

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

Resolution No. RVR-19-04-06

April 23, 2019

ACCEPTING 2018 AUDIT

WHEREAS, the St. Lawrence River Valley Redevelopment Agency has appointed the firm of Pinto, Mucenski, Hooper, VanHouse and Company, PC as its auditor for the years 2018 through 2020, and

WHEREAS, Pinto, Mucenski, Hooper, VanHouse and Company, PC has submitted the attached document entitled “St. Lawrence River Valley Redevelopment Agency Financial Statements, December 31, 2018 and 2017;”

NOW, THEREFORE, BE IT RESOLVED that the St. Lawrence River Valley Redevelopment Agency accepts and approves said report.

Move:	Clark			
Second:	McNeil			
VOTE	AYE	NAY	ABSTAIN	ABSENT
McNeil	X			
Strait	X			
Murphy	X			
Clark	X			
Forsythe	X			

I HEREBY CERTIFY that I have compared this copy of this Resolution with the original record in this office, and that the same is a correct transcript thereof and of the whole of said original record.

/s/

Lori Sibley

04/23/19

**ST. LAWRENCE RIVER VALLEY
REDEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2018 AND 2017**

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
St. Lawrence River Valley Redevelopment Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the St. Lawrence River Valley Redevelopment Agency (SLRVRA) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

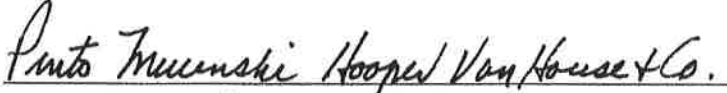
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SLRVRA as of December 31, 2018 and 2017, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019, on our consideration of the SLRVRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SLRVRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SLRVRA's internal control over financial reporting and compliance.


Panto Mucenski Hooper Van House & Co.
Certified Public Accountants, P.C.

March 20, 2019

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	<u>12/31/2018</u>	<u>12/31/2017</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,593,880	\$ 6,952,303
Cash - Security Deposits	-	532
Investments	1,791,043	-
Accounts Receivable	2,675	2,702
Accrued Interest Receivable	12,583	3,356
Mortgages and Notes Receivable (Net of Allowance)	<u>852,702</u>	<u>2,148,894</u>
Total Current Assets	7,252,883	9,107,787
Fixed Assets - Net	696,341	725,408
LONG-TERM ASSETS		
Mortgages and Notes Receivable - Net of Current Portion	<u>2,821,588</u>	<u>1,460,843</u>
TOTAL ASSETS	<u>\$ 10,770,812</u>	<u>\$ 11,294,038</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,050	\$ -
Deferred Rental Revenue	5,058	5,058
Security Deposits Payable	<u>-</u>	<u>532</u>
Total Current Liabilities	6,108	5,590
NET ASSETS		
With Donor Restrictions	<u>10,764,704</u>	<u>11,288,448</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,770,812</u>	<u>\$ 11,294,038</u>

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

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUE						
Rental Income	\$ -	\$ 76,867	\$ 76,867	\$ -	\$ 74,252	\$ 74,252
Interest Income - Banks	-	16,077	16,077	-	2,809	2,809
Interest Income - Loans	-	100,920	100,920	-	82,081	82,081
Miscellaneous Income	-	1,550	1,550	-	1,550	1,550
Unrealized Gains	-	5,754	5,754	-	-	-
Realized Gains	-	5,990	5,990	-	-	-
Net Assets Released from Restrictions	730,902	(730,902)	-	802,367	(802,367)	-
Total Support and Revenue	730,902	(523,744)	207,158	802,367	(641,675)	160,692
EXPENSES						
Program Services						
Contractual	340,000	-	340,000	340,000	-	340,000
Community Development	326,984	-	326,984	378,046	-	378,046
Depreciation	29,066	-	29,066	29,066	-	29,066
Advertising	16,755	-	16,755	19,805	-	19,805
Insurance	7,437	-	7,437	7,563	-	7,563
Repairs and Maintenance	630	-	630	3,814	-	3,814
Underwriting Fees	367	-	367	1,353	-	1,353
Utilities	1,925	-	1,925	1,472	-	1,472
Total Program Services	723,164	-	723,164	781,119	-	781,119
Management and General						
Accounting	3,162	-	3,162	3,227	-	3,227
Legal Expenses	885	-	885	1,103	-	1,103
Miscellaneous	-	-	-	1,150	-	1,150
Office Expenses	63	-	63	-	-	-
D & O Insurance	628	-	628	768	-	768
Total Management and General	4,738	-	4,738	6,248	-	6,248
Total Expenses	727,902	-	727,902	787,367	-	787,367
OTHER GAINS (LOSSES)						
Change in Bad Debt Allowance	(3,000)	-	(3,000)	(15,000)	-	(15,000)
CHANGE IN NET ASSETS						
	-	(523,744)	(523,744)	-	(641,675)	(641,675)
Net Assets - Beginning of Year	-	11,288,448	11,288,448	-	11,930,123	11,930,123
Net Assets - End of Year	\$ -	\$ 10,764,704	\$ 10,764,704	\$ -	\$ 11,288,448	\$ 11,288,448

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

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>12/31/2018</u>	<u>12/31/2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Interest	\$ 107,770	\$ 87,581
Cash Received from Building Rents	76,867	78,779
Cash Received from Others	1,577	5,712
Cash Paid to Others for Economic Development Projects	(326,984)	(378,046)
Cash Paid for Goods and Services	<u>(370,801)</u>	<u>(400,233)</u>
Net Cash Provided (Used) By Operating Activities	<u>(511,571)</u>	<u>(606,207)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(3,079,299)	-
Proceeds from Sale of Investments	1,300,000	-
Issuance of New Mortgages and Notes	(592,324)	(641,763)
Payments Received on Mortgages and Notes	<u>524,771</u>	<u>203,070</u>
Net Cash Provided (Used) By Investing Activities	<u>(1,846,852)</u>	<u>(438,693)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,358,423)	(1,044,900)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>6,952,303</u>	<u>7,997,203</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,593,880</u></u>	<u><u>\$ 6,952,303</u></u>

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

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 - HISTORY AND BASIS OF FINANCIAL STATEMENT PRESENTATION

The St. Lawrence River Valley Redevelopment Agency (SLRVRA) is a joint action agency formed on June 2, 2010 to make use of certain New York Power Authority (NYPA) assets for the purposes of economic development in the St. Lawrence Valley and surrounding communities. Under the 2010 agreement, the New York Power Authority made available for economic development purposes a \$ 16,000,000 fund and 20 megawatts of electrical power generation from hydro-electric facilities situated on the St. Lawrence River. A parallel agreement, also dated June 2, 2010, between the SLRVRA and the St. Lawrence County Industrial Development Agency Local Development Corporation (SLCIDA-LDC) provided the mechanism for administering these assets. The SLRVRA has no employees.

As per the 2010 agreements, NYPA had provided the \$ 16,000,000 to the SLRVRA and the SLCIDA-LDC. On October 18, 2013, NYPA executed an agreement with the Massena Electric Department (as proposed in the 2010 agreements) that made the 20 megawatts of electricity allocated to the SLRVRA available for economic development projects in St. Lawrence County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of St. Lawrence River Valley Redevelopment Agency (SLRVRA) have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The SLRVRA has adopted *FASB ASC 958-205*. Under this standard, the SLRVRA is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions: Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purposes restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When restrictions expire, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The SLRVRA has also adopted *FASB ASC 958-605*. In accordance with this standard, contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and savings instruments with a maturity of less than three months.

Mortgages and Notes Receivable

Mortgages and notes receivable are reported at their principal amounts outstanding, net of allowances for possible credit losses. Interest revenue on the mortgages and notes are a credit to interest income based on loan principal amounts outstanding at appropriate interest rates.

Net Assets with Donor Restrictions

The net assets with donor restrictions represent activity related to the \$ 16,000,000 grant from the New York Power Authority.

Income Taxes

The SLRVRA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is also duly established under Section 402 of the Not-For-Profit Corporation Law of the State of New York. For tax reporting purposes, the accounts of the SLRVRA are consolidated with those of the SLCIDA-LDC for reporting as a combined entity.

Advertising

The SLRVRA expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2018 and 2017 were \$ 16,755 and \$ 19,805, respectively.

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

Depreciation is calculated on buildings and improvements on the straight-line method over the assets estimated useful life. Depreciation expense for the years ended December 31, 2018 and 2017 was \$ 29,066, for each year.

Allocation of Functional Expenses

Program expenses are activities that directly fulfill the mission of the SLRVRA. Management and general expenses are supporting activities that are not directly identifiable with a program. Expenses of the SLRVRA consist of costs related to promoting economic development. The financial statements do not report any categories of expenses that are attributable to more than one program or supporting functions. Therefore, an allocation of functional expenses is not required.

New Accounting Pronouncement

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The SLRVRA adopted this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and the functional allocation of expenses.

NOTE 3 - MORTGAGES AND NOTES RECEIVABLE

The SLRVRA carries its mortgages and notes receivable at cost recognizing interest income on the accrual basis as specified in the various agreements. The SLRVRA evaluates the collectability of its mortgages and notes receivable and the Board has established a loan loss reserve. The loan loss reserve at December 31, 2018 and 2017 was \$ 193,000 and \$ 190,000, respectively.

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 - MORTGAGES AND NOTES RECEIVABLE (Continued)

Mortgages and notes receivable balances at December 31, 2018 and 2017 consisted of the following:

	Date	Due	Interest Rate	Original Amount	Balance 2018	Balance 2017
Ansen	03/04/16	03/01/26	2.750%	\$ 241,954	\$ 181,153	\$ 203,794
Atlantic Testing	01/26/17	02/01/24	2.875%	218,160	165,371	194,602
Blast Boss, Inc.	01/04/17	01/01/22	2.875%	78,050	48,149	64,573
Canexsys	09/15/17	01/01/24	3.125%	150,000	125,468	143,346
City of Ogdensburg	01/26/15	01/26/20	1.000%	23,532	5,597	10,341
Curran Renewable Energy	03/16/16	03/01/23	2.750%	1,356,278	1,179,117	1,354,365
First Class Aire	09/12/14	09/01/29	2.625%	51,500	40,147	43,202
High Peaks Winery	04/30/14	05/01/29	2.625%	36,500	27,347	29,634
Hoosier Magnetics	09/18/15	09/01/20	2.625%	100,000	38,246	57,630
Hozmerica, LLC	07/21/15	07/01/20	2.625%	17,500	5,459	9,000
Kingston Pharma, LLC - Equip	01/04/17	12/04/21	3.125%	95,553	75,311	93,648
Kingston Pharma, LLC	07/26/18	08/01/23	3.500%	96,000	90,274	-
LC Drives	06/02/17	06/01/20	3.000%	100,000	51,141	83,973
LC Drives - Convertible	02/02/18	03/01/20	6.000%	150,000	150,000	-
North American Forest Group	11/21/18	11/01/33	3.625%	100,000	100,030	-
Riverside Iron, LLC	06/27/14	07/01/24	2.625%	100,000	59,011	67,882
Sandy Maine Inc.	06/08/18	06/01/23	3.375%	44,600	40,491	-
SLCIDA - CIB	12/04/14	11/01/21	1.000%	700,000	570,918	603,662
SLCIDA Rail Loan	08/30/16	09/01/19	1.500%	750,000	750,000	750,000
Structural Wood	12/20/11	12/01/21	2.625%	150,000	49,070	64,621
Swift Labs	09/22/16	10/01/23	2.750%	30,000	20,958	25,464
Thew Associates	11/05/18	11/01/23	3.675%	97,000	94,032	-
					3,867,290	3,799,737
				Less Allowance for Bad Debts	(193,000)	(190,000)
					<u>\$ 3,674,290</u>	<u>\$ 3,609,737</u>

Future maturities of the mortgages and notes receivable are as follows:

December 31, 2019	\$ 1,045,702
2020	424,474
2021	244,290
2022	191,967
2023	1,358,517
Thereafter	602,340
	<u>\$ 3,867,290</u>

NOTE 4 - LOANS WRITTEN OFF

There were no loans written off in 2018 or 2017. See Note 3 for loan loss reserve.

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 - INVESTMENTS

Investments as of December 31, 2018 and 2017 are carried at fair value and consist of the following:

	<u>12/31/2018</u>	<u>12/31/2017</u>
United States Treasury Bills	\$ 498,480	\$ -
United States Treasury Notes	<u>1,292,563</u>	<u>-</u>
	<u>\$ 1,791,043</u>	<u>\$ -</u>

Investment return on the above investments is recorded in the statement of activities as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Interest and Dividends	\$ 13,225	\$ -
Realized Gains (Losses)	5,990	-
Unrealized Gains (Losses)	<u>5,754</u>	<u>-</u>
	<u>\$ 24,969</u>	<u>\$ -</u>

NOTE 6 - COMMUNITY DEVELOPMENT ENVIRONMENTAL IMPROVEMENT PROJECTS

The SLRVRA made grant awards during the years 2011 through 2018 as part of its Community Development Environmental Improvement Projects (CDEIP), as authorized by the June 2, 2010 contracts. The original grant award amounts and expenditures as of December 31, 2018 are as follows:

Date of Award	Grant Award	Expended			Total Expended	Balance of Grant Remaining
		Prior to 2017	2017	2018		
2011	\$ 522,553	\$ 522,553	\$ -	\$ -	\$ 522,553	\$ -
2012	556,694	556,694	-	-	556,694	-
2013	390,382	375,050	15,332	-	390,382	-
2014	415,152	310,152	65,000	26,473	401,625	13,527
2015	364,146	99,146	184,659	15,341	299,146	65,000
2016	493,640	4,500	113,055	112,105	229,660	263,980
2017	327,185	-	-	158,830	158,830	168,355
2018	100,000	-	-	14,235	14,235	85,765
Total	<u>\$ 3,169,752</u>	<u>\$ 1,868,095</u>	<u>\$ 378,046</u>	<u>\$ 326,984</u>	<u>\$ 2,573,125</u>	<u>\$ 596,627</u>

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 - FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the amount that would be received to sell an asset or transfer a liability in an orderly transaction between market participants. The SLRVRA uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1: Quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. Level 1 includes fixed income and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly and fair value is determined through the use of models or other valuation methodologies. This category generally includes certain U.S. Government and Agency obligations, fixed income securities, and alternative investments.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Level 3 assets and liabilities includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes private debt and equity instruments and alternative investments.

The following presents the SLRVRA's investments at December 31, 2018 and 2017 that are measured at fair value on a recurring basis. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurements.

	<u>Quoted Prices in Active Identical Assets (Level 1)</u>	
	<u>12/31/2018</u>	<u>12/31/2017</u>
United States Treasury Bills	\$ 498,480	\$ -
United States Treasury Notes	1,292,563	-
	<u>\$ 1,791,043</u>	<u>\$ -</u>

The SLRVRA has no investments that are valued using either Level 2 or Level 3 inputs as of December 31, 2018 and 2017.

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 - FIXED ASSETS

Fixed assets at December 31, 2018 and 2017 consisted of:

	<u>2018</u>	<u>2017</u>
Massena Lot 18 - Building and Improvements	\$ 417,922	\$ 417,922
Massena Lot 19 - Building and Improvements	<u>432,740</u>	<u>432,740</u>
	850,662	850,662
Less: Accumulated Depreciation	<u>(154,321)</u>	<u>(125,254)</u>
	<u>\$ 696,341</u>	<u>\$ 725,408</u>

NOTE 9 - SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from January 1, 2019 through March 20, 2019, the date the financial statements were available to be issued, for possible disclosure and, or, recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the balance sheet date which are required to be recognized or disclosed in the accompanying financial statements.

NOTE 10 - CONCENTRATION OF CREDIT RISK

At December 31, 2018, the SLRVRA had bank balances totaling \$ 4,605,483. A combination of federal depository insurance and securities pledged and held by the bank fully covered these bank balances.

NOTE 11 - LIQUIDITY AND AVAILABILITY

All financial assets of the SLRVRA are subject to the terms and restrictions set forth by the New York Power Authority as more fully described in Note 1. The financial assets available within one year of the balance sheet date subject to these restrictions are as follows:

	<u>12/31/2018</u>
Cash and Cash Equivalents	\$ 4,593,880
Accounts Receivable	2,675
Accrued Interest Receivable	12,583
Mortgages and Notes Receivable (Net)	2,031,819
Investments	<u>1,791,043</u>
Total	<u>\$ 8,432,000</u>

Management has established a bad debt allowance. Therefore, the mortgages and notes receivable above are expected to be received in full. The investments above consist of short-term U.S. treasury bills and notes with 2019 maturity dates.

ST. LAWRENCE RIVER VALLEY REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 12 - RECOGNITION OF CERTAIN GRANT REVENUE AND EXPENDITURES

Occasionally, the SLRVRA (the “grantee”) applies for and receives grants from government agencies and other organizations. These grants are usually “reimbursement grants”, i.e., the monies from the grant are only paid to the grantee as reimbursements after the grantee has documented to the grantor that the grantee has achieved defined benchmarks, paid out required funds, and otherwise complied with all other required grant conditions. Projects in which such grants are involved often span several fiscal years and long delays in the reimbursement process are frequent. Consequently, in cases involving reimbursement grants, the SLRVRA does not accrue expected grant revenue or receivables until it has complied with the conditions of the grant agreement(s) and submitted the necessary documentation that will trigger the payment process. Until such documentation has been submitted, and accepted, the grantor still has substantial discretion to deny or reduce payment. Accordingly, at year end the SLRVRA does not accrue any expenses or payables associated with items to be paid out for future grant reimbursement until the SLRVRA is satisfied that it has complied with all grant reimbursement eligibility requirements. These items are usually paid out in the subsequent period and will be recorded as project expenses. As of December 31, 2018, there were no active grants of this nature.

The SLRVRA also funds a grant program of its own – the Community Development Environmental Improvement Program. Since these grants are also reimbursement grants, the SLRVRA adopts the same policy when acting as a grantor that is described above when it is a grantee, i.e., it doesn’t accrue the expense until the grantee has documented satisfactorily that it has complied with the grant conditions.

NOTE 13 - RELATED PARTY TRANSACTIONS

The SLRVRA is related to the following entities:

- St. Lawrence County Industrial Development Agency Local Development Corporation (SLCIDA-LDC)
- Program Administrative Agreements and Participation Loan Agreements.
- Greater Massena Economic Development Fund (GMEDF)
- Participation Loan Agreements.

Administrative fees paid to the SLCIDA-LDC by SLRVRA totaled \$ 300,000 for both 2018 and 2017.

NOTE 14 - LOANS PENDING DISBURSEMENT

The SLRVRA authorized a loan in the amount of \$ 800,000 through board resolution No. RVR-18-12-14 on December 4, 2018. The proceeds for this loan were distributed by the SLRVRA in January 2019.

SUPPLEMENTARY INFORMATION



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**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***

Board of Directors
St. Lawrence River Valley Redevelopment Agency

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 St. Lawrence River Valley Redevelopment Agency (SLRVRA) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SLRVRA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SLRVRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SLRVRA'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SLRVRA'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.


Prato Trucinski Hooper Van House & Co.
Certified Public Accountants, P.C.

March 20, 2019