

**AUDITED
FINANCIAL STATEMENTS**

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

DECEMBER 31, 2019

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**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)
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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, 2019 and 2018, and the related notes to the financial statements which collectively comprise the Loan Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Loan Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Loan Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Loan Corporation as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the 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 5, 2020, on our consideration of the Loan Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Loan Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Loan Corporation's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York

March 5, 2020

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)
STATEMENTS OF NET POSITION
DECEMBER 31,

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash	\$ 1,842,040	\$ 2,328,308
Certificates of deposit	509,097	-
Accounts receivable	4,875	4,875
Accrued interest receivable	3,866	6,154
Notes receivable, current portion	<u>532,419</u>	<u>540,712</u>
Total current assets	<u>2,892,297</u>	<u>2,880,049</u>
Noncurrent assets:		
Notes receivable, net	<u>1,807,757</u>	<u>1,730,309</u>
Total assets	<u>4,700,054</u>	<u>4,610,358</u>
LIABILITIES		
Accounts payable	225,673	10,577
Unearned revenue	<u>462,986</u>	<u>453,567</u>
Total liabilities	<u>688,659</u>	<u>464,144</u>
NET POSITION		
Restricted	160,032	909,300
Unrestricted	<u>3,851,363</u>	<u>3,236,914</u>
Total net position	<u>\$ 4,011,395</u>	<u>\$ 4,146,214</u>

See accompanying notes to financial statements.

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Fees and penalties	\$ 9,105	\$ 3,500
Grant revenue	103,578	88,576
Interest income on notes receivable	73,597	73,401
Recovery of bad debt	5,214	3,330
Total operating revenues	<u>191,494</u>	<u>168,807</u>
Operating expenses:		
Management and general		
Administration fee	67,500	60,000
Professional services	9,444	34,330
Program services		
Grant expenses	239,178	411,394
Professional services	2,350	2,251
Bad debt expense	16,940	72,758
Total operating expenses	<u>335,412</u>	<u>580,733</u>
Operating loss	<u>(143,918)</u>	<u>(411,926)</u>
Nonoperating revenues:		
Interest income	9,099	22
Total nonoperating revenues	<u>9,099</u>	<u>22</u>
Change in net position	(134,819)	(411,904)
Net position - beginning of year	<u>4,146,214</u>	<u>4,558,118</u>
Net position - end of year	\$ <u><u>4,011,395</u></u>	\$ <u><u>4,146,214</u></u>

See accompanying notes to financial statements.

WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Receipts from providing services	\$ 112,997	\$ 149,171
Interest income on notes receivable	75,885	69,729
Repayments of notes receivable	305,119	1,956,976
Receipts from penalties and fees	9,105	3,500
Issuance of notes receivable	(386,000)	(1,628,480)
Payments to service providers and suppliers	(22,001)	(166,199)
Payments for grant services and administration	(81,375)	(411,394)
	<u>13,730</u>	<u>(26,697)</u>
Net cash provided (used) by operating activities		
Cash Flows From Investing Activities		
Interest income	9,099	22
Purchase of certificates of deposits	(509,097)	-
	<u>(499,998)</u>	<u>22</u>
Net cash provided by investing activities		
Net increase (decrease) in cash	(486,268)	(26,675)
Cash - beginning of year	<u>2,328,308</u>	<u>2,354,983</u>
Cash - end of year	<u>\$ 1,842,040</u>	<u>\$ 2,328,308</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating loss	\$ (143,918)	\$ (411,926)
Adjustment to reconcile operating loss to net cash provided (used) by operating activities:		
Bad debt expense	11,726	69,428
Change in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	-	57,371
Accrued interest receivable	2,288	(3,672)
Notes receivable	(80,881)	328,496
Increase (decrease) in:		
Accounts payable	215,096	(69,618)
Unearned revenue	9,419	3,224
	<u>13,730</u>	<u>(26,697)</u>
Net cash provided (used) by operating activities	<u>\$ 13,730</u>	<u>\$ (26,697)</u>

See accompanying notes to financial statements.

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**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)
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 \$67,500 and \$60,000 for 2019 and 2018, respectively, for these services.

B. BASIS OF PRESENTATION

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

D. INCOME TAXES

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

E. NOTES RECEIVABLE

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

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)
NOTES TO FINANCIAL STATEMENTS**

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, 2019 and 2018, the Loan Corporation recognized a liability for unearned revenue in the amount of \$462,986 and \$453,567, 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 statements of cash flows, the Loan Corporation considers all cash to be unrestricted including demand accounts and certificates of deposit with an original maturity of generally three months or less.

J. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

K. ACCOUNTING PRONOUNCEMENTS

The Loan Corporation 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 Loan Corporation's financial statements.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the Loan Corporation, 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.

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. ASSETS

1. CASH AND INVESTMENTS

The Loan Corporation 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 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, 2019, the Loan Corporation's bank deposits were considered fully collateralized.

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.

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.

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)
NOTES TO FINANCIAL STATEMENTS**

2. WYOMING COUNTY AND OTHER GRANT REVENUE

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

	<u>2019</u>	<u>2018</u>
Growing the Agricultural Industry Now! (GAIN) Revolving Loan Program	\$ 63,879	\$ 53,855
Other	<u>39,699</u>	<u>34,721</u>
Total	<u>\$ 103,578</u>	<u>\$ 88,576</u>

3. NOTES RECEIVABLE

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

	<u>2019</u>	<u>2018</u>
Total notes receivable	\$ 2,450,273	\$ 2,495,642
Less: allowance for uncollectible notes	<u>110,097</u>	<u>224,621</u>
Notes receivable, net	2,340,176	2,271,021
Less: current maturities	<u>532,419</u>	<u>540,712</u>
Notes receivable - long-term	<u>\$ 1,807,757</u>	<u>\$ 1,730,309</u>

The Loan Corporation'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 \$110,097 and \$224,621, 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 lenders.

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>
2020	\$ 532,419	\$ 77,693
2021	268,796	70,602
2022	322,221	55,392
2023	272,836	47,324
2024	162,984	34,017
Thereafter	<u>891,017</u>	<u>87,107</u>
Total	<u>\$ 2,450,273</u>	<u>\$ 372,135</u>

**WYOMING COUNTY BUSINESS ASSISTANCE CORPORATION
(A COMPONENT UNIT OF WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY)
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. NET POSITION

In the prior year, management received communication from the New York State Office of Community Renewal (OCR) in regards to Community Development Block Grant (CDBG) Regulations Section 24 CFR 570.489(e)(2)(ii), which is the regulatory citation over the Loan Corporation’s Micro HUD loan program, requiring all CDBG related funds as of May 31, 2018 be reported to OCR. If such funds were not committed and approved by OCR as of March 31, 2019 they were required to be returned to OCR by April 30, 2019. As of March 31, 2019 the funds were committed and approved by OCR to be used as grant to approved project. As a result, \$551,487 previously reported as restricted program funds have been reclassified as unrestricted as of December 31, 2019.

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

The Loan Corporation received pass-through Growing the Agriculture Industry Now! (GAIN) grant funds from Genesee/Finger lakes Regional Planning Council in 2016. Under the provisions of the grant, annual revenue is restricted to the GAIN revolving loan program. Repayments to date amounted to \$160,032 which have therefore been reported as restricted net position as of December 31, 2019.

	<u>2019</u>		<u>2018</u>
CDBG Revolving Loan Program	\$ -	\$	796,807
GAIN Revolving Loan Program	160,032		112,493
Total restricted net position	\$ 160,032	\$	909,300

NOTE 4. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 5, 2020, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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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 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, 2019, and the related notes to the financial statements, which collectively comprise the Loan Corporation's basic financial statements, and have issued our report thereon dated March 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Loan Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Loan Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Loan Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Loan Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Loan Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Loan Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
March 5, 2020