

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
LOCAL DEVELOPMENT CORPORATION  
Resolution No. LDC-19-03-12  
March 26, 2018

**ACCEPTING FY2018 SLCIDA-LDC AUDIT**

**WHEREAS**, on August 28, 2018 the St. Lawrence County Industrial Development Agency (the “SLCIDA”) released, on behalf of the SLCIDA, the SLCIDA-Local Development Corporation, the SLCIDA-Civic Development Corporation, and the St. Lawrence County Property Development Corporation (collectively, the “Entities”), a Request for Proposal for audit services for each of the entities, and

**WHEREAS**, on September 28, 2018 the SLCIDA appointed Pinto, Mucenski, Hooper, VanHouse & Co. as the independent audit firm for the fiscal years 2018 through 2020, and

**WHEREAS**, as a result of the Request for Proposal, the St. Lawrence County Industrial Development Agency Local Development Corporation (the “SLCIDA-LDC”) also appointed Pinto, Mucenski, Hooper, VanHouse & Co. as its independent audit firm, and

**WHEREAS**, the firm has prepared and provided the following report (attached):

St. Lawrence County Industrial Development Agency Local Development Corporation  
(CONSOLIDATED) Financial Statements  
For the Years Ended December 31, 2018 and 2017, and

**WHEREAS**, said audit contains the financial statements of the St. Lawrence River Valley Redevelopment Agency, the Greater Massena Economic Development Fund, and the Microenterprise Fund;

**NOW, THEREFORE, BE IT RESOLVED** that the St. Lawrence County Industrial Development Agency Local Development Corporation accepts said report and authorizes that payment be made to Pinto, Mucenski, Hooper, VanHouse & Co. in accordance with the terms set forth in the agreement for audit services; and

**BE IT FURTHER RESOLVED** that the SLCIDA-LDC shall cause this report to be forwarded to:

- St. Lawrence County Treasurer
- St. Lawrence County Legislative Chairman
- New York State Department of Economic Development
- New York State Office of the Comptroller, Bureau of Municipal Research and Statistics
- New York State Authorities Budget Office

Move:	LaBaff			
Second:	Hall			
<b>VOTE</b>	<b>AYE</b>	<b>NAY</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
Blevins				X
Hall	X			
LaBaff	X			
McMahon				X
Morrill	X			
Reagen	X			
Staples	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  
March 26, 2019

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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

### 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), a component unit of the St. Lawrence County, State of New York, 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, 2018 and 2017, and the related consolidated statements of activities, functional expenses, 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.

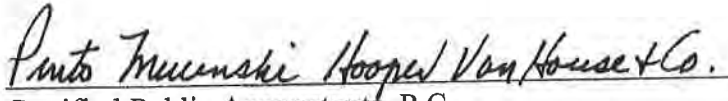
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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, 2018 and 2017, 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 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 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 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 SLCIDA-LDC's 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.

  
Panto Mucinski Hooper Van Housen & Co.  
Certified Public Accountants, P.C.

March 20, 2019

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

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

	<u>12/31/2018</u>	<u>12/31/2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 321,517	\$ 347,730
Restricted Cash and Cash Equivalents	8,373,829	10,809,059
Cash - Security Deposits	-	532
Restricted Investments	1,791,043	-
Accounts Receivable	5,699	38,472
Accrued Interest Receivable	16,421	6,114
Prepaid Expense	-	382
Mortgages and Notes Receivable (Net of Allowance)	<u>1,176,802</u>	<u>2,463,786</u>
Total Current Assets	11,685,311	13,666,075
<b>Fixed Assets - Net</b>	696,341	725,408
<b>LONG-TERM ASSETS</b>		
Mortgages and Notes Receivable - Net of Current Portion	<u>4,675,527</u>	<u>3,132,989</u>
<b>TOTAL ASSETS</b>	<u>\$ 17,057,179</u>	<u>\$ 17,524,472</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,326	\$ 31,506
Security Deposits Payable	-	532
Deferred Rental Revenue	<u>5,058</u>	<u>5,058</u>
Total Current Liabilities	<u>6,384</u>	<u>37,096</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	324,263	354,981
With Donor Restrictions	<u>16,726,532</u>	<u>17,132,395</u>
Total Net Assets	<u>17,050,795</u>	<u>17,487,376</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 17,057,179</u>	<u>\$ 17,524,472</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, 2018 AND 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>SUPPORT AND REVENUE</b>						
Interest Income - Banks	\$ 3	\$ 17,375	\$ 17,378	\$ 38	\$ 3,508	\$ 3,546
Interest Income - Loans	-	151,805	151,805	-	134,899	134,899
WIB Director Revenue	37,298	-	37,298	50,653	-	50,653
Brasher Revolving Loan Fund Grant	-	100,000	100,000	-	-	-
Rental Income	-	76,867	76,867	-	74,252	74,252
Miscellaneous Income	-	3,395	3,395	-	2,699	2,699
Unrealized Gain on Investments	-	5,754	5,754	-	-	-
Realized Gain on Investments	-	5,990	5,990	-	-	-
Net Assets Released from Restrictions	767,049	(767,049)	-	923,028	(923,028)	-
Total Support and Revenue	804,350	(405,863)	398,487	973,719	(707,670)	266,049
<b>EXPENSES</b>						
Program Services	457,774	-	457,774	573,215	-	573,215
Management and General	377,294	-	377,294	373,772	-	373,772
Total Expenses	835,068	-	835,068	946,987	-	946,987
<b>CHANGE IN NET ASSETS</b>	(30,718)	(405,863)	(436,581)	26,732	(707,670)	(680,938)
<b>Net Assets - Beginning of Year</b>	354,981	17,132,395	17,487,376	328,249	17,840,065	18,168,314
<b>Net Assets - End of Year</b>	\$ 324,263	\$ 16,726,532	\$ 17,050,795	\$ 354,981	\$ 17,132,395	\$ 17,487,376

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

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

**STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017		
	Program	Management and General	Totals	Program	Management and General	Totals
<b>EXPENSES</b>						
Accounting	\$ -	\$ 12,650	\$ 12,650	\$ -	\$ 12,975	\$ 12,975
Administration Fees	7,200	200,000	207,200	7,200	200,000	207,200
Advertising and Marketing	16,755	-	16,755	19,805	-	19,805
Bad Debt Expense	21,213	-	21,213	81,200	-	81,200
Bank Charges	-	320	320	-	75	75
Contractual	40,000	-	40,000	40,000	-	40,000
Community Development	326,984	-	326,984	378,046	-	378,046
Depreciation	29,066	-	29,066	29,066	-	29,066
Educational Workshop	100	-	100	153	-	153
Employee Benefits	-	805	805	-	603	603
Filing Fees	40	-	40	110	-	110
Insurance	7,437	1,883	9,320	7,563	2,303	9,866
Intern Fees	1,461	-	1,461	-	-	-
Legal Expense	1,206	8,385	9,591	95	8,602	8,697
Maintenance	630	-	630	3,815	-	3,815
Meeting Expense	-	72	72	-	241	241
Mileage and Travel	863	-	863	2,729	-	2,729
Miscellaneous Expense	-	162	162	-	1,287	1,287
Office Supplies	-	114	114	-	65	65
Payroll Processing Fees	-	771	771	-	605	605
Payroll Taxes	-	11,886	11,886	-	11,067	11,067
Salaries	-	140,246	140,246	-	135,949	135,949
Underwriting/Credit Reports	2,893	-	2,893	1,961	-	1,961
Utilities	1,926	-	1,926	1,472	-	1,472
Total Expenses	<u>\$ 457,774</u>	<u>\$ 377,294</u>	<u>\$ 835,068</u>	<u>\$ 573,215</u>	<u>\$ 373,772</u>	<u>\$ 946,987</u>



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

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

	12/31/2018	12/31/2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Interest	\$ 158,876	\$ 142,451
Cash Received from Building Rents	76,867	78,779
Cash Received from Other Governments for Revolving Loan Funds	100,000	-
Cash Received from Others	73,466	21,833
Cash Paid to Employees for Wages and Benefits	(152,937)	(147,619)
Cash Paid to Others for Economic Development Projects	(326,984)	(378,046)
Cash Paid for Goods and Services	(334,668)	(302,385)
Net Cash Provided (Used) By Operating Activities	(405,380)	(584,987)
<b>INVESTING ACTIVITIES</b>		
Purchase of Investments	(3,079,299)	-
Proceeds from Sale of Investments	1,300,000	-
Issuance of New Mortgages and Notes	(1,187,324)	(1,341,763)
Payments Received on Mortgages and Notes	910,560	626,695
Payments Received on Capital Lease	-	459,330
Net Cash Provided (Used) By Investing Activities	(2,056,063)	(255,738)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,461,443)	(840,725)
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	11,156,789	11,997,514
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 8,695,346	\$ 11,156,789

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, 2018**

**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 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.

**Contributions**

The SLCIDA-LDC 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.

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

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

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

**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.

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.

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

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

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

**Nature of Operations (Continued)**

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 \$ 16,000,000 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 \$ 16,000,000 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.

In 2018 the SLCIDA-LDC entered into an agreement with the Town of Brasher to manage a revolving loan fund to promote and encourage small business growth in the Town of Brasher. A fund was set up with an initial allocation of \$ 100,000 from the Town of Brasher. At this time no loans have been made from the fund.

**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.

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

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

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

**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:

- 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.
- The Brasher Revolving Loan Fund was created by a grant from the Town of Brasher for the purpose of providing loans to promote and encourage small business growth in the Town of Brasher.

At December 31, 2018 and 2017, net assets with donor restrictions consisted of:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Revolving Loan Fund	\$ 2,946,731	\$ 2,942,180
SLRVRA	10,764,704	11,288,448
GMEDF	2,637,717	2,625,470
Microenterprise Loan Fund	277,378	276,297
Brasher Revolving Loan Fund	100,002	-
Total	<u>\$ 16,726,532</u>	<u>\$ 17,132,395</u>

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

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

**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.

Accounting principles generally accepted in the United States of America require management to evaluate all significant tax positions. As of December 31, 2018, the SLCIDA-LDC does not believe that it has taken any positions that would require the recording of any tax liability or tax benefit.

**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.

**Advertising**

The SLCIDA-LDC expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2018 and 2017 was \$ 16,755 and \$ 19,805, respectively.

**Allocation of Functional Expenses**

Program expenses are activities that directly fulfill the mission of the SLCIDA-LDC. Management and general expenses are supporting activities that are not directly identifiable with a program. Expenses of the SLCIDA-LDC consist of costs related to the promotion of economic development, which includes the administration of revolving loan funds. Certain categories of expenses are attributable to economic development promotion and administrative support. These expenses include professional services and insurance. Professional services are allocated by the nature of the services provided while the type of covered risk determines the insurance allocation.

**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 SLCIDA-LDC 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.

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

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

**NOTE 2 - RESTRICTED CASH**

Restricted cash for the years ended December 31, 2018 and 2017 was \$ 8,373,829 and \$ 10,809,059, 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, 2018 and 2017 was \$ 319,000 and \$ 387,200, respectively. For details of the mortgages and notes as of December 31, 2018 and 2017, see Note 9.

**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, 2018 and 2017 were \$ 1,183,538 and \$ 1,238,284, 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, 2018 and 2017 were \$ 0 and \$ 98,777, 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, 2018 and 2017 was \$ 750,000 for each year.

**NOTE 5 - LOANS WRITTEN OFF**

Through formal Board action, two loans were written off in 2018; St. Lawrence Brewing Company in the amount of \$ 86,299 and Unique Boutique for Creatures Great and Small in the amount of \$ 3,114.

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

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

**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 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, 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>

**NOTE 7 - DETAILS OF MORTGAGES AND NOTES RECEIVABLE**

Details of mortgages and notes receivable at December 31 2018 and 2017 are as follows (see next page):



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**NOTES TO FINANCIAL STATEMENTS  
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	Loan			Interest	Original	Balance	Balance
	Fund	Date	Maturity	Rate	Amount	2018	2017
Ansen	SLRVRA	03/04/16	03/01/26	2.750%	\$ 241,954	\$ 181,153	\$ 203,794
Atlantic Testing Lab.	SLRVRA	01/26/17	02/01/24	2.875%	218,160	165,371	194,602
BH Trailers	MICRO	01/12/18	02/01/23	3.250%	15,000	14,252	-
BlastBoss Inc.	SLRVRA	01/04/17	01/01/22	2.875%	78,050	48,149	64,573
Breggs Winery	IDALDC	07/26/18	08/01/23	3.500%	30,000	28,872	-
Canexsys	IDALDC	09/15/17	09/01/24	3.125%	150,000	125,467	143,346
Canexsys	SLRVRA	09/15/17	09/01/24	3.125%	150,000	125,468	143,346
Canexsys	GMEDF	09/15/17	09/01/24	3.125%	150,000	125,467	143,346
Clifton Fine Hospital	GMEDF	05/12/11	06/01/26	2.625%	150,000	82,644	92,400
City of Ogdensburg	SLRVRA	01/26/15	01/26/20	1.000%	23,532	5,597	10,341
Curran Renewable Energy	SLRVRA	03/16/16	03/01/23	2.750%	1,356,278	1,179,117	1,354,365
Curran Renewable Energy	IDALDC	12/31/12	12/31/27	2.650%	100,000	64,552	71,463
Felician House B & B	MICRO	02/01/08	07/01/18	4.000%	11,200	-	1,161
First Class Aire	GMEDF	09/12/14	09/01/29	2.625%	51,500	40,147	43,202
First Class Aire	SLRVRA	09/12/14	09/01/29	2.625%	51,500	40,147	43,202
Gilbert Holding's, Inc.	IDALDC	04/02/12	04/02/22	2.625%	50,000	20,861	23,164
GM Vendor (5&6MIB)	GMEDF	11/16/04	12/01/19	3.375%	600,000	-	98,777
Gordon's Frame to Finish	MICRO	05/31/12	05/31/17	4.000%	20,000	17,577	17,546
Hackett's - formerly Wisebuys	IDALDC	12/24/03	07/01/11	3.000%	235,000	57,395	62,965
Hebel Welding	MICRO	10/22/14	10/01/24	4.000%	20,000	-	14,283
High Peaks Winery	GMEDF	04/30/14	05/01/29	2.625%	36,500	27,337	29,624
High Peaks Winery	SLRVRA	04/30/14	05/01/29	2.625%	36,500	27,347	29,634
Hoosier Magnetics	SLRVRA	09/18/15	09/01/20	2.625%	100,000	38,246	57,630
Hozmerica, LLC	SLRVRA	07/21/15	07/01/20	2.625%	17,500	5,459	9,000
Kingston Pharma, LLC - Equip	SLRVRA	01/04/17	12/04/21	3.125%	95,553	75,311	93,648
Kingston Pharma, LLC	IDALDC	07/26/18	08/01/23	3.500%	75,000	70,524	-
Kingston Pharma, LLC	SLRVRA	07/26/18	08/01/23	3.500%	96,000	90,274	-
LC Drives	SLRVRA	06/02/17	06/01/20	3.000%	100,000	51,141	83,973
LC Drives - Convertible	SLRVRA	02/02/18	03/01/20	6.000%	150,000	150,000	-
LKR Enterprises	GMEDF	07/15/16	08/01/31	2.750%	50,000	44,473	46,442
LKR Enterprises	IDALDC	07/15/16	08/01/31	2.750%	50,000	44,473	46,442
LKR Enterprises	IDALDC	06/15/18	07/01/23	3.375%	55,000	50,986	-
North American Forest Group	IDALDC	09/28/18	03/31/19	3.500%	400,000	399,805	-
North American Forest Group	SLRVRA	11/21/18	11/01/33	3.625%	100,000	100,030	-
North Racquette Greenery	GMEDF	12/22/10	06/01/20	2.625%	50,000	10,695	15,704
Potsdam Specialty Paper	IDALDC	06/02/17	08/01/31	3.125%	400,000	281,780	399,855
ProLine Striping	MICRO	06/02/14	06/01/19	4.000%	20,000	-	7,072
Riverside Iron, LLC	GMEDF	06/27/14	07/01/24	2.625%	100,000	59,011	67,882
Riverside Iron, LLC	SLRVRA	06/27/14	07/01/24	2.625%	100,000	59,011	67,882
Sandy Maine, Inc.	SLRVRA	06/08/18	06/01/23	3.375%	44,600	40,490	-
Shades Tanning	MICRO	10/17/12	10/17/22	4.000%	20,000	17,652	17,544
Sharrow's Home Repair	MICRO	06/02/14	06/01/19	4.000%	20,000	-	7,564
Sharrow's Home Repair	MICRO	10/12/18	10/01/23	4.000%	20,000	20,034	-
SLC IDA CIB	SLRVRA	12/04/14	11/01/21	1.000%	700,000	570,918	603,661
SLC IDA CIB	IDALDC	12/04/14	11/01/44	0.500%	700,000	612,620	634,623
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	6,043	7,416
St. Lawrence Brewing	IDALDC	02/08/13	02/01/20	2.625%	75,000	-	86,384
Structural Wood Corp	GMEDF	12/20/11	12/01/21	2.625%	150,000	49,070	64,621
Structural Wood Corp	SLRVRA	12/20/11	12/01/21	2.625%	150,000	49,070	64,621
Susan's Stitches	MICRO	12/07/12	12/07/17	4.000%	20,000	12,109	13,045
Swift Labs	SLRVRA	09/22/16	10/01/23	2.750%	30,000	20,958	25,464
Thew Associates	SLRVRA	11/05/18	11/01/23	3.675%	97,000	94,032	-
Unique Boutique Creatures	MICRO	07/28/11	08/01/16	4.000%	8,000	-	2,783
Waddington Auto Parts	MICRO	10/17/12	10/17/19	4.000%	20,000	11,766	12,750
Wright's Tool Sales	MICRO	10/02/15	09/01/20	4.000%	20,000	8,428	12,835
						6,171,329	5,983,975
						(319,000)	(387,200)
						<u>\$ 5,852,329</u>	<u>\$ 5,596,775</u>

Less Allowance for Bad Debts

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 7 - DETAILS OF MORTGAGES AND NOTES RECEIVABLE (Continued)**

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

December 31, 2019	\$	2,674,919
2020		751,781
2021		443,782
2022		367,328
2023		339,633
Thereafter		<u>1,593,886</u>
	\$	<u>6,171,329</u>

**NOTE 8 - 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 9 - 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.

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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - FAIR VALUE MEASUREMENTS (Continued)**

**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.

	<b>Quoted Prices in Active Identical Assets (Level 1)</b>	
	<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>

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

**NOTE 10 - FIXED ASSETS**

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

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

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 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 which are required to be recognized or disclosed in the accompanying financial statements.

**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, 2018, 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.

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

**NOTE 14 - LONG-TERM LEASES**

The SLCIDA-LDC entered into a long-term lease with Fockler Industries, LLC which commenced on November 1, 2015. Monthly lease payments are currently \$ 2,558. Total minimum future rents to be received will be \$ 30,696 for 2019, \$ 30,696 for 2020, and \$ 23,022 for 2021.

**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 structural 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 was transferred to Curran Renewable Energy, LLC.

**NOTE 16 - CONCENTRATION OF CREDIT RISK**

At December 31, 2018, the consolidated entities had bank balances totaling \$ 8,716,754. 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
- St. Lawrence County Property Development Corporation (SLCPDC)  
– Common Board Membership, Officers, and Management Agreements

Information on loans made to SLCIDA can be found in Note 4 and Note 7 of these financial statements.

Administrative fees paid to SLCIDA by SLCIDA-LDC totaled \$ 207,200 for both 2018 and 2017.

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY -  
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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 17 - RELATED PARTY TRANSACTIONS (Continued)**

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

Management fees paid to SLCIDA-LDC by SLCIDA-CDC totaled \$ 7,691 and \$ 3,201 for 2018 and 2017, respectively.

Management fees paid to SLCIDA-LDC by SLCPDC totaled \$ 2,794 for 2018.

**NOTE 18 - 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 was distributed by the SLRVRA in January 2019.

The SLCIDA-LDC authorized a in the amount of \$ 200,000 through board resolution No. LDC-18-12-30 on December 7, 2018. The proceeds for this loan was distributed by the SLCIDA-LDC 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 County Industrial Development Agency –  
Local Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 consolidated 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 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.

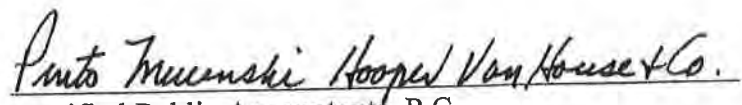


## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SLCIDA-LDC's consolidated 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 20, 2019