AUDITED
FINANCIAL STATEMENTS

WYOMING COUNTY BUSINESS CENTER, INC.

DECEMBER 31, 2019

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WYOMING COUNTY BUSINESS CENTER, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wyoming County Business Center, Inc.
Warsaw, New York 14569

Report on the Financial Statements

We have audited the accompanying financial statements of the Wyoming County Business Center, Inc. (the Center), as of and for the years ending December 31, 2019 and 2018, and the related notes to the financial statements which collectively comprise the Center'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 Center'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 Center'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 Center as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows, for the years then ended in conformity 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 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 basic 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 5, 2020, on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
March 5, 2020

FreedMaxick™ CPAs, P.C.

WYOMING COUNTY BUSINESS CENTER, INC.
STATEMENTS OF NET POSITION
DECEMBER 31,

		2019		2018
ASSETS				
Current assets:				
Cash and cash equivalents	$	**455,770**	$	613,000
Certificate of deposit		**126,434**		-
Accounts receivable		**1,100**		1,816
Accrued interest receivable		**359**		380
Notes receivable		**117,527**		111,551
Total current assets		**701,190**		726,747
Noncurrent assets:				
Computer equipment		**2,524**		2,524
Less: accumulated depreciation		**(2,524)**		(2,524)
Computer equipment, net		**-**		-
Notes receivable, net		**133,918**		71,967
Total assets		**835,108**		798,714
LIABILITIES				
Accounts payable		**2,790**		700
Unearned revenue		**11,537**		12,437
Total liabilities		**14,327**		13,137
NET POSITION				
Restricted		**9,204**		12,672
Unrestricted		**811,577**		772,905
Total net position	$	**820,781**	$	785,577

See accompanying notes to financial statements.

WYOMING COUNTY BUSINESS CENTER, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,

		2019		2018
Operating revenues:				
Wyoming County	$	60,000	$	60,000
Marketing service income		20,000		20,000
Interest income on notes receivable		3,054		2,158
Micro HUD program revenue		900		3,214
Fast Trac program income		10,170		12,400
Recovery of bad debt		1,356		841
Total operating revenues		95,480		98,613
Operating expenses:				
Management and general				
Administrative fees		6,000		6,000
Insurance		735		-
Marketing		12,402		10,558
Office expense		1,056		7,137
Professional fees		7,124		5,500
Program services				
Administrative fees		14,000		14,000
Bad debts		1,637		-
Dues and subscriptions		559		482
FastTrac program		10,929		12,318
Professional fees		12,323		7,848
Travel		76		44
Total operating expenses		66,841		63,887
Operating income		28,639		34,726
Nonoperating revenues:				
Interest revenues		6,565		1,408
Total nonoperating revenues		6,565		1,408
Change in net position		35,204		36,134
Net position - beginning of year		785,577		749,443
Net position - end of year	$	820,781	$	785,577

See accompanying notes to financial statements.

WYOMING COUNTY BUSINESS CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

		2019		2018
Cash flows from operating activities:				
Receipts from providing services	**$**	**82,072**	$	84,600
Receipts from programs		**10,170**		12,400
Interest income on notes receivable		**3,075**		2,235
Issuance of notes receivable		**(134,000)**		(60,000)
Repayments of notes receivable		**66,073**		45,131
Payments to service providers and suppliers		**(64,751)**		(63,187)
Net cash provided (used) by operating activities		**(37,361)**		21,179
Cash flows from investing activities:				
Interest received		**6,565**		1,408
Purchase of certificate of deposit		**(126,434)**		-
Net cash provided (used) by investing activities		**(119,869)**		1,408
Net increase (decrease) in cash		**(157,230)**		22,587
Cash - beginning of year		**613,000**		590,413
Cash - end of year	**$**	**455,770**	$	613,000
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	**$**	**28,639**	$	34,726
Adjustment to reconcile operating income to				
Net cash provided (used) by operating activities				
Bad debt expense, net of recoveries		**281**		-
Change in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable		**716**		4,400
Accrued interest receivable		**21**		77
Notes receivable		**(68,208)**		(15,710)
Increase (decrease) in:				
Accounts payable		**2,090**		700
Unearned revenue		**(900)**		(3,014)
Net cash provided (used) by operating activities	**$**	**(37,361)**	$	21,179

See accompanying notes to financial statements.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Wyoming County Business Center, Inc. (the Center) is a New York State Corporation organized under New York State Not-For-Profit law and is located in Warsaw, New York. The Center is dedicated to economic development services including, business retention and expansion, business attraction marketing, entrepreneurship development, micro lending and other community-based economic development activities.

The Center is the sole member of the WCBC North, LLC. The Center formed the WCBC North, LLC in 2019 for the purpose of handling an environmental study.

The Center has related party relationships with Wyoming County Industrial Development Agency and Wyoming County Business Assistance Corporation (the Loan Corporation). All three entities are managed by the same personnel and share the same business objective which is economic development within Wyoming County.

B. BASIS OF PRESENTATION

The Center 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 Center are reported as operating expenses.

When both restricted and unrestricted resources are available for use, it is the Center'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 Center 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 Center 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 Center does not believe that it has any uncertain tax positions, and has not recorded any unrecognized tax benefits or liability or penalties or interest.

E. NOTES RECEIVABLE

Notes receivable are presented net of an allowance for uncollectible accounts. The Center maintains an allowance for estimated uncollectible accounts which is based on an analysis of potential bad debts. Notes are written off when, in management's judgement, no legal recourse is available to collect the amount owed.

F. INSURANCE

The Center 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. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Depreciation has been provided for using the straight-line method over the estimated useful life of the assets. All assets were fully depreciated as December 31, 2019 and 2018.

H. UNEARNED REVENUE

The Center 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 Center before it has legal claim to them. In subsequent periods, when both recognition criteria are met, or when the Center has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. As of December 31, 2019 and 2018, the Center recognized a liability for unearned revenue in the amount of $11,537 and $12,437, respectively.

I. 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” or “net investment in capital assets.”

J. STATEMENT OF CASH FLOWS

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

K. 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.

L. ACCOUNTING PRONOUNCEMENTS

The Center has evaluated the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt*, *including Direct Borrowing and Direct Placements,* and Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61*, which became effective for the fiscal year ended December 31, 2019, and determined that they have no significant impact on the Center’s financial statements.

The following are GASB Statements that have been issued recently and are currently being evaluated, by Center, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2020.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2020.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2021.

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. ASSETS

1. CASH AND INVESTMENTS

The Center's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The Center's investment policies are governed by State statutes. In addition, the Center has its own written investment policy. Center funds must be deposited in FDIC-insured commercial banks or trust companies located within the State. The 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.

The bank deposits in one account, at one of the Center's financial institutions, at December 31, 2019 amounted to $256,274. These deposits were FDIC insured in the amount of $250,000. The Center was uncollateralized in the amount of $6,274 at December 31, 2019. As of December 31, 2018, the Center was uncollateralized in the amount of $46,525.

Investment and Deposit Policy
The Center 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.

Interest Rate Risk
Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Center'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 Center'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 Center'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 Center's investment and deposit policy, all deposits of the Center 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 Center 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 Center 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,

		2019		2018
Total notes receivable	**$**	**296,227**	$	228,019
Less: allowance for uncollectible notes		**44,782**		44,501
Notes receivable, net		**251,445**		183,518
Less: current maturities		**117,527**		111,551
Notes receivable - long-term	**$**	**133,918**	$	71,967

The Center's policy is to present notes receivable net of an allowance for uncollectible notes. At December 31, 2019 and 2018 the allowance for uncollectible notes was $44,782 and $44,501, respectively.

At December 31, 2019, the loans awarded to local businesses bear interest at rates ranging from 0% to 6.00% with varying payment terms. 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:

Fiscal Year		**Principal**		**Interest**
2020	$	117,527	$	5,541
2021		40,669		3,069
2022		24,468		2,512
2023		22,610		2,063
2024		21,914		1,628
Thereafter		69,039		3,241
Total	$	296,227	$	18,054

B. REVENUES

During the years ended December 31, 2019 and 2018, the Center received $60,000 from Wyoming County through the Wyoming County Economic Development Services Agreement. In accordance with the agreement, the Center is to provide centralized economic development services for the County, serve as the zone administrative entity for Wyoming County Empire Zone, serve as Wyoming County's primary economic development grant and loan conduit, and provide economic development services and financial assistance to businesses within Wyoming County.

Under the Community Development Block Grant program, revenue is to be recognized as principal payments on the notes receivables are received.

C. NET POSITION

As of December 31, 2019 and 2018, the remaining restricted balances of $9,204 and $12,672, respectively, represent what was required to be restricted under the provisions of the Micro HUD program, representing the outstanding loan balances due from original microloans, net the applicable allowance for doubtful accounts.

The Center's Board has designated the proceeds and loan interest earned under the Micro HUD program for maintenance of a revolving loan program and any other Micro or Economic Development eligible activity which will assist or enhance businesses. Board-designated funds as of December 31, 2019 and 2018, amounted to $229,590 and $266,526, respectively.

NOTE 3. ECONOMIC DEPENDENCY

For the years ending December 31, 2019 and 2018, approximately 59% and 60%, respectively, of the Center's funding is dependent upon Wyoming County. In 2016, the Center moved into another building owned and operated by Wyoming County. The Center now pays rent through its administrative agreement with the Wyoming County Industrial Development Agency. Administrative fees paid to the Wyoming County Industrial Development Agency were $20,000 for the years ended December 31, 2019 and 2018.

NOTE 4. SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after March 5, 2020, which is the date these financial statements were available to be issued.

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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 Center, Inc.

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 Center, Inc. (the Center), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated March 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 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 Center'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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
March 5, 2020

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