

**WAYNE INDUSTRIAL SUSTAINABILITY
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wayne Industrial Sustainability Development Corporation
Lyons, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Wayne Industrial Sustainability Development Corporation (a nonprofit local development corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, 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.

Auditors' 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 of 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 entity'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 entity'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 Wayne Industrial Sustainability Development Corporation as of December 31, 2016 and 2015, 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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis on pages 3 - 5, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2017, on our consideration of Wayne Industrial Sustainability 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 Wayne Industrial Sustainability Development Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
March 24, 2017

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Years Ended December 31, 2016 and 2015

As management of the Wayne Industrial Sustainability Development Corporation (the "Corporation") we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the years ended December 31, 2016 and 2015. This narrative should be read in conjunction with the Corporation's audited financial statements.

Financial Highlights

- The assets of the Corporation exceeded its liabilities (net assets) at December 31, 2016 and 2015 by \$2,587,177 and \$2,588,064, respectively. Of this amount, \$2,571,874 and \$2,574,000 in 2016 and 2015, respectively, is undeveloped land being held for development for projects that further the Corporation's purpose of assisting existing and potential "green" businesses in Wayne County. There were no development activities conducted in 2016 and 2015.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Corporation's basic financial statements. This report includes the independent auditors' report, financial statements, and notes to financial statements, that will enhance the reader's understanding of the financial condition of the Corporation.

Required Financial Statements - The financial statements are prepared using the accrual basis of accounting. The financial statements include:

Statements of Financial Position - Presents all assets, liabilities and net assets of the Agency at December 31, 2016 and 2015. The statements provide information about the amounts and investments in resources (assets) and the obligations to creditors (liabilities).

Statements of Activities - Presents the financial activity for the years ended December 31, 2016 and 2015 and displays how this activity changed the Corporation's net assets. The statement provides information on the Corporation's operations and can be used to determine if the Agency has recovered all of its costs through grants, user fees and other charges.

Statements of Cash Flows - Presents the cash provided and used in operations, investments and financing activities during 2016 and 2015 and how it affects the cash balance at December 31, 2016 and 2015, respectively.

Note to Financial Statements - Provides information regarding the Corporation and explains in more detail the information included in the financial statements.

Financial Analysis

The Corporation was formed to support and further the activities of the Wayne County Industrial Development Agency. It provides financial, educational and other technical support related to sustainability, green technologies and renewable energy where these activities promote the creation or retention of jobs, improve the tax base and protect the public's investment in infrastructure. The Corporation's net assets may serve over time as a useful indicator of its financial position. In the case of the Corporation, assets exceeded liabilities by \$2,587,177 at December 31, 2016.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Years Ended December 31, 2016 and 2015

By far the Corporation's largest asset is its property. A condensed version of the Corporation's statements of financial position follows:

Table 1
Condensed Statements of Financial Position
(In Thousands of Dollars)

	<u>2016</u>	<u>2015</u>	<u>Dollar Change</u>	<u>% Change</u>	<u>2014</u>	<u>Dollar Change</u>	<u>% Change</u>
Assets							
Cash	\$ 14.1	\$ 18.2	\$ (4.1)	(22.5)	\$ 12.6	\$ 5.6	44.4
Land	2,571.9	2,574.0	(2.1)	(0.1)	1,226.0	1,348.0	110.0
Prepaid expenses	<u>1.2</u>	<u>0.8</u>	<u>0.4</u>	<u>50.0</u>	<u>0.8</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,587.2</u>	<u>2,593.0</u>	<u>(5.8)</u>	<u>(0.2)</u>	<u>1,239.4</u>	<u>1,353.6</u>	<u>109.2</u>
Liabilities							
Accounts payable	<u>-</u>	<u>5.0</u>	<u>(5.0)</u>	<u>(100.0)</u>	<u>-</u>	<u>5.0</u>	<u>100.0</u>
Net Assets							
Net assets - unrestricted	<u>\$ 2,587.2</u>	<u>\$ 2,588.1</u>	<u>\$ (0.9)</u>	<u>\$ -</u>	<u>\$ 1,239.4</u>	<u>\$ 1,348.7</u>	<u>\$ 108.8</u>

- Cash decreased as a result of the operating deficit for the year.

A condensed version of the Corporation's statements of revenues, expenses and changes in net assets follows:

Table 2
Condensed Statements of Revenues, Expenses and Changes in Net Assets
(In Thousands of Dollars)

	<u>2016</u>	<u>2015</u>	<u>Dollar Change</u>	<u>% Change</u>	<u>2014</u>	<u>Dollar Change</u>	<u>% Change</u>
Revenues							
Contributions	\$ 20.0	\$ 18.0	\$ 2.0	11.1	\$ 15.0	\$ 3.0	20.0
Expenses							
Insurance	4.4	3.7	0.7	18.9	3.4	0.3	8.8
Professional fees	4.9	9.1	(4.2)	(46.2)	4.3	4.8	111.6
Repairs and maintenance	<u>11.6</u>	<u>4.5</u>	<u>7.1</u>	<u>157.8</u>	<u>4.2</u>	<u>0.3</u>	<u>7.1</u>
Total expenses	<u>20.9</u>	<u>17.3</u>	<u>3.6</u>	<u>20.8</u>	<u>11.9</u>	<u>5.4</u>	<u>45.4</u>
Operating Income (Loss)	<u>(0.9)</u>	<u>0.7</u>	<u>(1.6)</u>	<u>(2.3)</u>	<u>3.1</u>	<u>(2.4)</u>	<u>(0.8)</u>
Non-operating Revenue							
Land contribution	<u>-</u>	<u>1,348.0</u>	<u>(1,348.0)</u>	<u>(100.0)</u>	<u>-</u>	<u>-</u>	<u>100.0</u>
Change in Net Assets	(0.9)	1,348.7	(1,349.6)	(100.1)	3.1	1,345.6	43,406.5
Net Assets - Beginning	<u>2,588.1</u>	<u>1,239.4</u>	<u>1,348.7</u>	<u>108.8</u>	<u>1,236.3</u>	<u>3.1</u>	<u>0.3</u>
Net Assets - Ending	<u>\$ 2,587.2</u>	<u>\$ 2,588.1</u>	<u>\$ (0.9)</u>	<u>-</u>	<u>\$ 1,239.4</u>	<u>\$ 1,348.7</u>	<u>108.8</u>

- Other income of \$1,348,000 in 2015 reflects the donation of 67.419 acres of land appraised at \$1,348,000 for industrial development.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Years Ended December 31, 2016 and 2015

Another important factor in the consideration of fiscal condition is the Corporation's cash position and statement of cash flows. A condensed version of the Corporation's statements of cash flows follows:

Table 3
Condensed Statements of Cash Flows
(In Thousands of Dollars)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash Flow from Operating Activities			
Change in net assets	\$ (0.9)	\$ 0.6	\$ 3.1
Change in assets and liabilities			
Prepaid insurance	(0.3)	-	-
Accounts payable	<u>(5.0)</u>	<u>5.0</u>	<u>-</u>
Net cash flows from operating activities	<u>(6.2)</u>	<u>5.6</u>	<u>3.1</u>
Cash Flows from Investing Activities			
Proceeds from sale of property and equipment	<u>2.1</u>	<u>-</u>	<u>-</u>
Net Change in Cash	(4.1)	5.6	3.1
Cash - Beginning	<u>18.2</u>	<u>12.6</u>	<u>9.5</u>
Cash - Ending	<u>\$ 14.1</u>	<u>\$ 18.2</u>	<u>\$ 12.6</u>

There are no significant changes in the statements of cash flows from 2015 to 2016.

Capital Assets

Capital assets consist of approximately 129 acres of undeveloped land, valued at \$2,571,874, that has been donated to the Corporation for industrial development.

Long-Term Debt

The Corporation has no long-term debt.

Contacting the Corporation

This financial report is designed to provide a general overview of the Corporation's finances for interested individuals. Questions regarding this report or requests for additional information should be directed to Wayne Industrial Sustainability Development Corporation, 9 Pearl Street, Lyons, New York 14489, Attention: Executive Director.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Statements of Financial Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash	\$ 14,120	\$ 18,180
Prepaid expenses	<u>1,183</u>	<u>839</u>
Total current assets	15,303	19,019
Land	<u>2,571,874</u>	<u>2,574,000</u>
Total Assets	<u>\$ 2,587,177</u>	<u>\$ 2,593,019</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ -	\$ 4,955
Net Assets - Unrestricted	<u>2,587,177</u>	<u>2,588,064</u>
Total Liabilities and Net Assets	<u>\$ 2,587,177</u>	<u>\$ 2,593,019</u>

The accompanying notes are an integral part of these financial statements.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Statements of Activities
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Contributions	\$ 20,000	\$ 18,000
Interest Income	<u>18</u>	<u>19</u>
Total revenues	<u>20,018</u>	<u>18,019</u>
Expenses		
Insurance	4,385	3,742
Professional fees	4,950	9,176
Repairs and maintenance	<u>11,570</u>	<u>4,515</u>
Total expenses	<u>20,905</u>	<u>17,433</u>
Operating Income (Loss)	<u>(887)</u>	<u>586</u>
Non-operating Revenue		
Land contribution	<u>-</u>	<u>1,348,000</u>
Change in Net Assets	(887)	1,348,586
Net Assets - Beginning	<u>2,588,064</u>	<u>1,239,478</u>
Net Assets - Ending	<u>\$ 2,587,177</u>	<u>\$ 2,588,064</u>

The accompanying notes are an integral part of these financial statements.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Operating income (loss)	\$ (887)	\$ 586
Change in assets and liabilities		
Change in prepaid insurance	(344)	9
Accounts payable	<u>(4,955)</u>	<u>4,955</u>
Net cash flows from operating activities	<u>(6,186)</u>	<u>5,550</u>
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	<u>2,126</u>	<u>-</u>
Net Change in Cash	(4,060)	5,550
Cash - Beginning	<u>18,180</u>	<u>12,630</u>
Cash - Ending	<u>\$ 14,120</u>	<u>\$ 18,180</u>

The accompanying notes are an integral part of these financial statements.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Note to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of Organization

Nature of Organization - The Wayne Industrial Sustainability Corporation (the Corporation) was incorporated on October 5, 2005 as a local development corporation under Article 14 of Membership Corporation Law of the State of New York. The Corporation was formed to enhance economic development located in pods of sustainable industrial communities throughout Wayne County.

Measurement Focus and Basis of Accounting - The accounts of Wayne Industrial Sustainability Development Corporation are maintained on the accrual basis of accounting.

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.

Basis of Presentation - The Corporation prepares its financial statements in accordance with Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Corporation 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. These classes are established in accordance with their nature and purpose, in observation of any third party limitations or restrictions placed on the use of these resources. Any donor-restricted contribution whose restrictions are met in the same reporting period or any gifts of long-lived assets are reported as unrestricted support. At December 31, 2016 and 2015, the Corporation did not have any temporarily restricted or permanently restricted net assets.

Unrestricted Net Assets - Unrestricted net assets represent net assets that are not subject to donor imposed stipulations and are generally available for support of the Corporation's activities. The Board of Directors has discretionary control over these resources to carry out the operations of the Corporation in accordance with its by-laws.

Significant Programs - The Corporation is a local development corporation operating exclusively for the charitable or public purpose of relieving and reducing unemployment through the enhancement of economic development. The Corporation receives all of its funding from Wayne County Industrial Development Agency, a related party of the Corporation.

Cash and Cash Equivalents - For the purposes of the statements of net assets and cash flows, cash and cash equivalents include deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. At December 31, 2016 and 2015, there were no cash equivalents. The Company maintains cash and cash equivalents at financial institutions which periodically may exceed insured limits.

Related Parties - The Corporation is related through common management and Board of Directors membership with the Wayne County Industrial Development Agency (IDA) and Wayne Economic Development Corporation (EDC), and through common management on Wayne County Civic Facility Development Center (CFDC), which also promote economic development in the County.

WAYNE INDUSTRIAL SUSTAINABILITY DEVELOPMENT CORPORATION
Note to Financial Statements

Income Taxes - The Corporation is a not-for-profit corporation and is exempt from income tax under IRC 501(c)(4) and New York State Article 14 as a local development corporation. Accordingly, no provision for taxes has been made.

In accordance with ASC 740-10-50, *Accounting for Uncertainty in Income Taxes*, the Corporation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Corporation is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on the Corporation's financial statements.

Land - Land is stated at appraised value at the date of receipt.

Subsequent Events - Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

Note 2. Donation of Land

During the year ended December 31, 2015, Silver Hill Associates, LLC donated land that consisted of a 67.419 acre site. The estimated fair market value of this property was \$1,348,000.

INDEPENDENT AUDITORS' 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
Wayne Industrial Sustainability Development Corporation
Lyons, New York

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 Wayne Industrial Sustainability Development Corporation (a nonprofit local development corporation), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of 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 Wayne Industrial Sustainability 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*.

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

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
March 24, 2017