

**AUDITED  
FINANCIAL STATEMENTS**

**WYOMING COUNTY BUSINESS CENTER, INC.**

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**DECEMBER 31, 2018**

**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), a business-type activity, which collectively comprise the statements of net position as of December 31, 2018 and 2017, and the related statements of revenues, expenditures, and charges in net position and cash flows for the years then ended, and the related notes to the financial statements.

### ***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, 2018 and 2017, 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 20, 2019, 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 20, 2019

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

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 613,000	\$ 590,413
Accounts receivable	1,816	6,216
Accrued interest receivable	380	457
Notes receivable	<u>111,551</u>	<u>90,190</u>
Total current assets	<u>726,747</u>	<u>687,276</u>
<b>Noncurrent assets:</b>		
Computer equipment	2,524	2,524
Less: accumulated depreciation	<u>(2,524)</u>	<u>(2,524)</u>
Equipment, net	-	-
Notes receivable, net	<u>71,967</u>	<u>77,618</u>
Total assets	<u>798,714</u>	<u>764,894</u>
<b>LIABILITIES</b>		
Accounts payable	700	-
Unearned revenue	<u>12,437</u>	<u>15,451</u>
Total liabilities	<u>13,137</u>	<u>15,451</u>
<b>NET POSITION</b>		
Restricted	12,672	14,362
Unrestricted	<u>772,905</u>	<u>735,081</u>
Total net position	<u>\$ 785,577</u>	<u>\$ 749,443</u>

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,**

	<u>2018</u>	<u>2017</u>
<b>Operating revenues:</b>		
Wyoming County	\$ 60,000	\$ 60,000
NYSEG grant income	-	5,916
Marketing service income	20,000	20,000
Interest income on notes receivable	2,158	2,841
Micro HUD program revenue	3,214	10,280
Fast Trac program income	12,400	12,000
Recovery of bad debt	841	810
Total operating revenues	<u>98,613</u>	<u>111,847</u>
<b>Operating expenses:</b>		
Administrative fees	20,000	20,000
Dues and subscriptions	482	395
Insurance	-	347
Marketing	10,558	8,266
Office expense	7,137	1,250
Professional fees	13,348	9,479
Program expenses	12,318	11,489
Travel	44	4
Total operating expenses	<u>63,887</u>	<u>51,230</u>
Operating income	34,726	60,617
<b>Nonoperating revenues:</b>		
Interest revenues	1,408	811
Total nonoperating revenues	<u>1,408</u>	<u>811</u>
Change in net position	36,134	61,428
<b>Net position - beginning of year</b>	<u>749,443</u>	<u>688,015</u>
<b>Net position - end of year</b>	<u>\$ 785,577</u>	<u>\$ 749,443</u>

See accompanying notes to financial statements.

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

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Receipts from providing services	\$ 84,600	\$ 80,800
Receipts from programs	12,400	12,000
Interest income on notes receivable	2,235	2,898
Issuance of notes receivable	(60,000)	-
Repayments of notes receivable	45,131	47,150
Payments to service providers and suppliers	(63,187)	(51,230)
<b>Net cash provided by operating activities</b>	<u>21,179</u>	<u>91,618</u>
<b>Cash flows from investing activities:</b>		
Interest received	1,408	811
<b>Net cash provided by investing activities</b>	<u>1,408</u>	<u>811</u>
<b>Net increase in cash</b>	22,587	92,429
<b>Cash - beginning of year</b>	<u>590,413</u>	<u>497,984</u>
<b>Cash - end of year</b>	<u>\$ 613,000</u>	<u>\$ 590,413</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 34,726	\$ 60,617
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	4,400	(5,116)
Accrued interest receivable	77	57
Notes receivable	(15,710)	46,340
Increase (decrease) in:		
Accounts payable	700	-
Unearned revenue	(3,014)	(10,280)
<b>Net cash provided by operating activities</b>	<u>\$ 21,179</u>	<u>\$ 91,618</u>

See accompanying notes to financial statements.

**WYOMING COUNTY BUSINESS CENTER, INC.**  
**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 Washington, LLC. The Center formed the WCBC Washington, LLC in 2010 for the purpose of handling real property transactions on behalf of the Center and, more specifically, the sale of the A&A Metals Property at 90 Washington Boulevard, Perry New York, which occurred in 2016.

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. These entities also share the same business objective which is the 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.



**WYOMING COUNTY BUSINESS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**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, 2018 and 2017.

**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, 2018 and 2017, the Center recognized a liability for unearned revenue in the amount of \$12,437 and \$15,451, 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.

**NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. ASSETS**

**1. CASH AND INVESTMENTS**

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, 2018 amounted to \$296,525. These deposits were FDIC insured in the amount of \$250,000. The Center was uncollateralized in the amount of \$46,525 at December 31, 2018. As of December 31, 2017, all bank deposits of the Center were fully collateralized under FDIC provisions.

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 102% 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.

**WYOMING COUNTY BUSINESS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**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,

	<u>2018</u>	<u>2017</u>
Total notes receivable	\$ 228,019	\$ 219,078
Less: allowance for uncollectible notes	<u>44,501</u>	<u>51,270</u>
Notes receivable, net	183,518	167,808
Less: current maturities	<u>111,551</u>	<u>90,190</u>
Notes receivable - long-term	<u>\$ 71,967</u>	<u>\$ 77,618</u>

The Center's policy is to present notes receivable net of an allowance for uncollectible notes. At December 31, 2018 and 2017 the allowance for uncollectible notes was \$44,501 and \$51,270, respectively.

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>
2019	\$ 111,551	\$ 4,856
2020	46,784	1,688
2021	32,347	910
2022	14,644	592
2023	11,565	324
Thereafter	<u>11,128</u>	<u>153</u>
Total	<u>\$ 228,019</u>	<u>\$ 8,523</u>

**B. REVENUES**

During the years ended December 31, 2018 and 2017, 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, 2018 and 2017, the remaining restricted balances of \$12,672 and \$14,362, 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.

**WYOMING COUNTY BUSINESS CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS**

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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, 2018 and 2017, amounted to \$266,526 and \$209,757, respectively.

**NOTE 3. ECONOMIC DEPENDENCY**

For the years ending December 31, 2018 and 2017, approximately 60% and 53%, 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, 2018 and 2017.

**NOTE 4. SUBSEQUENT EVENTS**

These financial statements have not been updated for subsequent events occurring after March 20, 2019, which is the date these financial statements were available to be issued.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Wyoming County Business 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, 2018, 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 20, 2019.

**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 20, 2019



## **INDEPENDENT ACCOUNTANT'S REPORT**

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

We have examined Wyoming County Business Center's (the Center) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") during the period of January 1, 2018, to December 31, 2018. Management of the Center is responsible for the Center's compliance with the specified requirements. Our responsibility is to express an opinion on the Center's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Center complied, in all material respects, with the aforementioned requirements during the period January 1, 2018, to December 31, 2018, with the exception that one cash account was undercollateralized as of December 31, 2018.

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

*Freed Maxick CPAs, P.C.*

Batavia, New York  
March 20, 2019