

**AUDITED
FINANCIAL STATEMENTS**

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

DECEMBER 31, 2016

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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Loan Corporation's 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 entity'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 entity'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, 2016 and 2015, 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 and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the 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 20, 2017 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Loan Corporation's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
March 20, 2017

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

**STATEMENTS OF NET POSITION
DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash	\$ 2,017,164	\$ 2,004,410
Accounts receivable	4,875	4,875
Accrued interest receivable	2,289	1,546
Notes receivable	543,233	462,590
Total current assets	<u>2,567,561</u>	<u>2,473,421</u>
Noncurrent assets:		
Notes receivable, net	<u>2,307,267</u>	<u>2,094,294</u>
Total assets	<u>4,874,828</u>	<u>4,567,715</u>
LIABILITIES		
Unearned revenue	<u>328,525</u>	203,829
Total liabilities	<u>328,525</u>	<u>203,829</u>
NET POSITION		
Restricted	149,866	149,866
Unrestricted	4,396,437	4,214,020
Total net position	<u>\$ 4,546,303</u>	<u>\$ 4,363,886</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>2016</u>	<u>2015</u>
Operating revenues:		
Fees and penalties	\$ 3,330	\$ 818
Grant revenue	79,504	123,636
Interest income on notes receivable	78,255	86,651
Recovery of bad debt	91,327	21,331
Total operating revenues	<u>252,416</u>	<u>232,436</u>
Operating expenses:		
Administration fee	60,000	60,000
Bad debt expense	10,000	-
Total operating expenses	<u>70,000</u>	<u>60,000</u>
Operating income	<u>182,416</u>	<u>172,436</u>
Nonoperating revenues:		
Interest income	1	10
Total nonoperating revenues	<u>1</u>	<u>10</u>
Change in net position	182,417	172,446
Net position - beginning of year	<u>4,363,886</u>	<u>4,191,440</u>
Net position - end of year	<u>\$ 4,546,303</u>	<u>\$ 4,363,886</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>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from providing services	\$ 207,530	\$ 17,464
Interest income on notes receivable	77,512	94,022
Repayments of notes receivable	423,961	526,089
Issuance of notes receivable	(636,250)	(165,000)
Payments to service providers and suppliers	(60,000)	(60,000)
Net cash provided by operating activities	<u>12,753</u>	<u>412,575</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>1</u>	<u>10</u>
Net cash provided by investing activities	<u>1</u>	<u>10</u>
Net increase in cash	12,754	412,585
Cash - beginning of year	<u>2,004,410</u>	<u>1,591,825</u>
Cash - end of year	\$ <u>2,017,164</u>	\$ <u>2,004,410</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 182,416	\$ 172,436
Adjustment to reconcile operating income to net cash provided by operating activities:		
Bad debt expense, net of recoveries	(81,327)	(21,331)
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	-	(4,875)
Notes receivable	(212,289)	361,089
Accrued interest receivable	(743)	7,371
Due from other governments	-	21,521
Increase (decrease) in:		
Unearned revenue	<u>124,696</u>	<u>(123,636)</u>
Net cash provided by operating activities	\$ <u>12,753</u>	\$ <u>412,575</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 2016 and 2015, for these services.

B. BASIS OF PRESENTATION

The Loan Corporation's financial statements consist of three statements that provide information about the Loan Corporation's activities. The first statement is the statement of net position which lists all of the Loan Corporation's assets and liabilities and deferred outflows and inflows of resources, if applicable, with the difference reported as net position. The net position is classified as restricted and unrestricted net position.

The second statement is the statement of revenues, expenses and changes in net position which details how the Loan Corporation's net position changed during the current year based on the reporting of the revenues and expenses recognized by the Loan Corporation. The third statement is the statement of cash flows, which reports the activities that provide or use the cash of the Loan Corporation.

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, include 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.

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. NOTES RECEIVABLE

Notes receivable are presented net of an allowance for uncollectible accounts. The Agency maintains an allowance for estimated uncollectible accounts which is based on an analysis of potential bad debts.

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, 2016 and 2015, the Loan Corporation recognized a liability for unearned revenue in the amount of \$328,525 and \$203,829, 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2016, the Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement 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*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; Statement No. 77, *Tax Abatement Disclosures* Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; and Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The primary objective of Statement No. 72 is to define fair value, how fair value is measured, what assets and liabilities should be measured at fair value, and what information about fair value should be reported in the notes to the financial statements.

The primary objective of Statement No. 76 is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP).

The Agency has evaluated Statements No. 73, 77, 78 and 79 and have determined that they have no impact on the Agency's operations.

L. SUBSEQUENT EVENT

These financial statements have not been updated for subsequent events occurring after March 20, 2017 which is the date these financial statements were available to be issued.

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, 2016, the Loan Corporation had \$2,017,164 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.

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

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. 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>2016</u>	<u>2015</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

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2016</u>	<u>2015</u>
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.	\$ 187,500	\$ 217,500
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%.	460,000	465,000
Athletica, Inc.	Monthly installments of principal and interest in the amount of \$2,191 over seven years commencing 2/29/08. Annual interest rate of 6.0%. Loan was paid in full in 2016.	-	6,509
Athletica, Inc. II	Monthly installments of principal and interest in the amount of \$1,006 over five years commencing 3/12/12. Annual interest rate of 5.25%. Loan was paid in full in 2016.	-	15,517
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%. Note entered a stabilization plan during 2012, allowing payments to cease for one year. Payments reconvened in October 2013.	21,427	48,718

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2016</u>	<u>2015</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.	\$ 11,862	\$ 12,630
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%.	162,752	173,201
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%.	52,705	68,303
Caring Harts Transport, Inc.	Monthly installments of principal and interest in the amount of \$531 over five years commencing on 2/26/10. Annual interest rate of 5.0%. Loan was paid	-	1,055
in full in 2016.			
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%.	62,052	76,334
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%.	10,125	29,596
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.	2,274	6,647

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2016</u>	<u>2015</u>
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%.	\$ 131,110	\$ 136,210
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%.	178,870	193,185
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%.	74,974	96,180
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%.	39,693	47,642
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%.	71,057	76,808
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	50,000

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2016</u>	<u>2015</u>
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%.	\$ 119,359	\$ 127,334
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%.	23,812	49,327
M&T Trucking, Inc.	Monthly installments of principal in the amount of \$2,083 over ten years commencing 8/01/06. Interest rate of 3% was paid at closing. Loan was paid in full in 2016.	-	14,584
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.	48,000	64,000
McCormick Farms, Inc.	Annual installments of principal in the amount of \$26,000 over ten years commencing 6/01/07. Interest rate of 3% was paid at closing. Loan was paid in full in 2016.	-	26,000
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%.	42,237	44,759
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%.	66,653	67,153

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2016</u>	<u>2015</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%.	\$ 83,209	\$ 83,517
Prestolite Electric	Monthly installments of principal in the amount of \$2,976 over seven years commencing on 11/15/11. Non interest bearing note.	83,334	119,048
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.	23,359	29,080
Sarah Schafer	Monthly installments of principal and interest in the amount of \$528 over seven years commencing 5/08/08. Annual interest rate of 7.0%. Loan was paid in full in 2016.	-	4,558
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%.	25,802	36,350
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%.	115,000	115,000

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2016</u>	<u>2015</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.	\$ 22,166	\$ 28,500
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%.	34,998	41,666
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%.	13,617	21,236
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%.	87,239	-
Village Ink and Fine Arts	Non-interest bearing bridge note that is due in full by 12/10/2017.	7,000	-
Genesee Dance Theatre	Non-interest bearing bridge note that is due in full by 12/10/2017.	7,000	-
Genesee Moloko, LLC	Non-interest bearing bridge note that is due in full by 05/31/2017.	126,250	-
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%.	200,000	-
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%.	200,000	-

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

	<u>2016</u>	<u>2015</u>
Total notes receivable	2,955,436	2,743,147
Less: allowance for uncollectible notes	<u>104,936</u>	<u>186,263</u>
Notes receivable, net	2,850,500	2,556,884
Less: current maturities	<u>543,233</u>	<u>462,590</u>
Notes receivable - long-term	<u>\$ 2,307,267</u>	<u>\$ 2,094,294</u>

The Loan Corporation's policy is to present notes receivable net of an allowance for uncollectible notes. At December 31, 2016 and 2015, the allowance for uncollectible notes was \$104,936 and \$186,263, respectively.

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

At December 31, 2016, the notes portfolio consisted of 35 notes that bear interest at rates ranging from 0% to 6% and mature at various dates through May 23, 2027.

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>
2017	\$ 543,233	\$ 81,333
2018	773,314	65,760
2019	290,720	56,042
2020	217,384	48,013
2021	175,865	40,905
2022-2027	<u>954,920</u>	<u>90,600</u>
	<u>\$2,955,436</u>	<u>\$ 382,653</u>

NOTE 3. NET POSITION

The Loan Corporation has received pass-through Micro HUD grant funds from Wyoming County. Under the provisions of the grant, annual program revenue in excess of \$25,000 are restricted to the Micro HUD loan program. Restricted net position associated with this program amounted to \$149,866 at December 31, 2016 and 2015.

The Loan Corporation's policy is to designate all unrestricted net position for the maintenance of the Micro HUD 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. As of December 2016, no repayments have been required thus no amounts have been reported as restricted net position.

NOTE 4. SUSEQUENT EVENT

The Loan Corporation approved a loan request from Synergy Genetics in the amount of \$200,000 on January 12, 2017, to be provided from the GAIN grant funds. This loan was finalized in March 2017.



**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, 2016, and the related notes to the financial statements, which collectively comprise the Loan Corporation's financial statements, and have issued our report thereon dated March 20, 2017.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
March 20, 2017