

LEAP SERVICES PROFIT SHARING/401(K) PLAN
Financial Statements and Schedule
March 31, 2022 and 2021
(With Independent Auditors' Report Thereon)

LEAP SERVICES PROFIT SHARING/401(K) PLAN

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INDEPENDENT AUDITORS' REPORT

The Trustees
Leap Services Profit Sharing/401(K) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2022 Financial Statements

We have performed an audit of the accompanying financial statements of Leap Services Profit Sharing/401(K) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of March 31, 2022, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to financial statements (2022 financial statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2022 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended March 31, 2022, stating that the certified investment information, as described in Note 4 to the financial statements, is complete and accurate.

Opinion on the 2022 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2022 Financial Statements section:

- the amounts and disclosures in the 2022 financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the 2022 financial statements referred to above, related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2022 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2022 Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2022 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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 Plan's ability to continue as a going concern for one year after the date that the financial statements are issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2022 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2022 Financial Statements section of our report, 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, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- 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 Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2022 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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 Matters

2022 Supplemental Schedule Required by ERISA

The supplemental schedule of assets (held at end of year) as of March 31, 2022, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. 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 included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to 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 GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2021 Financial Statements

We were engaged to audit the 2021 financial statements of the Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information certified by a qualified institution. In our report dated January 11, 2022 we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2021 financial statements and supplemental schedule, and (b) the form and content of the information included in the 2021 financial statements and supplemental schedule, other than that derived from the certified information, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

EFPR Group, CPAs, PLLC

Williamsville, New York
January 12, 2023

LEAP SERVICES PROFIT SHARING/401(K) PLAN
Statements of Net Assets Available for Benefits
March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets:		
Investments, at fair value:		
Cash and equivalents	\$ 10,311	18,131
Mutual funds	<u>1,464,378</u>	<u>1,333,715</u>
Total investments, at fair value	<u>1,474,689</u>	<u>1,351,846</u>
Net assets available for benefits	<u>\$ 1,474,689</u>	<u>1,351,846</u>

See accompanying notes to financial statements.

LEAP SERVICES PROFIT SHARING/401(K) PLAN
Statements of Changes in Net Assets Available for Benefits
Years ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Additions to net assets attributed to:		
Contributions:		
Participants	\$ 105,799	101,085
Employer	18,742	20,682
Rollovers	<u>332</u>	<u>-</u>
Total contributions	<u>124,873</u>	<u>121,767</u>
Investment income:		
Interest and dividends	85,617	46,411
Net appreciation (depreciation) in fair value of investments	<u>(31,355)</u>	<u>340,469</u>
Total investment income	<u>54,262</u>	<u>386,880</u>
Total additions to net assets	<u>179,135</u>	<u>508,647</u>
Deductions from net assets attributed to:		
Benefits paid to participants	38,602	197,766
Administrative expenses	<u>17,690</u>	<u>8,986</u>
Total deductions from net assets	<u>56,292</u>	<u>206,752</u>
Net change	122,843	301,895
Net assets available for benefits:		
Beginning of year	<u>1,351,846</u>	<u>1,049,951</u>
End of year	<u>\$ 1,474,689</u>	<u>1,351,846</u>

See accompanying notes to financial statements.

LEAP SERVICES PROFIT SHARING/401(K) PLAN

Notes to Financial Statements

March 31, 2022 and 2021

(1) Description of Plan

The following description of the LEAP Services Profit Sharing/401(k) (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. 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. There is no minimum age requirement for any of the Plan contributions. 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>

LEAP SERVICES 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 calendar 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) 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, 2022 and 2021 amounted to \$85 and \$ 9,744, respectively. Forfeited account balances available for future use amounted to \$10,149 and \$12,149 at March 31, 2022 and 2021, 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.

LEAP SERVICES 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.

LEAP SERVICES 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, 2022 and 2021.

- 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.

<u>Assets at Fair Value as of March 31, 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,464,378	-	-	1,464,378
Cash and equivalents	<u>10,311</u>	<u>-</u>	<u>-</u>	<u>10,311</u>
Total assets at fair value	\$ <u>1,474,689</u>	<u>-</u>	<u>-</u>	<u>1,474,689</u>

<u>Assets at Fair Value as of March 31, 2021</u>				
	<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>-</u>	<u>-</u>	<u>18,131</u>
Total assets at fair value	\$ <u>1,351,846</u>	<u>-</u>	<u>-</u>	<u>1,351,846</u>

(4) Financial Certification

The financial information relating to the Plan's assets at March 31, 2022 and 2021, as well as investment income and investment transactions for the years then ended, has been derived from information provided by NBT 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 certification and have not been audited by independent auditors.

	<u>2022</u>	<u>2021</u>
Investments, at fair value:		
Cash and equivalents	\$ 10,311	18,131
Mutual funds	<u>1,464,378</u>	<u>1,333,715</u>
	\$ <u>1,474,689</u>	<u>1,351,846</u>
Total investment income	\$ <u>54,262</u>	<u>386,880</u>

LEAP SERVICES PROFIT SHARING/401(K) PLAN

Notes to Financial Statements, Continued

(5) Party-in Interest Transactions

NBT is the trustee of the Plan and accordingly any transactions with them qualify as party-in-interest. Fees paid to NBT amounted to \$17,690 and \$8,986 for the years ended March 31, 2022 and 2021, respectively.

(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.

(8) Tax Status

The Plan is a non-standardized pre-approved profit sharing plan and obtained its latest determination letter on June 30, 2020, 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.

LEAP SERVICES 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, 2022

(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	\$ 10,149
		Cash	<u>162</u>
		Total cash and equivalents	<u>10,311</u>
	American Funds 2055 Target Date Retirement	Mutual Fund	57,078
	American Funds 2060 Target Date Retirement	Mutual Fund	33,729
	American Funds 2020 Target Date Retirement	Mutual Fund	72,752
	American Funds 2025 Target Date Retirement	Mutual Fund	247,989
	American Funds 2030 Target Date Retirement	Mutual Fund	448,696
	American Funds 2035 Target Date Retirement	Mutual Fund	182,084
	American Funds 2045 Target Date Retirement	Mutual Fund	47,924
	American Funds 2050 Target Date Retirement	Mutual Fund	84,676
	American Funds 2040 Target Date Retirement	Mutual Fund	286,808
	Fidelity Extended Market Index	Mutual Fund	1,393
	PIMCO Real Return Fund	Mutual Fund	<u>1,249</u>
		Total mutual funds	<u>1,464,378</u>
		Total investments	<u><u>\$ 1,474,689</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.