

FINANCIAL STATEMENTS

WYOMING COUNTY BUSINESS CENTER, INC.

**DECEMBER 31, 2010 AND 2009
with
INDEPENDENT AUDITOR'S REPORT**

WYOMING COUNTY BUSINESS CENTER, INC.

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Freed Maxick & Battaglia, CPAs, PC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Wyoming County Business Center, Inc. (the Center) as of and for the year ended December 31, 2010 and 2009, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Wyoming County Business Center, Inc. as of December 31, 2010 and 2009 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated May 27, 2011 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 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* and should be considered in assessing the results of our audit.

The Center has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Freed Maxick & Battaglia, CPAs, PC

Batavia, New York
May 27, 2011

WYOMING COUNTY BUSINESS CENTER, INC.

STATEMENTS OF NET ASSETS
For the Years Ended December 31,

ASSETS	2010	2009
Current assets:		
Cash	\$ 119,797	\$ 106,084
Accounts receivable	-	2,180
Loans receivable	45,322	8,556
Total current assets	<u>165,119</u>	<u>116,820</u>
Equipment:		
Computer equipment	2,524	1,944
Less: accumulated depreciation	(934)	(526)
Equipment, net	<u>1,590</u>	<u>1,418</u>
Non-current assets:		
Loans receivable	<u>192,846</u>	<u>33,646</u>
	<u>\$ 359,555</u>	<u>\$ 151,884</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 6,530	\$ 5,835
Due to Wyoming County IDA	-	66,000
Deferred revenue	238,168	42,202
Total liabilities	<u>244,698</u>	<u>114,037</u>
Net assets:		
Invested in capital assets	1,590	1,418
Unrestricted	113,267	36,429
Total net assets	<u>114,857</u>	<u>37,847</u>
	<u>\$ 359,555</u>	<u>\$ 151,884</u>

WYOMING COUNTY BUSINESS CENTER, INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended December 31,

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Grants:		
EDZ admin grant	\$ 11,229	\$ -
Wyoming County Empire Zone grant	17,050	25,000
Wyoming County LDC grant	25,000	25,000
Wyoming County Marketing grant	15,000	19,500
Wyoming County Board of Supervisors grant	55,000	55,000
Conditional grant from IDA	66,000	-
Grant pass-through	2,000	1,200
IDA funding	19,000	-
Interest income on loans receivable	3,343	585
Marketing survey	500	11,000
Microenterprise loan program	19,357	400
Other income	11,120	-
Total operating revenues	<u>244,599</u>	<u>137,685</u>
Operating expenses:		
Admin contract with Wyoming County Chamber	-	59,310
Contract expense	12,270	27,428
Depreciation	408	336
Dues and subscriptions	664	170
Insurance	826	918
Marketing	3,892	1,021
Office expense	7,538	1,713
Printing and publications	175	-
Professional fees	6,620	18,925
Program expenses	6,459	-
Project expense	27,583	49,959
Salaries and benefits	98,474	-
Travel	3,116	2,020
Total operating expenses	<u>168,025</u>	<u>161,800</u>
Operating income (loss)	76,574	(24,115)

WYOMING COUNTY BUSINESS CENTER, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended December 31,
(Continued)

	<u>2010</u>	<u>2009</u>
Non-operating revenues:		
Interest revenues	<u>436</u>	<u>564</u>
Change in net assets	<u>77,010</u>	<u>(23,551)</u>
Net assets - beginning of year	<u>37,847</u>	<u>61,398</u>
Net assets - end of year	<u>\$ 114,857</u>	<u>\$ 37,847</u>

WYOMING COUNTY BUSINESS CENTER, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers and governmental agencies	\$ 243,436	\$ 134,920
Interest income on loans receivable	3,343	585
Issuance of loans	(210,035)	(42,202)
Collections of loans	14,069	-
Payments of service providers and suppliers	61,518	(47,427)
Payments for employee services	(98,474)	-
Net cash provided by operating activities	<u>13,857</u>	<u>45,876</u>
Cash flows from capital and related financing activities:		
Purchase of equipment	(580)	(316)
Net cash used by financing activities	<u>(580)</u>	<u>(316)</u>
Cash flows from investing activities:		
Interest revenues	436	564
Net cash provided by investing activities	<u>436</u>	<u>564</u>
Net increase in cash	13,713	46,124
Cash - beginning of year	<u>106,084</u>	<u>59,960</u>
Cash - end of year	<u>\$ 119,797</u>	<u>\$ 106,084</u>

WYOMING COUNTY BUSINESS CENTER, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

(Continued)

	<u>2010</u>	<u>2009</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:		
Income (loss) from operations	\$ 76,574	\$ (24,115)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation expense	408	336
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	2,180	(2,180)
Loans receivable	(195,966)	(42,202)
Increase (decrease) in:		
Accounts payable	695	5,835
Due to Wyoming County IDA	(66,000)	66,000
Deferred revenue	195,966	42,202
Net cash provided by operating activities	\$ 13,857	\$ 45,876

WYOMING COUNTY BUSINESS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - The Wyoming County Business Center, Inc. (the Center) is a New York State Corporation organized under New York State Not-For-Profit Corporation Law and is located at 6470 Rt. 20A, Suite 2, Perry, New York 14530. 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.

Basis of Accounting - The Center's financial statements are prepared in conformity with accounting principles generally accepted in the United States 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.

Revenue Recognition - The Center maintains its books and prepares its financial statements on the accrual basis of accounting whereby revenue is recognized as it is earned and expenses are recorded as they are incurred. Revenue not received when earned is recorded as an accounts receivable whereas revenue received in advance is recorded as deferred revenue. If expenses are the prime factor for determining when grant income is earned, revenue is accrued when the expense is incurred.

Income Tax - The Center is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been provided for in the financial statements. The Center is no longer subject to Federal and New York State income tax examination for years prior to 2007.

Accounts Receivable - Accounts 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. As of December 31, 2010 and 2009, management has determined all receivables to be fully collectible.

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. Depreciation expense amounted to \$408 and \$336 for the years ended December 31, 2010 and 2009, respectively.

Deferred Revenue - The Center reports deferred revenue on its balance sheet. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Center before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Center has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Net Assets - Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

WYOMING COUNTY BUSINESS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates - In preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the 2009 financial statements to conform with current year presentation.

NOTE 2 - ECONOMIC DEPENDENCY

For the years ending December 31, 2010 and 2009, approximately 46% and 100%, respectively, of the Center's funding is dependent upon Wyoming County. For the year ending December 31, 2010, approximately 35% of the Center's funding is dependent upon the Wyoming County IDA. The Center also receives its office space from Wyoming County. The Center makes no payments to the County for its office space. The value of the office space has not been reflected in the revenue or expenses of the Center for the years ended December 31, 2010 and 2009.

NOTE 3 - GRANTS

During the years ended December 31, 2010 and 2009, the Center received \$17,050 and \$25,000, respectively, from the Wyoming County Empire Zone Administrative Board through the Wyoming County Empire Zone Grant for the purpose of providing, strategic economic development planning for the zone, marketing and promotion of the zone, assistance to companies in applying for available benefits, preparation of applications for financing assistance and other technical assistance services; coordination of the delivery of state and local programs within the zones; and operation of such other economic development assistance programs in furtherance of the empire zone development plan. In addition, during the year ended December 31, 2010, the Center received \$11,229 in administrative funds from Empire State Development Corporation.

During the years ended December 31, 2010 and 2009, the Center obtained a \$25,000 grant from Wyoming County through the Wyoming County LDC Grant program. In accordance with the grant 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.

During the years ended December 31, 2010 and 2009, the Center received \$15,000 and \$19,500, respectively, from Wyoming County through the Wyoming County Marketing Grant for the purpose of providing business attraction marketing for Wyoming County.

During the years ended December 31, 2010 and 2009, the Center obtained a \$55,000 grant from Wyoming County through the Wyoming County Board of Supervisors Grant program. In accordance with the grant 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.

WYOMING COUNTY BUSINESS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - GRANTS (Continued)

During the year ended December 31, 2009, the Center received \$66,000 from the Wyoming County IDA in connection with an environmental clean-up of a Brownsfield Project. During the year ended December 31, 2010, the Center and Wyoming County IDA determined this loan was more appropriately classified as a conditional grant. The grant funds are to be repaid to the Wyoming County IDA upon the property owner's sale of the property.

NOTE 4 - LOANS RECEIVABLE

The Center provides low interest loans to businesses located in Wyoming County in order to encourage economic development. As of December 31, 2010 and 2009 management has determined all loans to be fully collectible. Loans receivable consisted of the following at December 31,

		<u>2010</u>	<u>2009</u>
About Face Day Spa & Salon	Monthly installment of principal and interest over five years commencing 1/01/11. Annual interest rate of 1.625%.	\$ 48,737	\$ -
Cappy's Trucking	Monthly installments of principal and interest over five years commencing 1/01/11. Annual interest rate of 5.0%.	25,000	-
CSI Tax Service	Monthly installments of principal and interest over five years commencing 2/01/10. Annual interest rate of 1.625%.	43,617	36,000
Decisions Catering, LLC	Monthly installments of principal and interest over seven years commencing 1/10/08. Annual interest rate of 5.0%.	20,000	-
Hellwigs' Son Raised Alpacas, LLC	Monthly installments of principal and interest over five years commencing 12/01/10. Annual interest rate of 5.0%.	14,779	-
Wolcott Brother's Music	Monthly installments of principal and interest over five years commencing 12/01/10. Annual interest rate of 1.625%.	29,520	-
Norse Paddle Company, LLC	Monthly installments of principal and interest over five years commencing 6/01/10. Annual interest rate of 5.0%	43,445	-

WYOMING COUNTY BUSINESS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LOANS RECEIVABLE (Continued)

	<u>2010</u>	<u>2009</u>
West's Bookkeeping Services Monthly installment of principal and interest over five years commencing 4/01/10. Annual interest rate of 1.625%	<u>13,070</u>	6,202
Total loans receivable	238,168	42,202
Less: current maturities	<u>45,322</u>	<u>8,556</u>
Loans receivable - long-term	<u>\$ 192,846</u>	<u>\$ 33,646</u>

Future maturities of loans receivable are as follows:

2011	\$ 45,322
2012	46,715
2013	48,163
2014	49,670
2015	41,854
2016-2017	<u>6,444</u>
	<u>\$ 238,168</u>

NOTE 5 - FUNCTIONAL EXPENSES

The costs of providing program services and other activities have been allocated on a functional basis as follows:

	<u>2010</u>	<u>2009</u>
Program services	\$ 145,571	\$154,310
Management and general	<u>22,454</u>	<u>7,490</u>
	<u>\$ 168,025</u>	<u>\$161,800</u>

NOTE 6 - RELATED PARTY TRANSACTIONS

As of December 31, 2010, the Center had loans outstanding to entities that were related to the Center. A loan with an outstanding balance of \$13,070 to West's Bookkeeping Services who assists in maintaining the accounting records for the Center and a loan with an outstanding balance of \$14,779 to Hellwigs' Son Raised Alpacas, which is owned by the spouse of the Center's Bookkeeper. Payments on both loans were made on time for the year ended December 31, 2010.



Freed Maxick & Battaglia, CPAs, PC

**INDEPENDENT AUDITOR'S 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**

To the Board of Directors of the
Wyoming County Business Center, Inc.

We have audited the financial statements of the Wyoming County Business Center, Inc. (the Center) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 27, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 10-1 to be a material weakness.

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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Center in a separate letter dated May 27, 2011.

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Center's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, federal awarding agencies and the Board of Directors of the Center and is not intended to be and should not be used by anyone other than these specified parties.

Freed Maxick & Battaglia, CPAs, PC

Batavia, New York
May 27, 2011



WYOMING COUNTY BUSINESS CENTER, INC.

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010

FINANCIAL STATEMENT FINDINGS

10-1 Financial Accounting and Reporting

Condition: Management requests us to draft the Center's annual audited financial statements and footnote disclosures. As part of this process, we identify and recommend various audit adjustments required to ensure the financial statements are fairly stated in conformity with generally accepted accounting principles. Because an auditor cannot be part of an entity's system of internal control, we believe management's need for our assistance results in a material weakness in internal control over financial reporting.

Criteria: An auditor cannot be part of the Center's internal control. Accordingly, we believe management's need for our assistance results in a material weakness in the Center's internal control over financial reporting.

Cause: Management does not possess the expertise necessary to properly prepare their financial statements in accordance with generally accepted accounting principles.

Effect: Management requests that we draft the annual audited financial statements and footnote disclosures.

Recommendation: While a material weakness of this nature is typical of entities of your size and structure, we recommend management consider additional training to ensure that they completely understand the accounting and reporting requirements of generally accepted accounting principles.

Management Response: Management recognized that additional training of the Administrative Assistant relative to accounting and reporting requirements were needed. The Administrative Assistance attended QuickBooks training from Genesee Community College on March 22nd, 29th, April 5th, 12th and 19th 2011. The Center has also under agreement dated January 15, 2011 retained the services West's Bookkeeping Services of Perry, NY to provide on-line QuickBook accounting for the Center with oversight from Carrie West, owner of West's Bookkeeping Services.

WYOMING COUNTY BUSINESS CENTER, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010

FINANCIAL STATEMENT FINDING

09-1 Investment Policy

Condition: The Center did not approve an investment guideline during the current year as required by Section 2925 of the New York State Public Authorities Law.

Criteria: The Center should review and approve the investment guidelines on a yearly basis to ensure that Center assets are adequately safeguarded.

Effect: The Center did not comply with Public Authorities Law Section 2925.

Status: There was no reoccurrence of this finding in the current year.