

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2017 AND 2016

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2017 and 2016, 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, 2017 and 2016, 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.

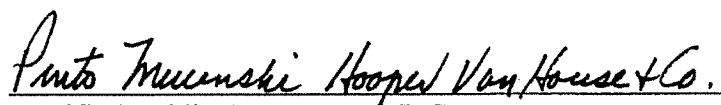
Other Matters

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 17 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 7, 2018, 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, 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 *Governmental Auditing Standards* in considering SLCIDA-LDC's internal control over financial reporting and compliance.


Certified Public Accountants, P.C.

March 7, 2018

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

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	<u>12/31/2017</u>	<u>12/31/2016</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 347,730	\$ 325,194
Restricted Cash and Cash Equivalents	10,809,059	11,672,320
Cash - Security Deposits	532	532
Accrued Interest Receivable	6,114	10,120
Accounts Receivable	38,472	6,953
Prepaid Expense	382	125
Mortgages and Notes Receivable (Net of Allowance)	2,463,786	2,490,832
Capital Lease Receivable	-	39,857
Total Current Assets	<u>13,666,075</u>	<u>14,545,933</u>
Fixed Assets - Net	<u>725,408</u>	<u>754,474</u>
LONG-TERM ASSETS		
Mortgages and Notes Receivable - Net of Current Portion	3,132,989	2,472,075
Capital Lease Receivable - Net of Current Portion	-	419,473
Total Long-Term Assets	<u>3,132,989</u>	<u>2,891,548</u>
TOTAL ASSETS	<u>\$ 17,524,472</u>	<u>\$ 18,191,955</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 31,506	\$ 22,578
Security Deposits Payable	532	532
Deferred Rental Revenue	5,058	531
Total Current Liabilities	<u>37,096</u>	<u>23,641</u>
NET ASSETS		
Unrestricted	354,981	328,249
Temporarily Restricted	<u>17,132,395</u>	<u>17,840,065</u>
Total Net Assets	<u>17,487,376</u>	<u>18,168,314</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,524,472</u>	<u>\$ 18,191,955</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, 2017 AND 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
SUPPORT AND REVENUE						
Interest Income - Banks	\$ 38	\$ 3,508	\$ 3,546	\$ 10	\$ 5,765	\$ 5,775
Interest Income - Loans	-	134,899	134,899	-	116,595	116,595
Grant Income	-	-	-	-	25,000	25,000
WIB Director Revenue	50,653	-	50,653	32,452	-	32,452
Rental Income	-	74,252	74,252	-	82,315	82,315
Miscellaneous Income	-	2,699	2,699	-	3,031	3,031
Net Assets Released from Restrictions	923,028	(923,028)	-	388,210	(388,210)	-
Total Support and Revenue	973,719	(707,670)	266,049	420,672	(155,504)	265,168
EXPENSES						
Program Services	573,215	-	573,215	364,533	-	364,533
Management and General	373,772	-	373,772	367,605	-	367,605
Total Expenses	946,987	-	946,987	732,138	-	732,138
CHANGE IN NET ASSETS BEFORE ACQUISITION	26,732	(707,670)	(680,938)	(311,466)	(155,504)	(466,970)
Excess of Assets Acquired Over Liabilities Assumed in Donation of Local Development Corporation	-	-	-	263,392	-	263,392
CHANGE IN NET ASSETS	26,732	(707,670)	(680,938)	(48,074)	(155,504)	(203,578)
Net Assets - Beginning of Year	328,249	17,840,065	18,168,314	376,323	17,995,569	18,371,892
Net Assets - End of Year	\$ 354,981	\$ 17,132,395	\$ 17,487,376	\$ 328,249	\$ 17,840,065	\$ 18,168,314

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, 2017 AND 2016**

	<u>12/31/2017</u>	<u>12/31/2016</u>
OPERATING ACTIVITIES		
Change in Net Assets	\$ (680,938)	\$ (203,578)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Non-Cash Donation	-	(125,308)
Depreciation	29,066	29,066
Bad Debts and Bad Debt Reserve	81,200	90,500
Changes in Operating Assets and Liabilities		
Cash - Security Deposits	-	(1)
Accrued Interest Receivable	4,006	(5,369)
Accounts Receivable	(31,519)	(1,096)
Prepaid Expenses	(257)	(125)
Accounts Payable	8,928	(16,211)
Security Deposits Payable	-	1
Deferred Rental Revenue	<u>4,527</u>	<u>(2,558)</u>
Net Cash Provided (Used) By Operating Activities	<u>(584,987)</u>	<u>(234,679)</u>
INVESTING ACTIVITIES		
New Mortgages and Notes Receivable	(1,341,763)	(2,528,231)
Payments Received on Mortgages and Notes Receivable	626,695	1,407,597
Payments Received on Capital Lease Receivable	<u>459,330</u>	<u>32,877</u>
Net Cash Provided (Used) By Investing Activities	<u>(255,738)</u>	<u>(1,087,757)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(840,725)	(1,322,436)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>11,997,514</u>	<u>13,319,950</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 11,156,789</u></u>	<u><u>\$ 11,997,514</u></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, 2017**

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 has arranged its consolidated financial statements to present the three classes of net assets required, 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, 2017**

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, 2017**

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.
- Activities related to a \$ 16,000,000 grant for the SLRVRA from the New York Power Authority.
- 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.
- The Microenterprise Loan Fund was created by a U.S. Department of Housing and Urban Development (HUD) grant whose purpose is to provide loans to certain qualified small business entities.

At December 31, 2017 and 2016, temporarily restricted net assets consisted of:

	<u>12/31/2017</u>	<u>12/31/2016</u>
Revolving Loan Fund	\$ 2,942,180	\$ 3,027,702
SLRVRA	11,288,448	11,930,123
GMEDF	2,625,470	2,614,532
Microenterprise Loan Fund	<u>276,297</u>	<u>267,708</u>
Total	<u>\$ 17,132,395</u>	<u>\$ 17,840,065</u>

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017 and 2016 was \$ 29,066 for each year.

Advertising

The SLCIDA-LDC expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2017 and 2016 was \$ 19,805 and \$ 20,453, respectively.

NOTE 2 - RESTRICTED CASH

Restricted cash for the years ended December 31, 2017 and 2016 was \$ 10,809,059 and \$ 11,672,320, 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 have established a loan loss reserve. The loan loss reserve at December 31, 2017 and 2016 was \$ 387,200 and \$ 306,000, respectively. For details of the mortgages and notes as of December 31, 2017 and 2016, see Note 9.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017 and 2016 were \$ 1,238,285 and \$ 1,292,597, 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 5th Massena Industrial Building and also to construct the 6th Massena Industrial Building. This is the GM Vendor note and the balances due on the note receivable at December 31, 2017 and 2016 were \$ 98,777 and \$ 145,614, 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, 2017 and 2016 was \$ 750,000 for each year.

NOTE 5 - LOANS IN ARREARS

Gordon's Frame to Finish: Gordon's Frame to Finish is no longer in business, however, the SLCIDA-LDC is working with the borrowers to complete repayment of the debt.

Shades Tanning: Shades Tanning and Hair Salon is for sale, however, the SLCIDA-LDC is working with the borrowers to complete repayment of the debt.

NOTE 6 - LOANS IN DEFAULT

St. Lawrence Brewing: St. Lawrence Brewing is now closed. Both personal guarantors have filed for bankruptcy. The SLCIDA-LDC held an auction in late October 2017 to sell the collateral. The proceeds of the auction, after all expenses have been paid, will be divided among the three lenders in 2018 and the balance will be written off.

NOTE 7 - LOANS WRITTEN OFF

There were no loans written off in 2017.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 - COMMUNITY DEVELOPMENT ENVIRONMENTAL IMPROVEMENT PROJECTS

The SLRVRA made grant awards during the years 2011 through 2017 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, 2017 are as follows:

Date of Award	Grant Award	Expended			Total Expended	Balance of Grant Remaining
		Prior to 2016	2016	2017		
2011	\$ 522,553	\$ 486,402	\$ 36,151	\$ -	\$ 522,553	\$ -
2012	556,694	552,426	4,268	-	556,694	-
2013	390,382	375,050	-	15,332	390,382	-
2014	415,152	267,352	42,800	65,000	375,152	40,000
2015	364,146	40,937	58,209	184,659	283,805	80,341
2016	493,640	-	4,500	113,055	117,555	376,085
2017	327,185	-	-	-	-	327,185
Total	<u>\$ 3,069,752</u>	<u>\$ 1,722,167</u>	<u>\$ 145,928</u>	<u>\$ 378,046</u>	<u>\$ 2,246,141</u>	<u>\$ 823,611</u>

NOTE 9 - DETAILS OF MORTGAGES AND NOTES RECEIVABLE

Details of mortgages and notes receivable at December 31 2017 and 2016 are as follows on the next page:

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

	Loan Fund	Date	Maturity	Interest Rate	Original Amount	Balance 2017	Balance 2016
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	203,794	226,052
Atlantic Testing Lab.	IDALDC	10/17/07	11/01/17	2.625%	200,000	-	21,686
Atlantic Testing Lab.	GMEDF	10/17/07	12/01/17	2.625%	200,000	-	21,686
Atlantic Testing Lab.	SLRVRA	01/26/17	02/01/24	2.875%	218,160	194,602	-
BlastBoss Inc.	GMEDF	06/17/14	05/01/19	2.650%	37,788	-	19,836
BlastBoss Inc.	SLRVRA	06/17/14	05/01/19	2.650%	37,788	-	19,836
BlastBoss Inc.	SLRVRA	01/04/17	01/01/22	2.875%	78,050	64,573	-
Canexsys	IDALDC	09/15/17	09/01/24	3.125%	150,000	143,346	-
Canexsys	SLRVRA	09/15/17	09/01/24	3.125%	150,000	143,346	-
Canexsys	GMEDF	09/15/17	09/01/24	3.125%	150,000	143,346	-
Clifton Fine Hospital	GMEDF	05/12/11	06/01/26	2.625%	150,000	92,400	101,918
City of Ogdensburg	SLRVRA	01/26/15	01/26/20	1.000%	23,532	10,341	15,049
Curran Renewable Energy	SLRVRA	03/16/16	03/01/17	2.750%	1,356,278	1,354,365	1,354,391
Curran Renewable Energy	IDALDC	12/13/07	12/01/17	4.625%	400,000	-	69,686
Curran Renewable Energy	GMEDF	12/13/07	12/01/17	4.625%	200,000	-	32,643
Curran Renewable Energy	IDALDC	12/31/12	12/31/27	2.650%	100,000	71,463	77,672
Felician House B & B	MICRO	02/01/08	07/01/18	4.000%	11,200	1,161	2,420
First Class Aire	GMEDF	09/12/14	09/01/29	2.625%	51,500	43,202	45,195
First Class Aire	SLRVRA	09/12/14	09/01/29	2.625%	51,500	43,202	45,195
Gilbert Holding's, Inc.	IDALDC	04/02/12	04/02/22	2.625%	50,000	23,164	26,341
GM Vendor (5&6MIB)	GMEDF	11/16/04	12/01/19	3.375%	600,000	98,777	145,614
Gordon's Frame to Finish	MICRO	05/31/12	05/31/17	4.000%	20,000	17,546	18,059
Hackett's - formerly Wisebuys	IDALDC	12/24/03	07/01/11	3.000%	235,000	62,965	71,050
Hebel Welding	MICRO	10/22/14	10/01/24	4.000%	20,000	14,283	16,153
High Peaks Winery	GMEDF	04/30/14	05/01/29	2.625%	36,500	29,624	31,801
High Peaks Winery	SLRVRA	04/30/14	05/01/29	2.625%	36,500	29,634	31,812
Hoosier Magnetics	GMEDF	01/27/10	01/01/20	2.625%	200,000	-	68,810
Hoosier Magnetics	SLRVRA	09/18/15	09/01/20	2.625%	100,000	57,630	79,943
Hozmerica, LLC	SLRVRA	07/21/15	07/01/20	2.625%	17,500	9,000	12,740
Kingston Equipment	SLRVRA	01/04/17	12/04/21	3.125%	95,553	93,648	-
LC Drives	SLRVRA	06/02/17	06/01/20	3.000%	100,000	83,973	-
LKR Enterprises	GMEDF	07/15/16	08/01/31	2.750%	50,000	46,442	49,146
LKR Enterprises	IDALDC	07/15/16	08/01/31	2.750%	50,000	46,442	49,146
North Racquette Greenery	GMEDF	12/22/10	06/01/20	2.625%	50,000	15,704	20,552
Potsdam Specialty Paper	IDALDC	06/02/17	08/01/31	3.125%	400,000	399,855	-
ProLine Striping	MICRO	06/02/14	06/01/19	4.000%	20,000	7,072	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	67,882	78,162
Riverside Iron, LLC	SLRVRA	06/27/14	07/01/24	2.625%	100,000	67,882	78,162
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	17,543	17,508
Sharrow's Home Repair	MICRO	06/02/14	06/01/19	4.000%	20,000	7,564	11,747
SLC IDA CIB	SLRVRA	12/04/14	11/01/21	1.000%	700,000	603,662	636,080
SLC IDA CIB	IDALDC	12/04/14	11/01/44	0.500%	700,000	634,623	656,517
SLC IDA Rail Loan	SLRVRA	08/30/16	09/01/19	1.500%	750,000	750,000	750,000
Splendid Spaces	MICRO	11/02/12	11/02/22	4.000%	14,900	7,416	8,977
St. Lawrence Brewing	IDALDC	02/08/13	02/01/20	2.625%	75,000	86,384	100,298
Structural Wood Corp	GMEDF	12/20/11	12/01/21	2.625%	150,000	64,621	81,007
Structural Wood Corp	SLRVRA	12/20/11	12/01/21	2.625%	150,000	64,621	81,007
Susan's Stitches	MICRO	12/07/12	12/07/17	4.000%	20,000	13,045	13,938
Swift Labs	SLRVRA	09/22/16	10/01/23	2.750%	30,000	25,464	29,365
Town of Louisville	SLRVRA	03/23/15	03/01/17	1.000%	16,000	-	1,413
Unique Boutique Creatures	MICRO	07/28/11	08/01/16	4.000%	8,000	2,783	3,224
Waddington Auto Parts	MICRO	10/17/12	10/17/19	4.000%	20,000	12,750	14,405
Wright's Tool Sales	MICRO	10/02/15	09/01/20	4.000%	20,000	12,835	17,264
						5,983,975	5,268,907
						Less Allowance for Bad Debts (387,200)	(306,000)
						<u>\$ 5,596,775</u>	<u>\$ 4,962,907</u>

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

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

December 31, 2017	\$ 2,850,986
2018	581,473
2019	492,837
2020	326,721
2021	255,663
Thereafter	<u>1,476,295</u>
	<u>\$ 5,983,975</u>

NOTE 10 - FIXED ASSETS

Fixed Assets at December 31, 2017 and 2016 consisted of:

	<u>2017</u>	<u>2016</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>(125,254)</u>	<u>(96,188)</u>
	<u>\$ 725,408</u>	<u>\$ 754,474</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, 2018 through March 7, 2018, 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, 2017**

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, 2017, 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.

NOTE 14 - LONG-TERM LEASES

The SLCIDA-LDC entered into a long-term lease with Fockler Industries, LLC which commenced on July 1, 2012. Under the terms of the lease, Fockler Industries, LLC will lease commercial space for a thirty-six (36) month period with an option to renew for an additional three years. On November 1, 2015 a new lease agreement commenced for a thirty-six (36) month period ending on October 31, 2018, with an option to renew for an additional thirty-six (36) month period. Monthly lease payments are currently \$ 2,558. Total minimum future rents to be received in 2018 will be \$ 25,575.

NOTE 15 - CAPITAL LEASE (LEASE-PURCHASE AGREEMENT)

The SLCIDA-LDC leased land and a building to Curran Renewable Energy, LLC under a lease-purchase agreement. The original lease term was from December 1, 2012 to November 30, 2027. In November of 2017, the leased building was destroyed by a structure fire. The SLCIDA-LDC received all monies due and owing on the lease-purchase agreement and the agreement is now considered complete and the property will be transferred to Curran Renewable Energy, LLC.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 16 - CONCENTRATION OF CREDIT RISK

At December 31, 2017, the consolidated entities had bank balances totaling \$ 11,178,088. A combination of federal depository insurance and securities pledged and held by the banks 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
- St. Lawrence County Industrial Development Agency-Civic Development Corporation (SLCIDA-CDC)
– Common Board Membership, Officers, and Management 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 9 of these financial statements.

Administrative fees paid to SLCIDA by SLCIDA-LDC totaled \$ 200,000 for both 2017 and 2016.

Administrative fees paid to SLCIDA by GMEDF totaled \$ 7,200 for both 2017 and 2016.

Administrative fees paid to SLCIDA-LDC by SLRVRA totaled \$ 300,000 for both 2017 and 2016.

Management fees paid to SLCIDA-LDC by SLCIDA-CDC totaled \$ 3,201 for 2017.

SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016		
	<u>Program</u>	<u>Management and General</u>	<u>Totals</u>	<u>Program</u>	<u>Management and General</u>	<u>Totals</u>
EXPENSES						
Accounting	\$ -	\$ 12,975	\$ 12,975	\$ -	\$ 15,719	\$ 15,719
Administraton	7,200	-	7,200	7,200	-	7,200
Advertising and Marketing	19,805	-	19,805	20,453	-	20,453
Bad Debt Reserve	81,200	-	81,200	90,500	-	90,500
Bank Charges	-	75	75	-	-	-
Contractual	40,000	-	40,000	44,300	-	44,300
Community Development	378,046	-	378,046	145,928	-	145,928
Depreciation	29,066	-	29,066	29,066	-	29,066
Educational Workshop	153	-	153	-	-	-
Employee Benefits	-	603	603	-	2,211	2,211
Filing Fees	110	-	110	-	-	-
IDA Administration Fees	-	200,000	200,000	-	200,000	200,000
Insurance	7,563	2,303	9,866	6,931	1,712	8,643
Legal Expense	95	8,602	8,697	130	9,772	9,902
Maintenance	3,815	-	3,815	440	-	440
Meeting Expense	-	241	241	-	544	544
Mileage and Travel	2,729	-	2,729	2,084	-	2,084
Miscellaneous Expense	-	1,287	1,287	-	277	277
Office Supplies	-	65	65	-	46	46
Payroll Processing Fees	-	605	605	-	1,120	1,120
Payroll Taxes	-	11,067	11,067	-	9,930	9,930
Salaries	-	135,949	135,949	-	126,274	126,274
Training Projects Expense	-	-	-	15,000	-	15,000
Underwriting/Credit Reports	1,961	-	1,961	572	-	572
Utilities	<u>1,472</u>	<u>-</u>	<u>1,472</u>	<u>1,929</u>	<u>-</u>	<u>1,929</u>
Total Expenses	<u>\$ 573,215</u>	<u>\$ 373,772</u>	<u>\$ 946,987</u>	<u>\$ 364,533</u>	<u>\$ 367,605</u>	<u>\$ 732,138</u>

See Independent Auditor's Report.



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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 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 nonprofit organization), which includes 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 statement of financial position as of December 31, 2017, 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 7, 2018.

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.

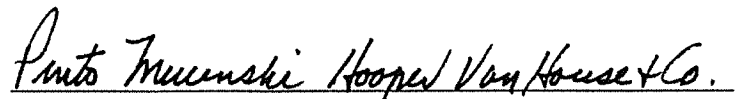
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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


Certified Public Accountants, P.C.

March 7, 2018