

WASHINGTON COUNTY EOC
PROFIT SHARING 401(k) PLAN
Financial Statements and Schedule
March 31, 2021 and 2020
(With Independent Auditors' Report Thereon)

WASHINGTON COUNTY EOC PROFIT SHARING 401(k) PLAN

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of Net Assets Available for Benefits	3
Statements of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5 - 9
Schedule 1 - U.S. Form 5500 - Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	10

* * * * *

INDEPENDENT AUDITORS' REPORT

The Trustees
Washington County EOC Profit Sharing 401(k) Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Washington County EOC Profit Sharing 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of March 31, 2021 and 2020, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to 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 conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 4, which was certified by NBT Wealth Management (NBT), the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the Plan administrator that NBT Wealth Management held the Plan's investment assets and executed investment transactions from June 14, 2019 to March 31, 2021, and that Glens Falls National Bank held the Plan's investment assets and executed investment transactions for the period from April 1, 2019 to June 13, 2019. The Plan administrator has obtained certifications from the trustees as of and for the years ended March 31, 2021 and 2020, that the information provided to the Plan administrator by the trustees is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets (held at end of year), as of March 31, 2021, is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Williamsville, New York
, 2021

WASHINGTON COUNTY EOC PROFIT SHARING 401(k) PLAN
 Statements of Net Assets Available for Benefits
 March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Investments, at fair value:		
Cash and equivalents	\$ 18,131	11,463
Mutual funds	<u>1,333,715</u>	<u>1,038,488</u>
Total investments, at fair value	<u>1,351,846</u>	<u>1,049,951</u>
Net assets available for benefits	<u>\$ 1,351,846</u>	<u>1,049,951</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY EOC PROFIT SHARING 401(k) PLAN
 Statements of Changes in Net Assets Available for Benefits
 Years ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Additions to net assets attributed to:		
Contributions:		
Participants	\$ 101,085	91,360
Employer	20,682	19,129
Rollovers	<u>-</u>	<u>2,038</u>
Total contributions	<u>121,767</u>	<u>112,527</u>
Investment income (loss):		
Interest and dividends	46,411	55,773
Net appreciation (depreciation) in fair value of investments	<u>340,469</u>	<u>(124,588)</u>
Total investment income (loss)	<u>386,880</u>	<u>(68,815)</u>
Total additions to net assets	<u>508,647</u>	<u>43,712</u>
Deductions from net assets attributed to:		
Benefits paid to participants	197,766	134,904
Administrative expenses	<u>8,986</u>	<u>6,550</u>
Total deductions from net assets	<u>206,752</u>	<u>141,454</u>
Net change	301,895	(97,742)
Net assets available for benefits:		
Beginning of year	<u>1,049,951</u>	<u>1,147,693</u>
End of year	<u><u>\$ 1,351,846</u></u>	<u><u>1,049,951</u></u>

See accompanying notes to financial statements.

WASHINGTON COUNTY EOC PROFIT SHARING 401(k) PLAN

Notes to Financial Statements

March 31, 2021 and 2020

(1) Description of Plan

The following description of the Washington County EOC Profit Sharing 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan as permitted under Section 401(k) of the Internal Revenue Code (IRC) and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is sponsored by the Washington County Economic Opportunity Council, Inc. d/b/a L.E.A.P. (the Council) and was established on April 1, 2001. Effective June 14, 2019, the Plan assets are maintained by NBT Wealth Management (NBT), a discretionary trustee.

(b) Contributions

Participants with 250 hours of service within three consecutive months may make pre-tax contributions of compensation up to the maximum allowed by Section 402(g) of the IRC. Participants who attain the age of 50 before the end of the Plan year are eligible to make catch-up contributions. The Plan also accepts contributions representing eligible rollover distributions from other qualified plans.

Employer matching and profit sharing contributions are made by the Council in accordance with the Plan agreement equal to a discretionary percentage to be determined by the Council upon completing one year of service.

(c) Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of (a) the Council's contributions, (b) Plan earnings and (c) charged with an allocation of investment and administrative expenses. Allocations are based on a participant's account balance, as defined in the Plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(d) Vesting

Participant's contributions, plus any investment earnings thereon, are immediately 100% vested and cannot be forfeited for any reason. Vesting in the Council's matching and profit sharing contributions, plus earnings thereon, is based on years of service and is determined as follows:

<u>Years of Service</u>	<u>Vested percentage</u>
1	20%
2	40%
3	60%
4	80%
5	<u>100%</u>

WASHINGTON COUNTY EOC PROFIT SHARING 401(k) PLAN

Notes to Financial Statements, Continued

(1) Description of Plan, Continued

(e) Payment of Benefits

Participants (or their beneficiaries) are eligible to receive vested benefits upon retirement, death, disability, or when they cease to be an employee of the Council. In addition, a participant can withdraw all or any portion of his or her vested account balance in the event of financial hardship, subject to certain penalties. For the year ended December 31, 2020, participants who had been impacted by the COVID-19 virus, and otherwise may not have been eligible for a distribution under the terms of the Plan, were able to request a Coronavirus-Related Distribution under the provisions of the CARES Act.

(f) Investment Options

The Plan was established as a bank managed plan, whereupon the trustee manages investments by the utilization of bank-managed portfolios.

(g) Forfeited Accounts

Forfeitures of non-vested employer contributions which remain after an employee terminated employment shall be used first to pay administrative expenses. Any remaining amounts will be used to reduce future employer contributions payable under the Plan. Forfeitures for the years ended March 31, 2021 and 2020 amounted to \$9,744 and \$1,974, respectively.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

(b) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

(c) Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation and depreciation includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

(d) Payment of Benefits

Benefits paid to participants are recorded when paid.

WASHINGTON COUNTY EOC PROFIT SHARING 401(k) PLAN

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Operating Expenses

The Council may pay all expenses incurred in the administration of the Plan, including expenses of the trustee and certain professional fees, but shall not be obligated to do so. Any expenses and fees not paid by the Council shall be paid from the Plan.

(f) Subsequent Events

The Plan has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(3) Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

WASHINGTON COUNTY EOC PROFIT SHARING 401(k) PLAN

Notes to Financial Statements, Continued

(3) Fair Value Measurements, Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2021 and 2020.

- Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Assets at Fair Value as of March 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,333,715	-	-	1,333,715
Cash and equivalents	<u>18,131</u>	-	-	<u>18,131</u>
Total assets at fair value	\$ <u>1,351,846</u>	-	-	<u>1,351,846</u>

Assets at Fair Value as of March 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,038,488	-	-	1,038,488
Cash and equivalents	<u>11,463</u>	-	-	<u>11,463</u>
Total assets at fair value	\$ <u>1,049,951</u>	-	-	<u>1,049,951</u>

(4) Financial Certification

The financial information relating to the Plan's assets at March 31, 2021 and 2020, as well as investment income (loss) and investment transactions for the years then ended, has been derived from information provided by NBT Wealth Management (NBT) and Glens Falls National Bank (GFNB) and has been certified by them as complete and accurate. The incorporation of this financial information in the accompanying financial statements is based solely on their certifications and has not been audited by independent auditors.

	<u>2021</u>	<u>2020</u>
Investments, at fair value:		
Cash and equivalents	\$ 18,131	11,463
Mutual funds	<u>1,333,715</u>	<u>1,038,488</u>
	\$ <u>1,351,846</u>	<u>1,049,951</u>
Total investment income (loss)	\$ <u>386,880</u>	<u>(68,815)</u>

WASHINGTON COUNTY EOC PROFIT SHARING 401(k) PLAN

Notes to Financial Statements, Continued

(5) Party-in Interest Transactions

NBT was the trustee of the Plan from June 14, 2019 to March 31, 2021 and GFNB was the trustee of the Plan from April 1, 2019 to June 13, 2019 and accordingly any transactions with them qualify as party-in-interest. Fees paid to NBT amounted to \$8,986 and \$2,518 for the years ended March 31, 2021 and 2020, respectively. Fees paid to GFNB amounted \$4,032 for the year ended March 31, 2020.

(6) Plan Termination

Although it has not expressed any intent to do so, the Council has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the participants will become 100% vested in all contributions in their accounts and related income and appreciation, regardless of source.

(7) Risks and Uncertainties

The Plan invests in various investments which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the Plan and its future results and financial position is not presently determinable.

(8) Tax Status

The Plan is a prototype non-standardized profit sharing plan and obtained its latest determination letter on March 31, 2008, in which the Internal Revenue Service (the IRS) stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's legal counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions and the Department of Labor; however, there are currently no audits for any tax periods in progress.

WASHINGTON COUNTY EOC PROFIT SHARING 401(k) PLAN
U.S. Form 5500 - Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
Plan Sponsor's EIN: 14-1494402
Plan Number: 003
March 31, 2021

(a)	(b) Identity of issuer, borrower lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral par, or maturity value	(e) Current value
	Charles Schwab	Money market deposit account	\$ 12,150
		Cash	<u>5,981</u>
		Total cash and equivalents	<u>18,131</u>
	American Funds	2055 Target Date Retirement	49,812
	American Funds	2060 Target Date Retirement	29,702
	American Funds	2020 Target Date Retirement	66,445
	American Funds	2025 Target Date Retirement	230,214
	American Funds	2030 Target Date Retirement	414,547
	American Funds	2035 Target Date Retirement	179,612
	American Funds	2045 Target Date Retirement	47,356
	American Funds	2050 Target Date Retirement	66,426
	American Funds	2040 Target Date Retirement	247,851
	Fidelity	Extended Market Index	1,003
	PIMCO	Real Return Fund	<u>747</u>
		Total mutual funds	<u>1,333,715</u>
		Total investments	<u><u>\$ 1,351,846</u></u>

* A party-in-interest as defined by ERISA.

(d) Cost is omitted as all investments are participant directed.

This schedule was prepared from information certified by NBT Wealth Management, the trustee, as complete and accurate.

REPORT TO THE TRUSTEES

, 2021

The Trustees
Washington County EOC Profit Sharing 401(k) Plan

Dear Trustees:

We have conducted a Department of Labor (DOL) limited-scope audit of the financial statements of Washington County EOC Profit Sharing 401(k) Plan (the Plan) for the year ended March 31, 2021, and have issued our report thereon dated , 2021. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 4 to those financial statements. Because of the significance of the information that we did not audit, we are unable to, and have not, expressed an opinion on those financial statements and supplemental schedule as a whole. We did, however, audit the form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustees, in accordance with auditing standards generally accepted in the United States of America and found them to be presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

For the year ended March 31, 2021, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of the report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreement arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Plan’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This information is intended solely for the use of the Trustees and management of Washington County EOC Profit Sharing 401(k) Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

EFPR GROUP, CPAs, PLLC