

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

**DECEMBER 31, 2010**



Freed Maxick & Battaglia, PC  
*Certified Public Accountants*

March 28, 2011

To the Members of the Board of Directors  
Wyoming County Business Assistance Corporation  
Perry, New York

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, 2010. 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. Also, included is a summary of recently issued accounting standards that may affect future financial reporting by the Loan Corporation.

This report is intended solely for the information and use of the Board of Directors, audit committee 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 & Battaglia, CPAs, PC*

Freed Maxick & Battaglia, CPAs, PC

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Take it to  
the Max.

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## Required Communications

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
<b>Auditor's Responsibility Under Professional Standards</b>	Our responsibility 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 16, 2010.
<b>Accounting Practices</b>	<b>Adoption of, or Change in, Accounting Policies</b> 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.  <b>Significant or Unusual Transactions</b> 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.
<b>Management's Judgments and Accounting Estimates</b>	<b>Alternative Treatments Discussed with Management</b> We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.  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. Management has informed us they used all the relevant facts available to them at the time

<b>Area</b>	<b>Comments</b>
	to make the best judgments about accounting estimates and we considered this information in the scope of our audit. Estimates significant to the financial statements included allowance for uncollectible notes.
<b>Audit Adjustments</b>	There was one audit adjustment made to the original trial balance presented to us to begin our audit.
<b>Uncorrected Misstatements</b>	There were no uncorrected misstatements.
<b>Disagreements with Management</b>	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.
<b>Consultations with Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed with Management</b>	No significant issues arising from the audit were discussed or were the subject of correspondence with management. Although we assisted management with the accounting for the transfer of assets from the Wyoming County Industrial Development Agency.
<b>Difficulties Encountered in Performing the Audit</b>	We did not encounter any difficulties in dealing with management during the audit.
<b>Letter Communicating an Other Matter</b>	We have separately communicated a certain matter identified during our audit of the financial statements, which is attached as Exhibit A.
<b>Certain Written Communications Between Management and Our Firm</b>	A copy of a certain written communications between our firm and the management of the Loan Corporation is attached as Exhibit B.

# Wyoming County Business Assistance Corporation

Year End: December 31, 2010

## Summary of Recorded Audit Adjustments

Date: 01/01/2010 To 12/31/2010

Account No	Name	Debit	Credit
33000.0 ENT01	Net Assets - Transfer from IDA		2,221,192
40800.0 ENT01	Grant Income - Passed Through IDA	641,035	
94000.0 ENT01	Transfer from IDA	1,575,729	
94002.0 ENT01	Trans from IDA - Accrued Interest	4,428	
To correct transfer of of loans and equity from WCIDA to the WCBAC.			
		2,221,192	2,221,192

**EXHIBIT A**

**LETTER COMMUNICATING AN OTHER MATTER**

## **Communication of an Other Matter**

In connection with our audit of the financial statements of the Loan Corporation as of and for the year ended December 31, 2010, we identified an other matter that would merit further attention.

A control deficiency 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 deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

We have noted an other matter below that we do not believe constitutes a significant deficiency or a material weakness.

## ***OTHER MATTER***

### Observation

As of the date of this report, the Loan Corporation has not been officially recognized under the Public Authorities Accountability Act (PAAA). However, we noted that an internal policy of the Loan Corporation states that the Loan Corporation will comply with PAAA. Under PAAA, the Loan Corporation is required to make the code of ethics available to the appropriate authorities, as well as, post the mission statement, current activities, and property disposition policy on the Loan Corporation's official website. In addition, the Loan Corporation is required to complete the budget for the subsequent fiscal year ninety days prior to the commencement of that fiscal year. During our audit we noted that the Loan Corporation is not currently complying with these requirements under PAAA.

### Recommendation

We recommend that the Loan Corporation review the regulations under PAAA in order to comply with their internal policy.

**EXHIBIT B**

**CERTAIN WRITTEN COMMUNICATIONS BETWEEN MANAGEMENT  
AND OUR FIRM**



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

March 28, 2011

Freed Maxick & Battaglia, PC  
One Evans Street  
Batavia, New York 14020

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 year ended December 31, 2010, we confirm, that we are responsible for the fair presentation in the financial statements of financial position, changes in financial position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

We confirm to the best of our knowledge and belief, as of March 28, 2011 the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We are a blended component unit of Wyoming County Industrial Development Agency as this term is defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
3. We have identified for you all of our identifiable business-type activities.
4. We have properly classified all funds and activities.
5. We are responsible for compliance with laws and regulations applicable to the Wyoming County Business Assistance Corporation including adopting, approving, and amending budgets.
6. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.



7. We have made available to you:
  - a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
  - b. All 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.
8. We have no knowledge of fraud or suspected fraud affecting the Loan Corporation involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
9. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Wyoming County Business Assistance Corporation received in communications from employees, former employees, analysts, regulators, or others.
11. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.
12. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
13. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
14. The following have been properly reflected and/or disclosed in the financial statements:
  - a. Related party transactions, including those with other organizations for which the nature and significance of their relationship with Wyoming County Business Assistance Corporation are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.



- b. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
  - c. Reserves and/or designation of net assets.
  - d. Special and extraordinary items.
  - e. Assets and liabilities measure at fair value.
  - f. Deposits and investment securities category of custodial credit risk.
15. We are responsible for making the accounting estimates included in the financial statements. Those estimates 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. In that regard, adequate provisions have been made to reduce note receivables to their estimated net collectable amounts.
16. There are no:
- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification.
  - d. Guarantees, whether written or oral, under which the Loan Corporation is contingently liable.
  - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
  - f. Lines of credit or similar arrangements.
  - g. Security agreements in effect under the Uniform Commercial Code.



- h. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - i. Investments in debt and equity securities.
  - j. Contractual obligations for construction or purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
  - k. Liabilities which are subordinated in any way to any other actual or possible liabilities.
  - l. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
  - m. Debt issue provisions.
  - n. Leases or material amounts of rental obligations under long-term leases.
  - o. Authorized but unissued bonds and/or notes.
  - p. Risk financing activities.
17. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Contingencies Topic of the FASB Accounting Standards Codification and/or GASB Statement No. 10.
18. 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.
19. We have satisfactory title to all owned assets.
20. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
21. Net asset components (restricted and unrestricted) are properly classified and, if applicable, approved.
22. Expenses have been appropriately classified in the Statement of Revenues, Expenses and Changes in Net Assets and allocations have been made on a reasonable basis.
23. Revenues are appropriately classified in the Statement of Revenues, Expenses and Changes in Net Assets.
24. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit, which are included in the summarized schedule of posted adjustments and will post all adjustments accordingly. We have reviewed and



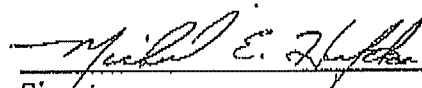
approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.

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

1. We are responsible for:
  - a. Compliance with laws, regulations, and provisions of contracts and grant agreements applicable to the Loan Corporation.
  - b. Establishing and maintaining effective internal control over financial reporting.
2. We have identified and disclosed to you:
  - a. All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.
  - b. There are no violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
3. We have a process to track the status of audit findings and recommendations.
4. We have reviewed, approved, and take full responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.

We are responsible for determining that significant events or transactions that have occurred since the balance sheet date and through March 28, 2011, have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the balance sheet date and through March 28, 2011 that would require recognition or disclosure in the financial statements. We further represent that as of March 28, 2011, the financial statements were complete in a form and format that complied with accounting principles generally accepted in the United States of America, and all approvals necessary for issuance of the financial statements had been obtained.

During the course of your audit, you may have accumulated records containing data which 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.

  
\_\_\_\_\_  
Signature

President, CEO  
\_\_\_\_\_  
Title