

**AUDITED  
FINANCIAL STATEMENTS**

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

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**DECEMBER 31, 2015**

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  
Perry, New York 14530

### **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 year ended December 31, 2015 and 2014, 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 respective financial position of the Loan Corporation, as of December 31, 2015 and 2014 and the respective changes in financial position and 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 7, 2016 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 7, 2016

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

**STATEMENTS OF NET POSITION**  
**DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 2,004,410	\$ 1,591,825
Accounts receivable	4,875	-
Accrued interest receivable	1,546	8,917
Notes receivable	462,590	460,619
Due from other governments	-	21,521
Total current assets	<u>2,473,421</u>	<u>2,082,882</u>
<b>Noncurrent assets:</b>		
Notes receivable, net	<u>2,094,294</u>	<u>2,436,023</u>
Total assets	<u>4,567,715</u>	<u>4,518,905</u>
<b>LIABILITIES</b>		
Unearned revenue	<u>203,829</u>	<u>327,465</u>
Total liabilities	<u>203,829</u>	<u>327,465</u>
<b>NET POSITION</b>		
Restricted	149,866	149,866
Unrestricted	4,214,020	4,041,574
Total net position	<u>\$ 4,363,886</u>	<u>\$ 4,191,440</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>2015</u>	<u>2014</u>
<b>Operating revenues:</b>		
Fees and penalties	\$ 818	\$ -
Grant revenue	123,636	171,648
Interest income on notes receivable	86,651	102,386
Recovery of bad debt	21,331	-
Total operating revenues	<u>232,436</u>	<u>274,034</u>
<b>Operating expenses:</b>		
Administration fee	60,000	60,000
Bad debt expense	-	8,582
Total operating expenses	<u>60,000</u>	<u>68,582</u>
Operating income	<u>172,436</u>	<u>205,452</u>
<b>Non-operating revenues (expenses):</b>		
Interest income	10	8
Total nonoperating revenues	<u>10</u>	<u>8</u>
Change in net position	172,446	205,460
Net position - beginning of year	<u>4,191,440</u>	<u>3,985,980</u>
Net position - end of year	\$ <u>4,363,886</u>	\$ <u>4,191,440</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>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from providing services	\$ 17,464	\$ -
Interest income on notes receivable	94,022	101,731
Repayments of notes receivable	526,089	504,891
Issuance of notes receivable	(165,000)	-
Payments of service providers and suppliers	(60,000)	(90,000)
Net cash provided by operating activities	<u>412,575</u>	<u>516,622</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest income	<u>10</u>	<u>8</u>
Net cash provided by investing activities	<u>10</u>	<u>8</u>
Net increase in cash	412,585	516,630
Cash - beginning of year	<u>1,591,825</u>	<u>1,075,195</u>
Cash - end of year	<u>\$ 2,004,410</u>	<u>\$ 1,591,825</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>		
Income from operations	\$ 172,436	\$ 205,452
Adjustment to reconcile income from operations to net cash provided (used) by operating activities:		
Bad debt expense, net of recoveries	(21,331)	8,582
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(4,875)	-
Notes receivable	361,089	504,891
Accrued interest	7,371	(655)
Due from other governments	21,521	-
Decrease in:		
Accounts payable	-	(30,000)
Unearned revenue	(123,636)	(171,648)
Net cash provided by operating activities	<u>\$ 412,575</u>	<u>\$ 516,622</u>

See accompanying notes.

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## **WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **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.

During the year ended December 31, 2010 the Agency transferred a majority of their loan activity as well as start up cash to the Loan Corporation. During the year ended December 31, 2011 and 2013, the Agency transferred the remaining loans to the Loan Corporation. For financial reporting purposes the Loan Corporation is considered by management to be a blended component unit of the Agency.

The Wyoming County Industrial Development 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 2015 and 2014, 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, 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.

## WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 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. 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.

##### F. 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, 2015 and 2014, the Loan Corporation recognized a liability for unearned revenue in the amount of \$203,829 and \$327,465, respectively.

##### G. STATEMENTS OF CASH FLOWS

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

##### H. 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 expenditures during the reporting periods. Actual results could differ from those estimates.

##### 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".

##### J. SUBSEQUENT EVENT

These financial statements have not been updated for subsequent events occurring after March 7, 2016 which is the date these financial statements were available to be issued.

# WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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### 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 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, 2015, the Loan Corporation had \$2,004,410 of bank deposits and was considered fully collateralized under FDIC provisions.

##### Investment and Deposit Policy

The Loan Corporation implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

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:

# WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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

- 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>2015</u>	<u>2014</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%. This note paid interest only payments and 50% of the outstanding note is currently in an 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. Since that time, payments did not resume until 2013, and 50% of the outstanding note is currently in an allowance for uncollectible notes.	217,500	250,000
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%.	465,000	470,000

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

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

		<u><b>2015</b></u>	<u><b>2014</b></u>
Athletica, Inc.	Monthly installments of principal and interest in the amount of \$2,191 over seven years commencing 02/29/08. Annual interest rate of 6.0%.	\$ <b>6,509</b>	\$ 31,591
Athletica, Inc. II	Monthly installments of principal and interest in the amount of \$1,006 over five years commencing 03/12/12. Annual interest rate of 5.25%.	<b>15,517</b>	26,464
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.	<b>48,718</b>	74,616
Bert Heinrich, Inc.	Monthly installments of principal and interest in the amount of \$248 over eight and a half years amended on 04/23/10. Annual interest rate of 5.5%. Frequency of payments has decreased, therefore 10% of loan is included in allowance for uncollectible notes.	<b>12,630</b>	15,915
Burly Bros.	Monthly installments of principal and interest in the amount of \$1,608 over ten years, commencing 03/13/13, with a balloon payment due on 3/13/23. Annual interest rate of 5.25%.	<b>173,201</b>	183,920
Byrncliff, Inc.	Monthly installments of principal and interest in the amount of \$1,568 over seven years commencing on 01/28/13. Annual interest rate of 5.25%.	<b>68,303</b>	84,304
Caring Harts Transport, Inc.	Monthly installments of principal and interest in the amount of \$531 over five years commencing on 02/26/10. Annual interest rate of 5.0%.	<b>1,055</b>	6,710

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

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

		<b><u>2015</u></b>	<b><u>2014</u></b>
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%.	\$ <b>76,334</b>	\$ 88,799
Drasgow, Inc. II	Monthly installments of principal and interest in the amount of \$1,714 over seven years commencing 07/13/10. Annual interest rate of 5.25%.	<b>29,596</b>	48,073
Drasgow, Inc.	Monthly installments of principal in the amount of \$385 over five years commencing 05/24/10. Interest rate of 5.25% was paid at closing.	<b>6,647</b>	10,796
Drasgow, Inc. III	Monthly installments of principal and interest in the amount of \$1,011 over ten years commencing 01/18/13. With a balloon payment in January 2023. Annual interest rate of 5.25%.	<b>136,210</b>	141,049
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%.	<b>193,185</b>	206,770
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%.	<b>96,180</b>	116,304
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%.	<b>47,642</b>	55,186

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

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

		<u><b>2015</b></u>	<u><b>2014</b></u>
In-Site Enterprises, LLC	Monthly installments of principal and interest in the amount of \$804 over 15 years commencing 05/04/10. Annual interest rate of 5.25%.	\$ <b>76,808</b>	\$ 82,266
James & Tracie Cooley	Due and payable in full at maturity of one year from loan agreement. Annual interest of 3.25%.	<b>50,000</b>	-
Lisaenal-d LTD	Monthly installments of principal and interest in the amount of \$644 over ten years commencing on 6/4/11. Annual interest rate of 5.25%. Paid in full in 2015.	-	43,826
Lisaenal-d LTD II	Monthly installments of principal and interest in the amount of \$644 over ten years commencing on 4/19/12. Annual interest rate of 5.25%. Received payment of \$29,689 and wrote off remaining \$17,683 against the allowance for uncollectable notes due to foreclosure.	-	47,372
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%.	<b>127,334</b>	134,902
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%.	<b>49,327</b>	76,374
M&T Trucking, Inc.	Monthly installments of principal in the amount of \$2,083 over ten years commencing 08/01/06. Interest rate of 3% was paid at closing	<b>14,584</b>	39,583



**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

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

		<b><u>2015</u></b>	<b><u>2014</u></b>
Mama's Home, Cooking, LTD	Monthly installments of principal in the amount of \$4,800 over six years commencing on 7/13/05. Non interest bearing note. This note was part of a business stabilization program during the years of 2009 and 2010. Paid in full in 2015.	\$ -	\$ 1,039
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.	<b>64,000</b>	80,000
McCormick Farms, Inc.	Annual installments of principal in the amount of \$26,000 over ten years commencing 06/01/07. Interest rate of 3% was paid at closing.	<b>26,000</b>	52,000
Ray Sciarrino	Monthly installments of principal and interest in the amount of \$506 over fourteen years commencing 09/01/10. Annual interest rate of 4%.	<b>44,759</b>	48,949
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%.	<b>67,153</b>	72,963
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%.	<b>83,517</b>	87,115



**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

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

		<u><b>2015</b></u>	<u><b>2014</b></u>
Prestolite Electric	Monthly installments of principal in the amount of \$2,976 over seven years commencing on 11/15/11. Non interest bearing note.	\$ <b>119,048</b>	\$ 154,762
RS Maher & Son, Inc.	Monthly installments of principal and interest in the amount of \$476 over ten years commencing 02/18/11. Interest rate of 3% was paid at closing.	<b>29,080</b>	34,800
Sarah Schafer	Monthly installments of principal and interest in the amount of \$528 over seven years commencing 05/08/08. Annual interest rate of 7.0%. This note was previously in a stabilization plan, and has resumed payments on principal.	<b>4,558</b>	10,359
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%.	<b>36,350</b>	45,568
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%.	<b>115,000</b>	-

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

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

		<u><b>2015</b></u>	<u><b>2014</b></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.	\$ 28,500	\$ 34,833
Steel O'Brien Manufacturing	Monthly installments of principal in the amount of \$506 over ten years commencing on 4/18/11. Interest rate of 3% was paid at closing. Paid off in 2015.	-	37,916
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%.	41,666	48,333
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%.	21,236	35,324
Total notes receivable		<u>2,743,147</u>	3,121,921
Less: allowance for uncollectible notes		<u>186,263</u>	<u>225,279</u>
Notes receivable, net		2,556,884	2,896,642
Less: current maturities		<u>462,590</u>	<u>460,619</u>
Notes receivable - long-term		<u><b>\$ 2,094,294</b></u>	<u><b>\$ 2,436,023</b></u>

The Loan Corporation's policy is to present notes receivable net of an allowance for uncollectible notes. At December 31, 2015 and 2014, the allowance for uncollectible notes was \$186,263 and \$225,279, respectively. Lisenal-D II loan was written off for \$17,683; however, an allowance had been previously established.

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

At December 31, 2015, the notes portfolio consisted of 35 notes that bear interest at rates ranging from 0% to 7% and mature at various dates through November 16, 2030.

# WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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

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>
2016	\$ 462,590	\$ 73,538
2017	326,983	61,921
2018	725,809	51,315
2019	241,888	42,045
2020	280,660	32,307
2021-2030	<u>705,211</u>	<u>81,859</u>
	<u>\$2,743,147</u>	<u>\$ 342,985</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 amounted to \$149,866 at December 31, 2015 and 2014.

The Loan Corporation's policy is to designate all unrestricted net position for the maintenance of the loan program.

### NOTE 4. SUBSEQUENT EVENT

On January 19, 2016, Wyoming County received Federal grant assistance in the amount of \$200,000. The Loan Corporation is a sub-recipient of this assistance through the Community Development Block Grant Program for the purpose of financing a Microenterprise Grant Program which will provide grants to artists and artisans who reside in or will reside in Wyoming County.

**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, 2015, 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 7, 2016.

**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 7, 2016

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION  
REPORT TO THE BOARD OF DIRECTORS**

**DECEMBER 31, 2015**



March 7, 2016

To the Members of the Board of Directors  
Wyoming County Business Assistance Corporation  
6470 Route 20A, Suite 4  
Perry, New York 14530-9796

Members of the Board:

We are pleased to present this report related to our audit of the financial statements of Wyoming County Business Assistance Corporation (the Loan Corporation) for the year ended December 31, 2015. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Wyoming County Business Assistance Corporation's financial and compliance reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Wyoming County Business Assistance Corporation.

Very truly yours,

*Freed Maxick CPAs, P.C.*

Freed Maxick CPAs, P.C.

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## Required Communications

Generally accepted auditing standards require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<b>Our Responsibilities with regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States has been described to you in our arrangement letter dated December 30, 2015. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
<b>Accounting Policies and Practices</b>	<p><b>Preferability of Accounting Policies and Practices</b></p> <p>Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p><b>Adoption of, or Change in, Accounting Policies</b></p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Loan Corporation. The Loan Corporation did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p><b>Significant or Unusual Transactions</b></p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Management's Judgments and Accounting Estimates</b></p> <p>Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates."</p>

**Basis of Accounting**

The financial statements were prepared on assumption that the entity will continue as a going concern.

**Audit Adjustments**

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

**Uncorrected Misstatements**

There were no uncorrected misstatements noted during our audit.

**Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

**Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

**Significant Difficulties Encountered in Performing the Audit**

We did not encounter any significant difficulties in dealing with management during the audit.

**Certain Written Communication Between Management and Our Firm**

A copy of a certain written communication between our firm and the management of the Loan Corporation is attached as Exhibit A.

**Wyoming County Business Assistance Corporation  
Summary of Accounting Estimates  
Year Ended December 31, 2015**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Loan Corporation's December 31, 2015 financial statements:

<b>Area</b>	<b>Accounting Policy</b>	<b>Management's Estimation Process</b>	<b>Basis of our conclusions on Reasonableness of Estimate</b>
<b>Allowance for Uncollectible Notes</b>	Management estimates the collectability of their loans portfolio on a loan by loan basis based on conditions that exist at the time of the audit.	Management reviews loan payment history and correspondence with borrowers in evaluating the allowance for uncollectible notes every year.	Management's process to estimate the allowance for uncollectible notes appears reasonable.

**EXHIBIT A**

**SIGNIFICANT WRITTEN COMMUNICATION BETWEEN MANAGEMENT  
AND OUR FIRM**

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION**  
**6470 ROUTE 20A, SUITE 4**  
**PERRY, NEW YORK 14530**

March 7, 2016

Freed Maxick CPAs, P.C.  
One Evans Street  
Batavia, New York 14020

This representation letter is provided in connection with your audit of the basic financial statements of the Wyoming County Business Assistance Corporation (the Loan Corporation), as of and for the years ended December 31, 2015 and 2014 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of the auditor's report:

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated December 30, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We are a blended component unit of Wyoming County Industrial Development Agency (WCIDA) as this term is defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
6. Related party transactions including those with the WCIDA having accountability for the Loan Corporation have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. All significant estimates and material concentrations known to management have been properly recorded and/or disclosed in the financial statements in accordance with U.S. GAAP.

10. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 and/or GASB Statement No.10.
11. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statement.
12. We have complied with all aspects of contractual agreements that would have a material effect on the basic financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
13. We have no knowledge of any uncorrected misstatements in the financial statements.

**Information Provided**

14. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - b. Additional information that you requested from us for the purpose of the audit;
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
  - d. Minutes of the meetings of the governing board and committees of board members, or summaries of actions of recent meetings for which minutes have not yet been prepared.
15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud, if applicable.
17. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the Loan Corporation's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
21. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
22. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Loan Corporation's ability to record, process, summarize, and report financial data.
23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

### Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

1. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
2. There have been no instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
3. There have been no instances, that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
4. There have been no instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
5. Has a process to track the status of audit findings and recommendations, if applicable.
6. There have been no previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
7. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including all management responsibilities; that we have overseen the services by designating James Pierce, Director, who possesses suitable skill, knowledge, or experience; to evaluate the adequacy and results of the services performed; and to accept responsibility for the results of the services.

During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

### Wyoming County Business Assistance Corporation

James Pierce  
Signature

Executive Director  
Title