

**AUDITED
FINANCIAL STATEMENTS**

**WYOMING COUNTY
BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF WYOMING COUNTY
INDUSTRIAL DEVELOPMENT AGENCY)**

DECEMBER 31, 2017

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Wyoming County Business Assistance Corporation
Warsaw, New York 14569

Report on the Financial Statements

We have audited the accompanying financial statements of the Wyoming County Business Assistance Corporation (the Loan Corporation), a component unit of the Wyoming County Industrial Development Agency, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Loan Corporation's basic financial statements as listed in the table of contents.

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 audits. We conducted our audits 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 Loan 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 Loan 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 the Loan Corporation as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018 on our consideration of the Loan 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 the Loan Corporation's 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 Loan Corporation's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
March 26, 2018

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF THE WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)**

**STATEMENTS OF NET POSITION
DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash	\$ 2,354,983	\$ 2,017,164
Accounts receivable	4,875	4,875
Grants receivable	57,371	-
Accrued interest receivable	2,482	2,289
Notes receivable, current portion	602,348	543,233
Total current assets	<u>3,022,059</u>	<u>2,567,561</u>
Noncurrent assets:		
Notes receivable, net	<u>2,066,597</u>	<u>2,307,267</u>
Total assets	<u>5,088,656</u>	<u>4,874,828</u>
LIABILITIES		
Accounts payable	80,195	-
Unearned revenue	450,343	328,525
Total liabilities	<u>530,538</u>	<u>328,525</u>
NET POSITION		
Restricted	46,792	149,866
Unrestricted	4,511,326	4,396,437
Total net position	<u>\$ 4,558,118</u>	<u>\$ 4,546,303</u>

See accompanying notes.

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF THE WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Fees and penalties	\$ 200	\$ 3,330
Grant revenue	331,882	79,504
Interest income on notes receivable	81,756	78,255
Recovery of bad debt	2,868	91,327
Total operating revenues	<u>416,706</u>	<u>252,416</u>
Operating expenses:		
Administration fee	60,000	60,000
Grant expenses	249,500	-
Professional services	40,002	-
Bad debt expense	63,125	10,000
Total operating expenses	<u>412,627</u>	<u>70,000</u>
Operating income	<u>4,079</u>	<u>182,416</u>
Nonoperating revenues:		
Interest income	7,736	1
Total nonoperating revenues	<u>7,736</u>	<u>1</u>
Change in net position	11,815	182,417
Net position - beginning of year	<u>4,546,303</u>	<u>4,363,886</u>
Net position - end of year	<u><u>\$ 4,558,118</u></u>	<u><u>\$ 4,546,303</u></u>

See accompanying notes.

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF THE WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from providing services	\$ 396,329	\$ 204,200
Interest income on notes receivable	81,563	77,512
Repayments of notes receivable	483,298	423,961
Receipts from penalties and fees	200	3,330
Issuance of notes receivable	(362,000)	(636,250)
Payments to service providers and suppliers	(19,807)	(60,000)
Payments for grant services and administration	(249,500)	-
Net cash provided by operating activities	<u>330,083</u>	<u>12,753</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>7,736</u>	<u>1</u>
Net cash provided by investing activities	<u>7,736</u>	<u>1</u>
Net increase in cash	337,819	12,754
Cash - beginning of year	<u>2,017,164</u>	<u>2,004,410</u>
Cash - end of year	<u>\$ 2,354,983</u>	<u>\$ 2,017,164</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,079	\$ 182,416
Adjustment to reconcile operating income to net cash provided by operating activities:		
Bad debt expense	60,257	(81,327)
Change in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(57,371)	-
Notes receivable	121,298	(212,289)
Accrued interest receivable	(193)	(743)
Increase (decrease) in:		
Accounts payable	80,195	-
Unearned revenue	121,818	124,696
Net cash provided by operating activities	<u>\$ 330,083</u>	<u>\$ 12,753</u>

See accompanying notes.

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Wyoming County Business Assistance Corporation (the Loan Corporation) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Loan Corporation's accounting policies are described below.

A. REPORTING ENTITY

On May 14, 2009 the Wyoming County Business Assistance Corporation, a not-for-profit, local development corporation was formed under Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The Loan Corporation was formed for the sole purpose of managing business loan funds on behalf of the Wyoming County Industrial Development Agency (Agency) and both the Agency and the Loan Corporation share the same governing board. The Loan Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law of the State of New York and it is the policy of the Loan Corporation to comply at all times with the provisions of New York State General Municipal Law section 18A, New York State Public Authorities Accountability Act and all local laws duly established by the County of Wyoming and any town or village within Wyoming County as deemed relevant to the operations of the Loan Corporation.

For financial reporting purposes the Loan Corporation is considered by management to be a blended component unit of the Agency.

The Agency provides certain administrative services to the Loan Corporation. The Loan Corporation made a payment to the Agency of \$60,000 for both 2017 and 2016, for these services.

B. BASIS OF PRESENTATION

The Loan Corporation distinguishes operating revenues and expenses from nonoperating items. Revenues from grants, interest on loans, and administrative fees are reported as operating revenues. All expenses related to operating the Loan Corporation are reported as expenses.

When both restricted and unrestricted resources are available for use, it is the Loan Corporation's policy to use restricted resources first, then unrestricted resources, as they are needed.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Loan Corporation are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Loan Corporation gives or receives value without directly receiving or giving equal value in exchange, includes grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

D. INCOME TAXES

The Loan Corporation is exempt from federal income tax under Internal Revenue Code Section 501(C)3 and the income realized will not be subject to New York State corporate franchise tax.

E. NOTES RECEIVABLE

Notes receivable are presented net of an allowance for uncollectible accounts. The Loan Corporation maintains an allowance for estimated uncollectible accounts which is based on management's analysis of the potential collectability of the individual loans. Loans are written off when, in management's judgment, no legal recourse is available to collect the amount owed.

F. INSURANCE

The Loan Corporation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not yet exceeded commercial insurance coverage.

G. UNEARNED REVENUE

The Loan Corporation reports unearned revenue on its statements of net position. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Loan Corporation before it has legal claim to them. In subsequent periods, when both recognition criteria are met, or when the Loan Corporation has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. As of December 31, 2017 and 2016, the Loan Corporation recognized a liability for unearned revenue in the amount of \$450,343 and \$328,525, respectively.

H. NET POSITION

Equity is classified as net position and displayed in two components:

- a. Restricted - Consists of net positions with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted - All other net positions that do not meet the definition of "restricted".

I. STATEMENTS OF CASH FLOWS

For the purposes of the statement of cash flows, the Loan Corporation considers all cash to be unrestricted including demand accounts and certificates of deposit with an original maturity of generally three months or less.

J. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

K. ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2017, the Loan Corporation adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*; Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*; Statement No. 81, *Split-Interest Agreements*; and Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73*.

The primary objective of Statement No. 73 is to improve the usefulness of information about pensions included in the financial statements that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions.

The primary objective of Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

The primary objective of Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

The primary objective of Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

The primary objective of Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

The Loan Corporation has evaluated Statements No 73, 74, 80 and 81 and have determined that they have no impact on the Loan Corporation's operations.

The GASB has issued the following new pronouncements:

- Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*, which will be effective for the year ending December 31, 2018;
- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019;
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending December 31, 2019;
- Statement No. 85, *Omnibus*, which will be effective for the year ending December 31, 2018;
- Statement No. 86, *Certain Debt Extinguishment Issues*, which will be effective for the year ending December 31, 2018; and
- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2020.

The Loan Corporation is currently reviewing these statements and plans on adoption, as required.

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. ASSETS

1. CASH AND INVESTMENTS

The Loan Corporation's investment policies are governed by State statutes. In addition, the Loan Corporation has its own written investment policy. Loan Corporation monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Loan Corporation's Operations Director is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

As of December 31, 2017, the Loan Corporation had \$2,354,983 of bank deposits and was considered fully collateralized under FDIC provisions.

Investment and Deposit Policy

The Loan Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director of the Wyoming County Industrial Development Agency.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Loan Corporation's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Loan Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Loan Corporation's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Loan Corporation's investment and deposit policy, all deposits of the Loan Corporation including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The Loan Corporation restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

2. WYOMING COUNTY AND OTHER GRANT RECEIVABLES AND REVENUE

Wyoming County and other grant revenue consists of the following for the year ended December 31.

	<u>2017</u>	<u>2016</u>
Rural Arts Initiative	\$ 200,000	\$ -
Rural Arts Marketing Program	49,500	-
Growing the Agricultural Industry		
Now! (GAIN) Revolving Loan Program	47,661	4,200
Other	<u>34,721</u>	<u>75,304</u>
	<u>\$ 331,882</u>	<u>\$ 79,504</u>

Grants receivable consist of the following at December 31.

	<u>2017</u>	<u>2016</u>
Rural Art Initiative	<u>\$ 57,371</u>	<u>\$ -</u>

3. NOTES RECEIVABLE

The Loan Corporation provides low interest notes to businesses located in Wyoming County in order to encourage economic development. Notes receivable consisted of the following at December 31:

		<u>2017</u>	<u>2016</u>
Action Enterprises, Inc.	Monthly installments of principal and interest in the amount of \$1,466 over five years commencing once funding is received from HUD. Annual interest rate of 3.25%. Due to uncertainty of collection, 50% is included in allowance for uncollectible notes.	\$ 150,000	\$ 150,000
ACO Acquisitions, LLC	Monthly installment of principal in the amount of \$2,500 over ten years commencing 7/25/10. Non-interest bearing note. This note was previously amended to non-interest bearing with an extended note term, as well as a stabilization plan which expired in 2012. Payments resumed in 2013 and 10% of the outstanding note is included in allowance for uncollectible notes.	160,000	187,500
Arcade REHC I, LLC	Annual installments of principal and interest in the amount of \$5,000 commencing 10/03/08 with balloon payment on 9/3/18. Annual interest rate of 1.0%.	455,000	460,000
Attica Millworks, Inc.	Monthly installments of principal and interest in the amount of \$2,433 over six years commencing 10/23/10. Annual interest rate of 5.25%. Loan was paid in full in 2017.	-	21,427

		<u>2017</u>	<u>2016</u>
Bert Heinrich, Inc.	Monthly installments of principal and interest in the amount of \$248 over eight and a half years amended on 4/23/10. Annual interest rate of 5.5%. Due to inconsistency of timely payments, 10% of the loan is included in allowance for uncollectible notes.	\$ 10,684	\$ 11,862
Burly Bros.	Monthly installments of principal and interest in the amount of \$1,608 over ten years, commencing 3/13/13, with a balloon payment due on 3/13/23. Annual interest rate of 5.25%.	151,741	162,752
Byrncliff, Inc.	Monthly installments of principal and interest in the amount of \$1,568 over seven years commencing on 1/28/13. Annual interest rate of 5.25%.	36,268	52,705
Caring Harts Transport, Inc. II	Monthly installments of principal and interest in the amount of \$1,489 over seven years. Annual interest rate of 5.13%.	47,019	62,052
DBA Enesmith Art/E'rouse	Non-interest bearing grant anticipation note issued in the amount of \$15,000 and funded under the Loan Corporation's grant from the Housing Trust Fund Corporation.	438	-
Drasgow, Inc. II	Monthly installments of principal and interest in the amount of \$1,714 over seven years commencing 7/13/10. Annual interest rate of 5.25%. Loan was paid in full in 2017.	-	10,125
Drasgow, Inc.	Monthly installments of principal in the amount of \$385 over five years commencing 5/24/10. Interest rate of 5.25% was paid at closing. Loan was paid in full in 2017.	-	2,274
Drasgow, Inc. III	Monthly installments of principal and interest in the amount of \$1,011 over ten years commencing 1/18/13. With a balloon payment in January 2023. Annual interest rate of 5.25%.	125,736	131,110

		<u>2017</u>	<u>2016</u>
Ester Doyle	Non-interest bearing grant anticipation note issued in the amount of \$11,200 and funded under the Loan Corporation's grant from the Housing Trust Fund Corporation.	\$ 7,944	\$ -
Genesee Dance Theatre	Non-interest bearing grant anticipation note issued in the amount of \$10,000 and funded under the Loan Corporation's grant for the Housing Trust Fund Corporation.	2,600	7,000
Genesee Moloko, LLC	Non-interest bearing bridge note that was due in full by 05/31/2017. In 2017, the borrower's business operations ended and no payments were made. Therefore 50% of the loan is included in allowance for uncollectible notes.	126,250	126,250
Hidden Valley Animal Adventure	Monthly installments of principal and interest in the amount of \$2,010 over 15 years commencing 6/12/11. Annual interest rate of 5.25%.	160,814	178,870
Hillcrest Industries, Inc.	Monthly installments of principal and interest in the amount of \$2,146 over 10 years commencing 3/01/10. Annual interest rate of 5.25%.	52,628	74,974
Hillcrest Industries, Inc.	Monthly installment of principal and interest in the amount of \$855 over seven years commencing 5/01/14. Annual interest rate of 5.25%.	31,316	39,693
In-Site Enterprises, LLC	Monthly installments of principal and interest in the amount of \$804 over 15 years commencing 5/04/10. Annual interest rate of 5.25%.	64,996	71,057
James & Tracie Cooley	Due and payable in full at maturity of one year from loan agreement. Annual interest of 3.25%. The Loan Corporation received notice that the entity filed for bankruptcy. Payments were still made during 2016, however the collectability of the remaining balance is highly uncertain. Therefore, 100% of the remaining balance is included in allowance for uncollectible notes.	10,000	10,000

		<u>2017</u>	<u>2016</u>
Jamieson Riling	Non-interest bearing grant anticipation note issued in the amount of \$12,000 and funded under the Loan Corporation's Grant from the Housing Trust Fund Corporation.	\$ 12,000	\$ -
Joshua Rice	Non-interest bearing grant anticipation note issued in the amount of \$22,000 and funded under the Loan Corporation's Grant from the Housing Trust Fund Corporation.	14,556	-
Junk and Disorderly Art & Antiques	Non-interest bearing grant anticipation note issued in the amount of \$5,000 and Funded under the Loan Corporation's Grant from the Housing Trust Fund Corporation.	5,000	-
LVM Materials, LLC	Monthly installments of principal and interest in the amount of \$1,206 over ten years commencing on 11/15/12, with a balloon payment in November 2022. Annual interest rate of 5.25%.	110,955	119,359
M&T Trucking, Inc.	Monthly installments of principal and interest in the amount of \$2,414 over ten years commencing 9/30/07. Annual interest rate of 3%. Loan was paid in full in 2017.	-	23,812
Madison Stellecht	Non-interest bearing grant anticipation note issued in the amount of \$10,000 and funded under the Loan Corporation's Grant from the Housing Trust Fund Corporation.	10,000	-
Marquart Bros, LLC	Monthly installments of principal in the amount of \$4,800 over ten years commencing on 12/31/10. Annual interest rate of 3.0% was paid at closing.	32,000	48,000
Perry NY, LLC	Monthly installments of principal and interest in the amount of \$836 over fifteen years commencing 12/20/07. Annual interest rate of 6.0%	60,985	66,653

		<u>2017</u>	<u>2016</u>
Perry NY, LLC	Monthly installments of principal and interest in the amount of \$674 over 20 years commencing 12/16/10. Annual interest rate of 6.0%.	\$ 79,725	\$ 83,209
Pit's Pots	Non-interest bearing grant anticipation note issued in the amount of \$15,000 and funded under the Loan Corporation's grant from the Housing Trust Fund Corporation.	10,114	-
Prestolite Electric	Monthly installments of principal in the amount of \$2,976 over seven years commencing on 11/15/11. Non-interest bearing note.	47,619	83,334
Ray Sciarrino	Monthly installments of principal and interest in the amount of \$506 over fourteen years commencing 9/01/10. Annual interest rate of 4%.	39,281	42,237
Robert Doyle Photography	Non-interest bearing grant anticipation note issued in the amount of \$11,200 and funded under the Loan Corporation's grant from the Housing Trust Fund Corporation.	1,200	-
RS Maher & Son, Inc.	Monthly installments of principal and interest in the amount of \$476 over ten years commencing 2/18/11. Interest rate of 3% was paid at closing.	17,639	23,359
Schreiberdale Holsteins, LLC	Repayment terms allow interest only payments for up to seven months, commencing 11/7/13, with a pre-payment of principal in the amount of \$100,000. Monthly installments of principal and interest in the amount of \$949 over the remaining five years of the note. Annual interest rate of 5.25%.	16,397	25,802
Silver Lake Brewing Project	12 interest only payments of \$503 commencing 1/1/16. Monthly installments of principal and interest in the amount of \$1,234 commencing 1/1/17 for 120 months with an annual interest rate of 5.25%.	109,817	115,000

		<u>2017</u>	<u>2016</u>
Sregnuoy Farms, LLC	Monthly installments of principal in the amount of \$528 over ten years commencing on 7/25/10. Interest rate of 3% was paid at closing.	\$ 15,833	\$ 22,166
Sun Dor, Inc. CDBG	Monthly installments of principal and interest in the amount of \$556 over ten years commencing 4/08/12. Annual interest rate of 3%.	28,333	34,998
Synergy Genetics, LLC	Monthly installments of principal and interest in the amount of \$2,863 over 6 years commencing 4/20/17. Annual interest rate of 1.00%	175,651	-
Toy Storage Inc.	Monthly installments of principal and interest in the amount of \$713 over seven years commencing 9/10/11. Annual interest rate of 5.25%.	5,590	13,617
SW Designs, LLC	Non-interest bearing grant anticipation note issued in the amount of \$10,000 and funded under the Loan Corporation's grant from the Housing Trust Fund Corporation.	2,520	-
90 Washington Boulevard, LLC	Monthly installment of principal and interest in the amount of \$1,768 over sixty months commencing on 7/13/2016. Annual interest rate of 4.00%.	69,184	87,239
Village Ink and Fine Arts	Non-interest bearing grant anticipation note issued in the amount of \$11,200 and funded under the Loan Corporation's grant from the Housing Trust Fund Corporation.	1,200	7,000
River Spring Lodge	Six monthly interest only payments commencing on 12/23/2016. One hundred twenty monthly installments of principal and interest in the amount of \$1,485 commencing 6/23/2017. Annual interest rate of 4.00%.	194,217	200,000

	<u>2017</u>	<u>2016</u>
Table Rock Farm, LLC	One interest only payment on 12/23/2016. One hundred twenty installments of principal and interest in the amount of \$1,752 commencing on 1/23/2017. Annual interest rate of 1.00%. \$ 180,888	\$ 200,000
Total notes receivable	<u>2,834,138</u>	2,955,436
Less: allowance for uncollectible notes	<u>165,193</u>	<u>104,936</u>
Notes receivable, net	2,668,945	2,850,500
Less: current maturities	<u>602,348</u>	<u>543,233</u>
Notes receivable - long-term	<u>\$ 2,066,597</u>	<u>\$ 2,307,267</u>

The Loan Corporation's policy is to present notes receivable net of an allowance for uncollectible notes. At December 31, 2017 and 2016, the allowance for uncollectible notes was \$165,193 and \$104,936, respectively.

All notes receivable are collateralized by assets of the respective companies.

Scheduled maturities of principal for these notes for the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 602,348	\$ 74,162
2019	773,800	56,684
2020	250,796	48,876
2021	209,613	41,514
2022	418,603	35,594
2023-2027	<u>578,978</u>	<u>55,291</u>
	<u>\$2,834,138</u>	<u>\$ 312,121</u>

NOTE 3. NET POSITION

During the current year, management re-evaluated CDBG Regulations Section 24 CFR 570.489(e)(2)(ii), which is the regulatory citation over the Loan Corporation's Micro HUD loan program, concluding that the funds are de-federalized and are available for use as unrestricted funds once the initial loan proceeds have been paid.

Unrestricted net assets represents amounts designated by the Loan Corporation's Board for the maintenance of a revolving loan program.

The Loan Corporation received pass-through Growing the Agriculture Industry Now! (GAIN) grant funds from Genesee/Finger lakes Regional Planning Council in 2016. Under the provisions of the grant, annual revenue is restricted to the GAIN revolving loan program. Repayments to date amounted to \$46,792, which have therefore been reported as restricted net position as of December 31, 2017.

NOTE 4. SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after March 26, 2018 which is the date these financial statements were available to be 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 AUDITOR'S REPORT

To the Board of Directors of the
Wyoming County Business Assistance Corporation

We have audited, 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, the financial statements of the Wyoming County Business Assistance Corporation (the Loan Corporation), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Loan Corporation's basic financial statements, and have issued our report thereon dated March 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Loan Corporation's internal control over financial reporting (internal control) 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 Loan Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Loan 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 the 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 Loan Corporation's financial statements are free of 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 Loan 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 Loan Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
March 26, 2018



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of the
Wyoming County Business Assistance Corporation
36 Center Street, Suite D
Warsaw, New York 14569

We have examined Wyoming County Business Assistance Corporation's (the Loan Corporation) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") during the period of January 1, 2017 through December 31, 2017. Management of the Loan Corporation is responsible for the Loan Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the Loan Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Loan Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Loan Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Loan Corporation's compliance with specified requirements.

In our opinion, the Loan Corporation complied, in all material respects, with the aforementioned requirements during the period of January 1, 2017 through December 31, 2017.

This report is intended solely for the information and use of the Board of Directors, management, others within the Loan Corporation and the New York State Authorities Budget Office, and is not intended to be and should not be used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

Batavia, New York
March 26, 2018