

**ST. LAWRENCE COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position December 31, 2016 and 2015	3
Statements of Activities for the Years Ended December 31, 2016 And 2015	4
Statements of Cash Flows for the Years Ended December 31, 2016 And 2015	5
Notes to Financial Statements	6 - 15
SUPPLEMENTARY INFORMATION	16 - 17
REPORT ON INTERNAL CONTROL AND COMPLIANCE	18 - 20



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
St. Lawrence County Industrial Development  
Agency – Local Development Corporation  
Canton, New York

We have audited the accompanying consolidated financial statements of the St. Lawrence County Industrial Development Agency – Local Development Corporation (SLCIDA-LDC) (a nonprofit organization) and the Greater Massena Economic Development Fund (GMEDF) (a nonprofit economic development loan fund) and the St. Lawrence River Valley Redevelopment Agency (SLRVRA) (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the SLCIDA-LDC and affiliates as of December 31, 2016 and 2015, and the changes in their net assets and their 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 consolidated financial statements as a whole. The accompanying schedule of functional expenses on Page 16 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 March 15, 2017, on our consideration of SLCIDA-LDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 *Governmental Auditing Standards* in considering SLCIDA-LDC's internal control over financial reporting and compliance.

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

March 15, 2017

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015**

	<u>12/31/2016</u>	<u>12/31/2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 11,997,514	\$ 13,319,950
Cash - Security Deposits	532	531
Accrued Interest Receivable	10,120	4,751
Accounts Receivable	6,953	5,857
Prepaid Expense	125	-
Mortgages and Notes Receivable (Net of Allowance)	2,490,832	998,419
Capital Lease Receivable	<u>39,857</u>	<u>35,869</u>
Total Current Assets	<u>14,545,933</u>	<u>14,365,377</u>
<b>Fixed Assets - Net</b>	<u>754,474</u>	<u>783,540</u>
<b>LONG-TERM ASSETS</b>		
Mortgages and Notes Receivable - Net of Current Portion	2,472,075	2,806,446
Capital Lease Receivable - Net of Current Portion	<u>419,473</u>	<u>456,338</u>
Total Long-Term Assets	<u>2,891,548</u>	<u>3,262,784</u>
<b>TOTAL ASSETS</b>	<u>\$ 18,191,955</u>	<u>\$ 18,411,701</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 22,578	\$ 36,189
Security Deposits Payable	532	531
Deferred Rental Revenue	<u>531</u>	<u>3,089</u>
Total Current Liabilities	<u>23,641</u>	<u>39,809</u>
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	328,249	376,323
Board Designated	<u>267,708</u>	<u>-</u>
Total Unrestricted	595,957	376,323
Temporarily Restricted	<u>17,572,357</u>	<u>17,995,569</u>
Total Net Assets	<u>18,168,314</u>	<u>18,371,892</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 18,191,955</u>	<u>\$ 18,411,701</u>

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

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<b>SUPPORT AND REVENUE</b>						
Interest Income - Banks	\$ 10	\$ 5,765	\$ 5,775	\$ 98	\$ 7,658	\$ 7,756
Interest Income - Loans	-	116,595	116,595	-	122,495	122,495
Grant Income	-	25,000	25,000	-	59,715	59,715
WIB Director Revenue	32,452	-	32,452	37,148	-	37,148
Rental Income	-	82,315	82,315	-	49,077	49,077
Miscellaneous Income	-	3,031	3,031	2,325	-	2,325
Net Assets Released from Restrictions	<u>655,918</u>	<u>(655,918)</u>	<u>-</u>	<u>1,243,503</u>	<u>(1,243,503)</u>	<u>-</u>
Total Support and Revenue	<u>688,380</u>	<u>(423,212)</u>	<u>265,168</u>	<u>1,283,074</u>	<u>(1,004,558)</u>	<u>278,516</u>
<b>EXPENSES</b>						
Program Services	364,533	-	364,533	921,852	-	921,852
Management and General	<u>367,605</u>	<u>-</u>	<u>367,605</u>	<u>319,821</u>	<u>-</u>	<u>319,821</u>
Total Expenses	<u>732,138</u>	<u>-</u>	<u>732,138</u>	<u>1,241,673</u>	<u>-</u>	<u>1,241,673</u>
<b>CHANGE IN NET ASSETS BEFORE ACQUISITION</b>	(43,758)	(423,212)	(466,970)	41,401	(1,004,558)	(963,157)
<b>Excess of Assets Acquired Over Liabilities Assumed in Donation of Local Development Corporation</b>	<u>263,392</u>	<u>-</u>	<u>263,392</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	219,634	(423,212)	(203,578)	41,401	(1,004,558)	(963,157)
<b>Net Assets - Beginning of Year</b>	<u>376,323</u>	<u>17,995,569</u>	<u>18,371,892</u>	<u>334,922</u>	<u>19,000,127</u>	<u>19,335,049</u>
<b>Net Assets - End of Year</b>	<u>\$ 595,957</u>	<u>\$ 17,572,357</u>	<u>\$ 18,168,314</u>	<u>\$ 376,323</u>	<u>\$ 17,995,569</u>	<u>\$ 18,371,892</u>

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

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>12/31/2016</u>	<u>12/31/2015</u>
<b>OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (203,578)	\$ (963,157)
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Non-Cash Donation	(125,308)	-
Depreciation	29,066	22,789
Bad Debts and Bad Debt Reserve	90,500	428,570
Changes in Operating Assets and Liabilities		
Cash - Security Deposits	(1)	(531)
Accrued Interest Receivable	(5,369)	(119)
Accounts Receivable	(1,096)	(2,462)
Prepaid Expenses	(125)	-
Accounts Payable	(16,211)	34,811
Security Deposits Payable	1	531
Deferred Rental Revenue	<u>(2,558)</u>	<u>652</u>
Net Cash Provided (Used) By Operating Activities	<u>(234,679)</u>	<u>(478,916)</u>
<b>INVESTING ACTIVITIES</b>		
New Mortgages and Notes Receivable	(2,528,231)	(402,134)
Payments Received on Mortgages and Notes Receivable	1,407,597	1,316,000
Payments Received on Capital Lease Receivable	32,877	34,576
Fixed Asset Purchases	<u>-</u>	<u>(949)</u>
Net Cash Provided (Used) By Investing Activities	<u>(1,087,757)</u>	<u>947,493</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,322,436)	468,577
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>13,319,950</u>	<u>12,851,373</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 11,997,514</u>	<u>\$ 13,319,950</u>

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

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the St. Lawrence County Industrial Development Agency Local Development Corporation (Consolidated) (SLCIDA-LDC), which include the Greater Massena Economic Development Fund (GMEDF), and the St. Lawrence River Valley Redevelopment Agency (SLRVRA) have been prepared on the accrual basis. Significant intercompany transactions and balances have been eliminated in the consolidation. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Financial Statement Presentation**

The SLCIDA-LDC has adopted *FASB ASC 958-205*. Under this standard, the SLCIDA-LDC is required to report information regarding their 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 SLCIDA-LDC is required to present a statement of cash flows. As provided by this statement, the SLCIDA-LDC previously discontinued its use of fund accounting and has, accordingly, arranged its consolidated financial statements to present the three classes of net assets, as applicable.

**Contributions**

The SLCIDA-LDC has also adopted *FASB ASC 958-605*. In accordance with this standard, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**Nature of Operations**

On April 29, 1986, the St. Lawrence County Industrial Development Agency (SLCIDA) created a Local Development Corporation known as the St. Lawrence County Industrial Development Agency Local Development Corporation (SLCIDA-LDC). St. Lawrence County assigned all of the loan repayments from the County Community Development Block Grant (CDBG) Projects to SLCIDA for the purpose of establishing a county wide revolving loan fund. Upon the formation of the SLCIDA-LDC, the SLCIDA assigned all of its rights in the CDBG assignment to the SLCIDA-LDC for collection and administration.

The SLCIDA-LDC also administers the assets of the Greater Massena Economic Development Fund (GMEDF) and the St. Lawrence River Valley Redevelopment Agency (SLRVRA).

The GMEDF was established in 1987 with a \$ 1,000,000 grant from the New York Power Authority to be used to provide loans to certain business enterprises for the establishment, maintenance, or expansion of plants, facilities or operations in the Town of Massena and the County of St. Lawrence in the State of New York. The New York Job Development Authority ("JDA") initially agreed to assume administrative responsibility for the GMEDF.



**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accordingly, JDA held and invested all monies of the GMEDF, paid its bills and administered economic development loans. The GMEDF has no employees, and in accordance with the underlying agreement, JDA waived any reimbursement of administrative costs as its contribution to the GMEDF's program.

The GMEDF was a financial reporting component unit of JDA and, as such, its financial position and operating results were included in the JDA's financial statements. JDA was a component unit of New York State and, as such, its financial statements were included in the State of New York's financial statements.

In October 2000, the role of Trustee of the GMEDF was formally transferred by mutual agreement from JDA to the SLCIDA, effective June 30, 2001. The GMEDF was combined with the efforts and activities of the SLCIDA-LDC. The SLCIDA-LDC is a Not-For-Profit Corporation formed under the Not-For-Profit Corporation Law of the State of New York as defined in subparagraph (a)(5) of Section 402 of the Law. For tax reporting purposes, the accounts of the GMEDF were consolidated with those of the SLCIDA-LDC for joint reporting as a combined entity.

The 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, NYPA made available for economic development purposes \$ 16 million 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 SLCIDA-LDC provided the mechanism for the administration of these assets. The SLRVRA has no employees.

As per the 2010 agreements, NYPA had provided the \$ 16 million to the SLRVRA and SLCIDA-LDC. On October 18, 2013, NYPA executed an agreement with 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.

The St. Lawrence County Local Development Corporation (SLC LDC) was a Not-For-Profit Corporation formed on January 27, 1977 for the purpose of relieving and reducing unemployment and to promote and provide for additional and maximum employment in the County. The SLC LDC performs several functions in promoting the furtherance of business in the County including the administration of federal and state grants for the purpose of providing maximum employment for its citizens.

Upon approval of the Supreme Court of the State of New York, an approved plan of dissolution commenced and on August 9, 2016, the assets and liabilities of the SLC LDC were acquired by the SLCIDA-LDC. At that time, the SLC LDC was officially dissolved.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Temporarily Restricted Net Assets**

The temporarily restricted net assets represent:

- The amount of the SLCIDA-LDC's Revolving Loan Fund created by St. Lawrence County to stimulate the growth of private sector industrial employment in St. Lawrence County, New York. The revolving loan fund provides financial assistance to applicants that: (1) wish to expand or to build new facilities; (2) must modernize their physical plant or equipment and machinery; and (3) require working capital funding to retain or expand their operations.
- The amount of the GMEDF which was created by a \$ 1,000,000 grant from the New York Power Authority to be used to provide loans to certain business enterprises for the establishment, maintenance, or expansion of plants, facilities or operations in the Town of Massena and the County of St. Lawrence in the State of New York.
- Activities related to a \$ 16,000,000 grant for the SLRVRA from the New York Power Authority.

At December 31, 2016 and 2015, temporarily restricted net assets consisted of:

	<u>12/31/2016</u>	<u>12/31/2015</u>
Revolving Loan Fund	\$ 3,027,702	\$ 2,987,526
GMEDF	2,614,532	2,598,978
SLRVRA	<u>11,930,123</u>	<u>12,409,065</u>
Total	<u>\$ 17,572,357</u>	<u>\$ 17,995,569</u>

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The SLCIDA-LDC is duly established under Section 402 and 1411 of the Not-for-Profit Corporation Law of the State of New York. The SLCIDA-LDC was determined to be exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code shortly after formation. The GMEDF and SLRVRA are consolidated with the SLCIDA-LDC for information return reporting purposes.

**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, 2016 and 2015 was \$ 29,066 and \$ 22,789, respectively.

**Advertising**

The SLCIDA-LDC expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2016 and 2015 was \$ 20,453 and \$ 36,946, respectively.

**NOTE 2 - RESTRICTED CASH**

Restricted cash for the years ended December 31, 2016 and 2015 was \$ 11,520,506 and \$ 12,943,624, respectively. Monies are currently invested in accounts at Key Bank, NBT Bank, and Community Bank.

**NOTE 3 - MORTGAGES AND NOTES RECEIVABLE**

The entities carry their mortgages and notes receivable at cost recognizing interest income on the accrual basis as specified in the various note agreements. The entities evaluate the collectability of the mortgages and notes receivable and the Boards establish write-offs when considered necessary. The amount written off during December 31, 2016 and 2015 was \$ 0 and \$ 239,570, respectively. The amount added to the loan loss reserve at December 31, 2016 and 2015 was \$ 90,500 and \$ 189,000, respectively. The loan loss reserve at December 31, 2016 and 2015 was \$ 306,000 and \$ 189,000, respectively. For details of the mortgages and notes as of December 31, 2016 and 2015, see Note 9.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 - LOANS TO RELATED PARTIES**

**St. Lawrence County Industrial Development Agency - Canton Industrial Building Loan:** On December 4, 2014 the SLCIDA closed a \$ 1,400,000 loan from the SLCIDA-LDC consisting of \$ 700,000 from the SLRVRA loan fund and \$ 700,000 from the SLCIDA-LDC revolving loan fund to finance some of the construction costs of the Canton Industrial Building. The SLCIDA mortgaged the property to the SLCIDA-LDC as security for the loan. The SLRVRA portion of the loan has a 7 year repayment with a 20 year amortization with an interest rate of 1%. The remaining portion of the loan has a 30 year amortization with an interest rate of ½ of 1%. The balances due on the note receivable at December 31, 2016 and 2015 were \$ 1,292,597 and \$ 1,346,478, respectively.

**St. Lawrence County Industrial Development Agency – Massena Fifth and Sixth Buildings Loan:** In 2002, the GMEDF loaned \$ 600,000 to the SLCIDA to assist in the financing to expand the 5<sup>th</sup> Massena Industrial Building and also to construct the 6<sup>th</sup> Massena Industrial Building. This is the GM Vendor note and the balances due on the note receivable at December 31, 2016 and 2015 were \$ 145,614 and \$ 190,898, respectively.

**St. Lawrence County Industrial Development Agency – Newton Falls Rail Rehabilitation Loan:** On August 30, 2016, the SLRVRA loaned \$ 750,000 to the SLCIDA to provide gap funding necessary for rail project construction costs. The balances due on the note receivable at December 31, 2016 and 2015 were \$ 750,000 and \$ 0, respectively.

**NOTE 5 - LOANS IN ARREARS**

**Wisesbuys/Hacketts:** Though payments were made on the loan in 2016, as of December 31, 2016, the borrowers were still in arrears on their obligations to the SLCIDA-LDC. The SLCIDA-LDC is working with the borrowers to complete repayment of the debt.

**NOTE 6 - LOANS IN DEFAULT**

**St. Lawrence Brewing:** There have been no payments received in 2016. The company and one owner filed for bankruptcy in 2016. The SLCIDA-LDC is pursuing collection from a remaining personal guaranty at this time and is in communications with the bankruptcy trustee in an attempt to secure the collateral from the company.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 7 - LOANS WRITTEN OFF**

There were no loans written off in 2016.

The following loans, including interest charges, were written off during 2015:

	<u>12/31/2015</u>
DE Kerr Logging & Construction	\$ 60,228
Media Accessories.com	2,052
St. Lawrence Food Corp.	162,445
Toobro, LLC	<u>14,845</u>
Total	<u>\$ 239,570</u>

**NOTE 8 - COMMUNITY DEVELOPMENT ENVIRONMENTAL IMPROVEMENT PROJECTS**

The SLRVRA made grant awards during the years 2011 through 2016 as part of its Community Development Environmental Improvement Program (CDEIP), as authorized by the June 2, 2010 contracts. Loans that were made through this program are recorded as receivables. The original grant award amounts and expenditures at December 31, 2016 are as follows:

Date of Award	Grant Award	Expended						Balance of Grant Remaining
		2011	2012	2013	2014	2015	2016	
2011	\$ 540,000	\$ 55,000	\$ 254,807	\$ 100,000	\$ 4,315	\$ 72,280	\$ 36,151	\$ 17,447
2012	556,694	-	483,552	53,874	15,000	-	4,268	-
2013	403,899	-	-	194,798	140,253	40,000	-	28,848
2014	415,152	-	-	-	59,081	208,271	42,800	105,000
2015	364,146	-	-	-	-	40,937	58,209	265,000
2016	<u>475,640</u>	-	-	-	-	-	4,500	471,140
Total	<u>\$ 2,755,531</u>	<u>\$ 55,000</u>	<u>\$ 738,359</u>	<u>\$ 348,672</u>	<u>\$ 218,649</u>	<u>\$ 361,488</u>	<u>\$ 145,928</u>	<u>\$ 887,435</u>

**NOTE 9 - DETAILS OF MORTGAGES AND NOTES RECEIVABLE:**

Details of mortgages and notes receivable at December 31 2016 and 2015 are as follows on the next page:

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

	<b>Loan Fund</b>	<b>Origin</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Original Amount</b>	<b>Balance 2016</b>	<b>Balance 2015</b>
Adirondack Battery	MICRO	12/07/11	12/01/16	4.000%	20,000	\$ 122	\$ -
Ansen	SLRVRA	03/04/16	03/01/26	2.750%	241,954	226,052	-
Atlantic Testing Lab.	IDALDC	10/17/07	11/01/17	2.625%	200,000	21,686	44,739
Atlantic Testing Lab.	GMEDF	10/17/07	12/01/17	2.625%	200,000	21,686	44,739
Atlantic Testing Lab.	IDALDC	03/01/03	12/01/15	5.250%	50,927	-	1,524
BlastBoss Inc.	GMEDF	06/17/14	05/01/19	2.650%	37,788	19,836	27,667
BlastBoss Inc.	SLRVRA	06/17/14	05/01/19	2.650%	37,788	19,836	27,667
Clifton Fine Hospital	GMEDF	05/12/11	06/01/26	2.625%	150,000	101,918	111,157
City of Ogdensburg	SLRVRA	01/26/15	01/26/20	1.000%	23,532	15,049	19,302
Curran Renewable Energy	SLRVRA	03/16/16	03/01/17	2.750%	1,356,278	1,354,391	-
Curran Renewable Energy	IDALDC	12/13/07	12/01/17	4.625%	400,000	69,686	130,750
Curran Renewable Energy	GMEDF	12/13/07	12/01/17	4.625%	200,000	32,643	61,309
Curran Renewable Energy	IDALDC	12/31/12	12/31/27	2.650%	100,000	77,672	83,232
Felician House B & B	MICRO	02/01/08	07/01/18	4.000%	11,200	2,420	-
First Class Aire	GMEDF	09/12/14	09/01/29	2.625%	51,500	45,195	47,652
First Class Aire	SLRVRA	09/12/14	09/01/29	2.625%	51,500	45,195	47,652
Gilbert Holding's, Inc.	IDALDC	04/02/12	04/02/22	2.625%	50,000	26,341	32,586
GM Vendor (5&6MIB)	GMEDF	11/16/04	12/01/19	3.375%	600,000	145,614	190,898
Gordon's Frame to Finish	MICRO	05/31/12	05/31/17	4.000%	20,000	18,059	-
Hackett's - formerly Wisebuys	IDALDC	12/24/03	07/01/11	3.000%	235,000	71,050	76,065
Hebel Welding	MICRO	10/22/14	10/01/24	4.000%	20,000	16,153	-
High Peaks Winery	GMEDF	04/30/14	05/01/29	2.625%	36,500	31,801	34,010
High Peaks Winery	SLRVRA	04/30/14	05/01/29	2.625%	36,500	31,812	34,020
Hoosier Magnetics	GMEDF	01/27/10	01/01/20	2.625%	200,000	68,810	88,243
Hoosier Magnetics	SLRVRA	09/18/15	09/01/20	2.625%	100,000	79,943	98,330
Hozmerica, LLC	SLRVRA	07/21/15	07/01/20	2.625%	17,500	12,740	15,823
LKR Enterprises	GMEDF	07/15/16	08/01/31	2.750%	50,000	49,146	-
LKR Enterprises	IDALDC	07/15/16	08/01/31	2.750%	50,000	49,146	-
Massena BDC Rail	SLRVRA	05/05/14	12/30/16	0.000%	197,504	-	197,504
Nicholville Telephone Co.	SLRVRA	12/09/11	12/01/18	4.000%	388,926	-	194,679
North Country Dairy, LLC	IDALDC	12/02/11	12/02/16	2.625%	400,000	-	77,386
North Country Dairy, LLC	SLRVRA	12/02/11	12/01/16	2.625%	400,000	-	77,386
North Racquette Greenery	GMEDF	12/22/10	06/01/20	2.625%	50,000	20,552	25,257
ProLine Striping	MICRO	06/02/14	06/01/19	4.000%	20,000	8,595	-
River Lane Campground	MICRO	06/08/10	07/01/15	4.000%	19,750	889	-
Riverside Iron, LLC	GMEDF	06/27/14	07/01/24	2.625%	100,000	78,162	86,564
Riverside Iron, LLC	SLRVRA	06/27/14	07/01/24	2.625%	100,000	78,162	86,564
Sam's Party Tents	MICRO	01/18/13	02/01/18	4.000%	20,000	5,795	-
Shades Tanning	MICRO	10/17/12	10/17/22	4.000%	20,000	17,508	-
Sharrow's Home Repair	MICRO	06/02/14	06/01/19	4.000%	20,000	11,747	-
SLC IDA CIB	SLRVRA	12/04/14	11/01/21	1.000%	700,000	636,080	668,177
SLC IDA CIB	IDALDC	12/04/14	11/01/44	0.500%	700,000	656,517	678,301
SLC IDA Rail Loan	SLRVRA	08/30/16	09/01/19	1.500%	750,000	750,000	-
SLIC Network Solutions	IDALDC	05/11/10	05/01/17	2.630%	120,000	-	27,047
SLIC Network Solutions	SLRVRA	08/01/12	08/01/15	5.000%	250,000	-	183,484
SLIC Network Solutions	SLRVRA	12/09/11	12/01/18	4.000%	825,000	-	214,283
Splendid Spaces	MICRO	11/02/12	11/02/22	4.000%	14,900	8,977	-
St. Lawrence Brewing	IDALDC	02/08/13	02/01/20	2.625%	75,000	100,298	48,754
Structural Wood Corp	GMEDF	12/20/11	12/01/21	2.625%	150,000	81,007	94,516
Structural Wood Corp	SLRVRA	12/20/11	12/01/21	2.625%	150,000	81,007	94,516
Susan's Stitches	MICRO	12/07/12	12/07/17	4.000%	20,000	13,938	-
Swift Labs	SLRVRA	09/22/16	10/01/23	2.750%	30,000	29,365	-
Town of Louisville	SLRVRA	03/23/15	03/01/17	1.000%	16,000	1,413	9,385
Town of Massena	SLRVRA	11/19/13	03/01/16	1.000%	38,967	-	12,697
Unique Boutique Creatures	MICRO	07/28/11	08/01/16	4.000%	8,000	3,224	-
Waddington Auto Parts	MICRO	10/17/12	10/17/19	4.000%	20,000	14,405	-
Wright's Tool Sales	MICRO	10/02/15	09/01/20	4.000%	20,000	17,264	-
						5,268,907	3,993,865
						(306,000)	(189,000)
						<u>\$ 4,962,907</u>	<u>\$ 3,804,865</u>

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 9 - DETAILS OF MORTGAGES AND NOTES RECEIVABLE (Continued)**

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

December 31, 2017	\$ 2,796,832
2018	324,536
2019	314,368
2020	201,842
2021	176,429
Thereafter	<u>1,454,900</u>
	<u>\$ 5,268,907</u>

**NOTE 10 - FIXED ASSETS**

Fixed Assets at December 31, 2016 and 2015 consisted of:

	<u>2016</u>	<u>2015</u>
Massena Lot 18		
Building and Improvements - SLRVA	\$ 417,922	\$ 417,922
Massena Lot 19		
Building and Improvements - SLRVRA	<u>432,740</u>	<u>432,740</u>
	850,662	850,662
Less: Accumulated Depreciation	<u>(96,188)</u>	<u>(67,122)</u>
	<u>\$ 754,474</u>	<u>\$ 783,540</u>

**NOTE 11 - WORKFORCE DEVELOPMENT BOARD CONTRACT**

On July 30, 2015 the SLCIDA-LDC and the St. Lawrence County Workforce Development Board (SLC WDB) extended their contract under which an SLCIDA-LDC staff member would continue to serve as the SLC WDB's Executive Director for a predetermined, not-to-exceed fee. The extended agreement runs through June 30, 2019.

**NOTE 12 - SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions from January 1, 2017 through March 15, 2017, 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 which are required to be recognized or disclosed in the accompanying financial statements.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 13 - RECOGNITION OF CERTAIN GRANT REVENUE AND EXPENDITURES**

Occasionally the SLCIDA-LDC (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 grantee 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 grantee does not accrue any expenses or payables associated with items to be paid out for future grant reimbursement until the grantee 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, 2016, there were no active grants of this nature.

The SLCIDA-LDC also administers a grant program of its own – the SLRVRA’s Community Development Environmental Improvement Program. Since these grants are also reimbursement grants, the SLCIDA-LDC 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. As of December 31, 2016, there were no active grants of this nature.

**NOTE 14 - LONG-TERM LEASES**

The SLCIDA-LDC entered into a long-term lease with Fockler Industries, LLC which commenced on November 1, 2015. Under the terms of the lease, Fockler Industries will lease commercial space for a thirty-six (36) month period ending on October 31, 2018 at a monthly lease rate of \$ 2,557.50. Total future rents to be received are as follows:

December 31, 2017	\$ 30,690
2018	<u>25,575</u>
	<u>\$ 56,265</u>

**NOTE 15 - CAPITAL LEASE (LEASE-PURCHASE AGREEMENT)**

The SLCIDA-LDC leases land and a building to Curran Renewable Energy, LLC under a lease-purchase agreement. The lease period is from December 1, 2012 to November 30, 2027 with current monthly lease payments including interest of \$ 4,039.90 and a current interest rate of 2.65%. The interest rate adjusts to market every five years. Future minimum lease payments under the capital lease are as follows on the next page:



**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 15 - CAPITAL LEASE (LEASE-PURCHASE AGREEMENT) (Continued)**

Year Ending December 31,

2017	\$ 48,479
2018	48,479
2019	48,479
2020	48,479
2021	48,479
Thereafter	<u>283,121</u>
Total Minimum Lease Payments	525,516
Less: Amount Representing Interest	<u>66,186</u>
Present Value of Future Minimum Lease Payments	<u>\$ 459,330</u>

**NOTE 16 - CONCENTRATION OF CREDIT RISK**

At December 31, 2016, the consolidated entities had bank balances totaling \$ 11,996,796. A combination of federal depository insurance and securities pledged and held by the bank fully covered these bank balances.

**NOTE 17 - RELATED PARTY TRANSACTIONS**

The SLCIDA-LDC is related to the following entities:

- St. Lawrence County Industrial Development Agency (SLCIDA)
  - Common Board Membership, Officers, and Program Administrative Agreements
- Greater Massena Economic Development Fund (GMEDF)
  - Program Administrative Agreements
- St. Lawrence River Valley Redevelopment Agency (SLRVRA)
  - Program Administrative Agreements

Information on loans made to SLCIDA can be found in Note 4 and Note 10 of these financial statements.

Administrative fees paid to SLCIDA by SLCIDA-LDC totaled \$ 200,000 for both 2016 and 2015.

Administrative fees paid to SLCIDA by GMEDF totaled \$ 7,200 for both 2016 and 2015.

Administrative fees paid to SLCIDA-LDC by SLRVRA totaled \$ 300,000 for both 2016 and 2015.

**NOTE 18 - RECLASSIFICATIONS**

Certain amounts in the 2015 financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**SUPPLEMENTARY INFORMATION**

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED)**

**SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015		
	<u>Program</u>	<u>Management and General</u>	<u>Totals</u>	<u>Program</u>	<u>Management and General</u>	<u>Totals</u>
<b>EXPENSES</b>						
Accounting	\$ -	\$ 15,719	\$ 15,719	\$ -	\$ 13,075	\$ 13,075
Administraton	7,200	-	7,200	7,200	-	7,200
Advertising and Marketing	20,453	-	20,453	36,946	-	36,946
Bad Debts	-	-	-	239,570	-	239,570
Bad Debt Reserve	90,500	-	90,500	189,000	-	189,000
Contractual	44,300	-	44,300	48,600	-	48,600
Community Development	145,928	-	145,928	361,488	-	361,488
Depreciation	29,066	-	29,066	22,789	-	22,789
Employee Benefits	-	2,211	2,211	-	538	538
IDA Administration Fees	-	200,000	200,000	-	200,000	200,000
Insurance	6,931	1,712	8,643	11,092	1,363	12,455
Legal Expense	130	9,772	9,902	758	8,920	9,678
Maintenance	440	-	440	169	-	169
Memberships and Dues	-	-	-	-	175	175
Meeting Expense	-	544	544	-	10	10
Mileage and Travel	2,084	-	2,084	48	-	48
Miscellaneous Expense	-	277	277	-	30	30
Office Supplies	-	46	46	-	191	191
Payroll Processing Fees	-	1,120	1,120	-	2,173	2,173
Payroll Taxes	-	9,930	9,930	-	6,858	6,858
Salaries	-	126,274	126,274	-	86,488	86,488
Training Projects Expense	15,000	-	15,000	-	-	-
Underwriting/Credit Reports	572	-	572	570	-	570
Utilities	1,929	-	1,929	3,622	-	3,622
<b>Total Expenses</b>	<b>\$ 364,533</b>	<b>\$ 367,605</b>	<b>\$ 732,138</b>	<b>\$ 921,852</b>	<b>\$ 319,821</b>	<b>\$ 1,241,673</b>

**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***



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
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Board of Directors  
St. Lawrence County Industrial Development Agency –  
Local Development Corporation  
Canton, New York

We have audited, 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, the consolidated financial statements of the St. Lawrence County Industrial Development Agency – Local Development Corporation (SLCIDA-LDC) (a non-profit organization), which includes the Greater Massena Economic Development Fund (GMEDF) (a non-profit organization economic development loan fund) and the St. Lawrence River Valley Redevelopment Agency (SLRVRA) (a nonprofit organization), 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 15, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the SLCIDA-LDC'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SLCIDA-LDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the SLCIDA-LDC'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 SLCIDA-LDC'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 Mucinski Hooper Van House & Co.  
Certified Public Accountants, P.C.

March 15, 2017