board may designate portions of the current net assets without donor restrictions for specific purposes, projects or investment.

Net assets with donor restrictions - Net assets that are subject to donor (or certain grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Corporation had no net assets with donor restrictions at December 31, 2021 and 2020.

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 twelve months or less as cash equivalents.

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.

VICTOR LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

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. All applicable tax forms for the Corporation have been filed and accepted by the Internal Revenue Service through the year ended December 31, 2021. The tax years ending December 31, 2020, 2019, and 2018 are still open to audit for federal and state purposes.

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.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less allowance for doubtful accounts. The Corporation provides for losses on accounts receivable using the allowance method. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Corporation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Loans Receivable

Loans receivable are stated at principal balances. Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding.

Revenues

The Corporation recognizes contributions when cash, securities or other assets are received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Federal, State, and local contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. At December 31, 2021 and 2020 there are no amounts that have been received in advance, and amounts that have been received have been recognized in the accompanying financial statements because the conditions have been met.

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

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.

VICTOR LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE B: DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Assets

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, 2021 and 2020 were fully covered by FDIC insurance.

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	\$ 93,397	\$ 110,161
Accounts receivable	20,000	-
Current portion of loans receivable	15,016	26,608
TOTAL	<u>\$ 128,413</u>	<u>\$ 136,769</u>

Loans Receivable

The Corporation has established revolving loan funds for the purpose of fostering economic development. The source of funds to finance the loan payment may be from state grants, or from funds of the Corporation itself. Loans to commercial enterprises and principal repayments are due through 2025, and are not recorded through revenue and expense. Any interest income is reported as program income.

As of December 31st the Victor LDC had the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Loans Receivable	\$ 38,034	\$ 56,147
Less: Current Portion	(15,016)	(26,608)
Total Long-Term Loans Receivable	<u>* \$ 23,018</u>	<u>\$ 29,539</u>

* As a result of the COVID-19 pandemic the Corporation offered recipients up to a 3 month deferment to be added to the end of the original loan.

Liabilities

Loan Payable

The Corporation received a \$50,000 loan from the Ontario County Economic Development Corporation (OCEDC) to be utilized for Victor LDC loans to Victor LDC borrowers in accordance with the Victor LDC's revolving loan fund program policies. Loaned monies will be repaid in quarterly installments in an amount equal to the LDC Loan Payment amounts allocable to principal and 0% interest. At December 31, 2021 that balance due to the OCEDC is \$3,024.

VICTOR LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE C: NET ASSETS

Net assets without donor restrictions – operating
Represents funds available for operations.

Net assets without donor restricts – designated
Represents funds which have been designated to offset outstanding loan balances made with local dollars.

NOTE D: COMMITMENT AND CONTINGENCIES

Litigation
There is no litigation pending against the Corporation as of the statement of financial position date.

NOTE E: 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 F: MUTUAL SERVICES AGREEMENT WITH THE TOWN OF VICTOR

The Corporation entered into a mutual services agreement with the Town of Victor to provide for mutual cooperation and assistance in furtherance of their respective purposes, in the best interest of the community they both serve, and in which the Town would provide the services of its Director and the Director's part time typist, both on a part time basis, with the extent of the services provided to be determined mutually by the Town of Victor and the Corporation. Pursuant to this agreement, the Town will pay the Corporation an annual payment. The Town paid the Corporation \$20,344 in 2021 and \$24,340 in 2020, respectively.

NOTE G: SUBSEQUENT EVENTS

Events and transactions which have occurred between December 31, 2021 and March 17, 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. No such events or transactions were noted.

NOTE H: 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.



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S 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

To the Board of Directors
Victor Local Development
Corporation, 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 Victor Local Development Corporation, Victor, New York (the Corporation), 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 March 17, 2022.

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.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
March 17, 2022