

**SENECA COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**NEW YORK**

**FINANCIAL STATEMENTS**

**For Years Ended December 31, 2017 and 2016**

**Raymond F. Wager, CPA, P.C.**  
Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Seneca County Economic Development Corporation

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Seneca County Economic Development Corporation (the Corporation), which comprise the combined statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, 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 audit. 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. 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 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 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 Seneca County Economic Development Corporation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018 on our consideration of the Seneca County Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Seneca County Economic Development Corporation's internal control over financial reporting and compliance.

Rochester, New York  
February 16, 2018



**SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NEW YORK**

**Combined Statement of Financial Position**

**December 31, 2017 and 2016**

<b><u>ASSETS:</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b><u>Current Assets -</u></b>		
Cash and cash equivalents	\$ 412,996	\$ 337,702
Accounts receivable	-	14,542
Loans receivable	75,224	73,738
<b>Total Current Assets</b>	<b>\$ 488,220</b>	<b>\$ 425,982</b>
<b><u>Noncurrent Assets -</u></b>		
Loans receivable, net	\$ 57,410	\$ 132,634
<b>Total Noncurrent Assets</b>	<b>\$ 57,410</b>	<b>\$ 132,634</b>
<b>TOTAL ASSETS</b>	<b>\$ 545,630</b>	<b>\$ 558,616</b>
<b><u>LIABILITIES:</u></b>		
<b><u>Current Liabilities -</u></b>		
Accounts payable	\$ 9,576	\$ 443
<b>Total Current Liabilities</b>	<b>\$ 9,576</b>	<b>\$ 443</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 9,576</b>	<b>\$ 443</b>
<b><u>NET ASSETS:</u></b>		
Unrestricted	\$ 536,054	\$ 558,173
<b>TOTAL NET ASSETS</b>	<b>\$ 536,054</b>	<b>\$ 558,173</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 545,630</b>	<b>\$ 558,616</b>

(The accompanying notes are an integral part of these financial statements)

**SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NEW YORK**

**Combined Statement of Activities  
For Years Ended December 31, 2017 and 2016**

<b><u>REVENUES AND OTHER SUPPORT:</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Rent income	\$ 73,096	\$ 156,773
State and federal aid - pass through grants	-	5,149
Donations	9,505	7,156
Burial income	15,728	17,632
Miscellaneous	3,657	5,087
Fundraising	280	1,080
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b><u>\$ 102,266</u></b>	<b><u>\$ 192,877</u></b>
<b><u>EXPENSES:</u></b>		
Management and general	\$ 113,757	\$ 108,970
Program services	10,233	17,037
Fund raising	395	1,396
<b>TOTAL EXPENSES</b>	<b><u>\$ 124,385</u></b>	<b><u>\$ 127,403</u></b>
<b>EXCESS (DEFICIENCY) IN UNRESTRICTED NET ASSETS</b>	<b>\$ (22,119)</b>	<b>\$ 65,474</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b><u>558,173</u></b>	<b><u>492,699</u></b>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 536,054</u></b>	<b><u>\$ 558,173</u></b>

(The accompanying notes are an integral part of these financial statements)

**SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION  
NEW YORK**

**Combined Statement of Cash Flows  
For Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Increase (decrease) in net assets	\$ (22,119)	\$ 65,474
<b><u>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</u></b>		
(Increase) decrease in operating assets -		
Accounts receivable	14,542	(14,542)
Increase (decrease) in operating liabilities -		
Accounts payable	9,133	(839)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 1,556</u>	<u>\$ 50,093</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
<b><u>Adjustments to reconcile change in net assets to net cash provided (used) by investing activities:</u></b>		
Principal payment received for programmatic loans	\$ 73,738	\$ 72,281
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>\$ 73,738</u>	<u>\$ 72,281</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 75,294	\$ 122,374
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>337,702</u>	<u>215,328</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 412,996</u></u>	<u><u>\$ 337,702</u></u>

(The accompanying notes are an integral part of these financial statements)

**SENECA COUNTY ECONOMIC  
DEVELOPMENT CORPORATION, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**(Note 1)      Summary of Significant Accounting Policies:**

The financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned. Expenditures are recognized when materials or services are received.

**A.      Organization**

The Seneca County Economic Development Corporation, New York (the Corporation) was reincorporated as a nonprofit local development corporation on August 31, 2000. The purposes for which the Corporation is to be formed and operated, are exclusively for charitable purposes within the meaning of Section 501(c) (3) of the Internal Revenue Code, to relieve and reduce unemployment, promote and provide for additional and maximum employment, to better and maintain job opportunities, lessen the burdens of government and act in the public interest.

**B.      Basis of Presentation**

The Seneca County Economic Development Corporation, New York prepares its financials following the Not-For-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the Seneca County Economic Development Corporation, New York is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Seneca County Economic Development Corporation, New York is required to present a Statement of Cash Flows. The Corporation has no temporarily or permanently restricted net assets at December 31, 2017.

**C.      Cash**

Cash and cash equivalents are carried at cost plus accrued interest, which approximates fair value. For purposes of presenting the statement of cash flows, the Corporation considers all highly liquid short-term investments with maturities of three months or less from the date of purchase to be cash or cash equivalents.

**D.      Income Taxes**

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under Accounting Standards Codification (ASC) Topic 740, the tax status of tax-exempt entities is an uncertain tax position since events could potentially occur that jeopardize tax-exempt status. Management is not aware of any events that could jeopardize the Corporation's tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements. The Corporation files an IRS Form 990 Return of Organization Exempt from Income Tax annually. These forms filed for the years ending 2014, 2015, and 2016 are subject to examination by the IRS, generally for 3 years after they were filed.



(Note 1) (Continued)

**E. Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on the functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**F. Loans Receivable**

Loans receivable are stated at principal balances net of the amounts deemed by management to be uncollectible.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

**G. Use of Estimates**

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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**H. Revenues**

The Corporation receives grants from New York State for various economic development programs in Seneca County. These grants are received by the Seneca County Economic Development Corporation then passed through to other organizations once the conditions of the grants are met.

The Corporation receives rental income from Finger Lakes Rail Company for storage of cars on the Depot property, however, with the sale of the Depot property the rail rental ended in May 2017.

(Note 2) **Detail Notes on All Funds and Account Groups:**

**A. Assets**

**1. Cash and Investments**

The Corporation's investment policies are governed by state statutes. The Corporation's monies must be deposited in FDIC insured commercial banks or trust companies located within the state.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity. The Statement of Cash Flows uses the indirect method of reporting cash flows.

Deposits and investments consisted of:

**Deposits** - All deposits including certificates of deposit are carried at cost.

(Note 2) (Continued)

Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. While the Corporation does not have a specific policy for custodial credit risk, New York State statutes govern the Corporation's investment policies, as discussed previously in these notes.

The Corporation's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

	<u>2017</u>	<u>2016</u>
Uncollateralized	\$ -	\$ -
Collateralized with securities held by the pledging financial institution	163,025	-
<b>Total</b>	<u><u>\$ 163,025</u></u>	<u><u>\$ -</u></u>

(Note 3) **Interfund Receivables and Payables:**

Interfund receivables and payables at December 31, 2017 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Operating	\$ 586,263	\$ -
Cemetery	-	586,263
<b>Total</b>	<u><u>\$ 586,263</u></u>	<u><u>\$ 586,263</u></u>

(Note 4) **Loans Receivable:**

The Corporation has an outstanding note receivable that matures in 2019. As of December 31<sup>st</sup> the Corporation had the following:

	<u>2017</u>	<u>2016</u>
Notes Receivable	\$ 132,634	\$ 206,372
<u>Less: Current Portion</u>	<u>(75,224)</u>	<u>(73,738)</u>
<b>Total Long-Term Notes Receivable, net</b>	<u><u>\$ 57,410</u></u>	<u><u>\$ 132,634</u></u>

Principal maturities are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 75,224
2019	57,410
<b>Total</b>	<u><u>\$ 132,634</u></u>

An allowance for credit losses is established based upon a review of the repayment status of outstanding loans. As of December 31, 2017 management considers its loan balances to be collectible in full, and as such, no allowance has been estimated.

**(Note 5)      Unconditional Promise to Give:**

During September 2014 the Corporation issued a loan with a principal value of \$367,000, an interest rate of 2.0%, and a five year maturity, using funds from its Community Development Block Grant received from Seneca County. Under the terms of the loan, the borrower is not obligated to repay any of the principal, or accrued interest, as long as certain performance requirements are met and avoids being in default, without remedy, through the maturity date of the loan, September 1, 2019. Management has determined that the likelihood the borrower will have to pay any part of this loan balance to be remote. As such, the Corporation considers this loan to be an unconditional promise to give with a carrying value of \$0.

**(Note 6)      Property and Equipment:**

Property and equipment is stated at the lower of cost or fair market value at the date of purchase. Expenditures for property and equipment are capitalized when in excess of \$2,500. Depreciation is computed beginning with the first full year of service using the straight-line method over useful lives of 3 years for computer software and 5 years for equipment items.

The balance at December 31, 2017 is as follows:

<u>Type</u>	<u>Balance at</u> <u>12/31/2016</u>	<u>Additions</u>	<u>Balance at</u> <u>12/31/2017</u>
Equipment	\$ 10,329	\$ -	\$ 10,329
Accumulated Depreciation - Equipment	(10,329)	-	(10,329)
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**(Note 7)      Related Party:**

Representation on the Board of Directors of the Corporation consists of five board members, all of which are Seneca County Industrial Development Agency, Inc. (SCIDA) board members.

The Seneca County IDA performs the bookkeeping function for the Corporation.

**(Note 8)      License/Lease Agreements:**

- A.** License agreement between the Corporation and Finger Lakes Rail for the use of 19.36 miles of track for the purpose of sorting and refurbishing rail cars. The fee shall be calculated at \$0.35 per car per day for boxcars, covered poppers, and gondolas, \$0.40 per car per day for flat cars, and \$0.50 per car per day for non-hazardous tank cars. In the event the licensee receives more than \$2.00 per day for any storage car, it shall pay to licensor \$1.00 per car per day regardless of car type. This agreement was assigned to Deer Haven Park when the lease closed for the depot on May 31, 2017.
- B.** Lease Agreement between the SCIDA and the Corporation for the leasing of land (including logging and mineral rights) commonly known as the “conservation land” and the existing improvements located thereon, consisting principally of approximately sixty-four (64) buildings and/or structures, 506 storage igloos, roadways, fencing and utilities. The lease shall expire on December 31, 2035 unless mutually agreed to by the parties. The annual amount of the lease is one dollar. The SCIDA has entered into a sales agreement for this land, and is expected to close in 2018.

**(Note 9)      Sampson Veterans Memorial Cemetery:**

As of July 2011 the Corporation has been providing services to Seneca County for the Sampson Veterans Memorial Cemetery located in Romulus, New York. These services consist of the management and maintenance of the Cemetery on a day-to day basis. In addition, it is the Corporations' responsibility for hiring and maintaining staff or independent contractors or agents while complying with all State and Federal Laws. All expenses for management and maintenance of the Cemetery are the responsibility of the Corporation and funded either through contributions, donations, grants, in-kind services, income generated through operations and any other source available to the Corporation.

**(Note 10)      Deficit Net Assets – Cemetery:**

The Cemetery Fund had a deficit unrestricted net assets of \$573,221 at December 31, 2017. Management anticipates that future income streams will allow the Corporation to meet its obligations under the contract with Seneca County.

**(Note 11)      Commitment and Contingencies:**

**A.      Litigation**

As of the date of this report management is not aware of any pending litigation.

**(Note 12)      Subsequent Events:**

Events and transactions which have occurred from January 1, 2017 through February 16, 2018, the date of these financials, have been evaluated by the SCEDC's management for the purpose of determining whether there were any events that might require disclosure in these financial statements. No such events or transactions were noted.

**SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NEW YORK**

**Combining Statement of Financial Position - Unrestricted**

**December 31, 2017**

	<b><u>General</u></b>		<b><u>Total</u></b>
<b><u>ASSETS:</u></b>	<b><u>Operations</u></b>	<b><u>Cemetery</u></b>	<b><u>2017</u></b>
<b><u>Current Assets -</u></b>			
Cash and cash equivalents	\$ 394,053	\$ 18,943	\$ 412,996
Due from other funds	586,263	-	586,263
Loans receivable	75,224	-	75,224
<b>Total Current Assets</b>	<b>\$ 1,055,540</b>	<b>\$ 18,943</b>	<b>\$ 1,074,483</b>
<b><u>Noncurrent Assets -</u></b>			
Loans receivable, net	\$ 57,410	\$ -	\$ 57,410
<b>TOTAL ASSETS</b>	<b>\$ 1,112,950</b>	<b>\$ 18,943</b>	<b>\$ 1,131,893</b>
<b><u>LIABILITIES:</u></b>			
<b><u>Current Liabilities -</u></b>			
Accounts payable	\$ 3,675	\$ 5,901	\$ 9,576
Due to other funds	-	586,263	586,263
<b>Total Current Liabilities</b>	<b>\$ 3,675</b>	<b>\$ 592,164</b>	<b>\$ 595,839</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 3,675</b>	<b>\$ 592,164</b>	<b>\$ 595,839</b>
<b><u>NET ASSETS:</u></b>			
Unrestricted	\$ 1,109,275	\$ (573,221)	\$ 536,054
<b>TOTAL NET ASSETS</b>	<b>\$ 1,109,275</b>	<b>\$ (573,221)</b>	<b>\$ 536,054</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,112,950</b>	<b>\$ 18,943</b>	<b>\$ 1,131,893</b>

**SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NEW YORK**

**Combining Statement of Activities - Unrestricted**

**For Year Ended December 31, 2017**

	<b><u>General</u></b> <b><u>Operations</u></b>	<b><u>Cemetery</u></b>	<b><u>Total</u></b> <b><u>2017</u></b>
<b><u>REVENUES:</u></b>			
Rent income	\$ 73,096	\$ -	\$ 73,096
Donations	-	9,505	9,505
Burial income	-	15,728	15,728
Miscellaneous	3,654	3	3,657
Fundraising	-	280	280
<b>TOTAL REVENUES</b>	<b><u>\$ 76,750</u></b>	<b><u>\$ 25,516</u></b>	<b><u>\$ 102,266</u></b>
<b><u>EXPENSES:</u></b>			
<b><u>Management and General -</u></b>			
Professional fees	\$ 13,300	\$ -	\$ 13,300
Cemetery director services	-	45,300	45,300
Burial service	-	42,135	42,135
Facilities and equipment	-	1,029	1,029
Travel and meetings	-	40	40
Maintenance and repairs	-	11,953	11,953
<b>Total Management and General</b>	<b><u>\$ 13,300</u></b>	<b><u>\$ 100,457</u></b>	<b><u>\$ 113,757</u></b>
<b><u>Program Services -</u></b>			
Insurance	\$ 3,610	\$ 853	\$ 4,463
Annual dues/fees	125	210	335
Operations - supplies and equipment	-	822	822
Operations - printing and copying	-	498	498
Operations - software programs	-	979	979
Operations - telephone	-	1,240	1,240
Operations - utilities	-	1,161	1,161
Special events supplies/rentals	-	735	735
<b>Total Program Services</b>	<b><u>\$ 3,735</u></b>	<b><u>\$ 6,498</u></b>	<b><u>\$ 10,233</u></b>
<b><u>Fund Raising -</u></b>			
Professional fees - fundraising	\$ -	\$ 395	\$ 395
<b>Total Fund Raising</b>	<b><u>\$ -</u></b>	<b><u>\$ 395</u></b>	<b><u>\$ 395</u></b>
<b>TOTAL EXPENSES</b>	<b><u>\$ 17,035</u></b>	<b><u>\$ 107,350</u></b>	<b><u>\$ 124,385</u></b>
<b>EXCESS (DEFICIENCY) IN</b>			
<b>UNRESTRICTED NET ASSETS</b>	<b>\$ 59,715</b>	<b>\$ (81,834)</b>	<b>\$ (22,119)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>1,049,560</b>	<b>(491,387)</b>	<b>558,173</b>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 1,109,275</u></b>	<b><u>\$ (573,221)</u></b>	<b><u>\$ 536,054</u></b>

**SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NEW YORK**

**Combining Statement of Cash Flows**  
**For Year Ended December 31, 2017**

	<b>General</b>		<b>Total</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	<b><u>Operations</u></b>	<b><u>Cemetery</u></b>	<b><u>2017</u></b>
Increase (decrease) in net assets	\$ 59,715	\$ (81,834)	\$ (22,119)
<b><u>Adjustments to reconcile change in net assets to</u></b>			
<b><u>net cash provided (used) by operating activities:</u></b>			
(Increase) decrease in operating assets -			
Accounts receivable	14,542	-	14,542
Increase (decrease) in operating liabilities -			
Accounts payable	3,675	5,458	9,133
<b>Net Cash Provided (Used) by</b>			
<b>Operating Activities</b>	<b><u>\$ 77,932</u></b>	<b><u>\$ (76,376)</u></b>	<b><u>\$ 1,556</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
<b><u>Adjustments to reconcile change in net assets to</u></b>			
<b><u>net cash provided (used) by investing activities:</u></b>			
Principal payment received for programmatic loans	\$ 73,738	\$ -	\$ 73,738
<b>Net Cash Provided (Used) by</b>			
<b>Investing Activities</b>	<b><u>\$ 73,738</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 73,738</u></b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
<b><u>Adjustments to reconcile change in net assets to</u></b>			
<b><u>net cash provided (used) by financing activities:</u></b>			
Payments from EDC to Cemetery to cover deficit	\$ (75,000)	\$ 75,000	\$ -
<b>Net Cash Provided (Used) by</b>			
<b>Financing Activities</b>	<b><u>\$ (75,000)</u></b>	<b><u>\$ 75,000</u></b>	<b><u>\$ -</u></b>
<b>NET INCREASE (DECREASE) IN CASH</b>			
<b>AND CASH EQUIVALENTS</b>	<b>\$ 76,670</b>	<b>\$ (1,376)</b>	<b>\$ 75,294</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>317,383</b>	<b>20,319</b>	<b>337,702</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 394,053</u></b>	<b><u>\$ 18,943</u></b>	<b><u>\$ 412,996</u></b>

RAYMOND F. WAGER, CPA, P.C.  
Certified Public Accountants

**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 Auditors' Report**

To the Board of Directors  
Seneca County Economic Development Corporation

We have audited, in accordance with the 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 Seneca County Economic Development Corporation (the Corporation), which comprise the combined statement of financial position as of December 31, 2017 and 2016, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Seneca County Economic Development Corporation's financial statements, and have issued our report thereon dated February 16, 2018.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Seneca County Economic Development Corporation's internal control over financial reporting 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 Seneca County Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Seneca County Economic Development Corporation's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation'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 - #2017-001 to be a material weakness.

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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Seneca County Economic Development Corporation's financial statements are free from 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*.

### ***Corporation's Response to Findings***

The Seneca County Economic Development Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Seneca County Economic Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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 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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rochester, New York  
February 16, 2018

**SENECA COUNTY ECONOMIC  
DEVELOPMENT CORPORATION**

**SCHEDULE OF FINDINGS AND RESPONSES**

**For the Year Ended December 31, 2017**

**I. Summary of the Auditors' Results**

**Financial Statements**

a) Type of auditor's report issued	Unmodified
b) Internal control over financial reporting	
1. Material weaknesses identified	Yes
2. Significant deficiency(ies) identified	No
c) Noncompliance material to financial statements noted	No

**II. Financial Statement Findings**

**Current Year Finding:**

**(#2017-001)    Deficit Net Assets –**

Criteria – Sufficient funds are necessary to continue to meet the cash flow needs of the Cemetery.

Condition – The Cemetery reported a deficit net assets-unrestricted balance of \$573,221 at December 31, 2017 and losses from operations for the years ended December 31, 2017 and 2016 were \$81,834 and \$80,097, respectively.

Effect – This situation could affect the Corporation's ability to provide the cash flow necessary to continue Cemetery operations for an extended period.

Recommendations – Management must find new sources of revenue or identify ways of reducing expenses if Cemetery operations are going to continue for an extended period.

Corporation's Response – Management anticipates that this deficit will be reduced by future income streams and does not anticipate being unable to meet its obligations under its contract with Seneca County.

**Prior Year Finding:**

**(#2016-001)    Deficit Net Assets –**

This finding is noted above as item (#2017-001).