

**BUSINESS DEVELOPMENT CORPORATION FOR A GREATER
MASSENA, INC.**

Financial Statements

December 31, 2012

BARBARA S. DWYER

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Business Development Corporation for a Greater Massena, Inc.
Massena, New York 13662

I have audited the accompanying financial statements of the governmental activities of the Business Development Corporation for a Greater Massena, Inc., as of and for the years ended December 31, 2012, and 2011, which collectively comprise of the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. My responsibility is to express opinions on these financial statements based on my audits.

I conducted my 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 I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Agency, as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 22, 2013, on my consideration of the Agency's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 13 and of Schedule 1 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements of the Business Development Corporation for a Greater Massena, Inc. The additional information in Schedule 1's are presented for the purposes of additional analysis and is not a required part of the basic financial statements. The additional information in Schedule 1 is the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Barbara S. Dwyer, CPA

Lake Placid, New York
April 22, 2013

BARBARA S. DWYER

Certified Public Accountant

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518-523-9892

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Business Development Corporation for a Greater Massena, Inc.
Massena, New York

I have audited the financial statements of the Business Development Corporation for a Greater Massena, Inc. (a nonprofit organization), as of and for the years ended December 31, 2012 and December 31, 2011, and have issued my report thereon dated April 22, 2013. I conducted my audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Business Development Corporation for a Greater Massena, Inc.'s internal controls over financial reporting as a basis for designing my auditing procedures for the purpose of expressing financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Business Development Corporation for a Greater Massena's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Business Development Corporation for a Greater Massena's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Business Development Corporation for a Greater Massena, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, audit committee, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Barbara S. Dwyer, CPA

Lake Placid, New York
April 22, 2013

Business Development Corporation for a Greater Massena, Inc.
Management's Discussion and Analysis
December 31, 2012

The management of the Business Development Corporation for a Greater Massena, Inc., and industrial development corporation, (the Agency) offers readers of the Agency's financial statements this narrative discussion, overview, and analysis of the financial activities of the Agency for the fiscal year ending December 31, 2012. The Agency's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Financial Highlights

The Business Development Corporation for a Greater Massena, Inc.'s assets exceeded its liability by \$405,282 for the fiscal year ended December 31, 2012. This compares to the previous year when assets exceeded liabilities by \$447,066.

Total net assets comprise the following:

1. Capital assets of \$168,869, net of accumulated depreciation.
2. Unrestricted net assets of \$405,282 represents the portion available to continue the Agency's objectives to stimulate economic development in Massena, New York.

Total liabilities of the Agency decreased \$2,794 to \$5,799 during the fiscal year.

Revenues for the year ended December 31, 2012, totaled \$107,595 of which \$60,000 was Town and Village support, \$44,096 was grants, \$2,500 was miscellaneous support, and \$999 was interest income.

Overview of the Financial Statements:

The Agency's basic financial statements consist of four components; 1) the Management's Discussion and Analysis, 2) Fund financial statements, 3) Notes to the financial statements and 4) Supplemental information. Because the Agency is a special-purpose government agency engaged in business-type activities only, the financial statements are presented in accordance with paragraph 138 of GASB Statement 34. In addition to the financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Agency. In addition to the management's discussion and analysis, management has prepared the Statement of Net Assets, the Statement of Revenues, Expenses, and Change in Net Assets, and the Statement of Cash Flows, following the Management Discussion and Analysis.

Overview of the Agency:

The Agency's primary mission is to encourage economic growth and expansion through financial incentives, thus advancing job opportunities, health, general prosperity, and the economic welfare of the people of Massena, New York. The Agency's operations are funded entirely through Town and Village support, grants, fees, rents and interest income.

Business Development Corporation for a Greater Massena, Inc.

Management's Discussion and Analysis

December 31, 2012

Notes to the Financial Statements:

The next section of the financial statements is the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 11 through 12 of this report. After the notes, the supplemental information is provided to show details about the Agency's bonds and budget analysis.

Budgetary Highlights

The operating budget for the Agency was \$120,000 for the fiscal year ended December 31, 2012. Operating revenues were \$12,405 less than budget. Operating expenses were \$29,379 more than budget.

Financial Analysis

The Agency's comparative net assets are as follows:

The Agency's Net Assets

	<u>2012</u>	<u>2011</u>
Current Assets	\$ 242,212	288,521
Capital Assets, net	<u>168,869</u>	<u>167,138</u>
Total Assets	411,081	455,659
Current liabilities	<u>5,799</u>	<u>8,593</u>
Net Assets	<u>405,282</u>	<u>447,066</u>
Total Net Assets	\$ <u>405,282</u>	<u>447,066</u>

Net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Agency exceeded liabilities by \$405,282 as of December 31, 2012. The Agency's net assets decreased by \$41,784 for the year ended December 31, 2012. The largest portion of net assets (59.76%) reflects the Agency's investment in current assets.

Business Development Corporation for a Greater Massena, Inc.

Management's Discussion and Analysis

December 31, 2012

The Agency's Revenue and Expenses

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Town and Village Allocation	\$ 60,000	68,438
Grants	<u>44,096</u>	<u>4,680</u>
Total Operating Revenues	104,096	73,118
Other Revenues:		
Interest Income	999	457
Other Revenue	<u>2,500</u>	<u>2,657</u>
Total Other Revenue	<u>3,499</u>	<u>3,114</u>
Total Revenue	107,595	76,232
Operating Expenses:		
Personal Services	63,572	63,477
Administration	19,954	16,808
Program Expenses	47,630	19,033
Depreciation expense	<u>18,223</u>	<u>11,475</u>
Total Operating Expenses	<u>149,379</u>	<u>110,793</u>
Net Income (Loss)	<u>\$(41,784)</u>	<u>(34,561)</u>

Capital Assets

The Business Development Corporation for a Greater Massena, Inc.'s investment in capital assets, net of accumulated depreciation, for business-type activities as of December 31, 2012, was \$168,869. This investment in capital assets includes land, improvements, furniture and fixtures. The total decrease in the Agency's investment in capital assets for the 2012 fiscal year of \$18,223 and for the 2011 fiscal year of \$11,475 was due to the annual depreciation.

	<u>2012</u>	<u>2011</u>
<u>Nondepreciable:</u>		
Land	\$ 5,143	5,143
Construction in progress	16,654	5,000
<u>Depreciable:</u>		
Industrial Park Infrastructure	235,417	235,417
Furniture and Fixtures	29,909	29,909
Equipment		
Marketing video	23,500	15,200
Exhibit booth	9,309	9,309
Signage	4,221	4,221
Accumulated Depreciation	<u>(155,284)</u>	<u>(137,061)</u>
Total	\$ <u>168,869</u>	<u>167,138</u>

Business Development Corporation for a Greater Massena, Inc.
Management's Discussion and Analysis
December 31, 2012

Economic Factors and Next Year's Budget and Rates

The purpose of the Business Development Corporation for a Greater Massena, Inc. is to promote, develop, encourage and assist in economic development and job creation in Massena, New York.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Business Development Corporation for a Greater Massena, Inc.'s finances, comply with finance-related laws and regulations, and demonstrate the Agency's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Agency's administration at PO Box 5217, Massena, New York 13662.

BUSINESS DEVELOPMENT CORPORATION FOR A GREATER MASSENA, INC.
Statements of Financial Position

ASSETS	<u>2012</u>	<u>2011</u>
Current Assets		
Cash-Unrestricted	\$ 23,724	141,036
Cash-Grant Funds	1	1
Money Market Account	<u>218,487</u>	<u>147,484</u>
Total Current Assets	242,212	288,521
Land, Infrastructure, Furniture and Equipment		
Land	5,143	5,143
Construction in Progress	16,654	5,000
Industrial Park Infrastructure	235,417	235,417
Furniture and Fixtures	29,909	29,909
Marketing Video	23,500	15,200
Exhibit Booth	9,309	9,309
Signage	<u>4,221</u>	<u>4,221</u>
Total Land, Infrastructure, Furniture and Equipment	324,153	304,199
Less: Accumulated Depreciation	<u>(155,284)</u>	<u>(137,061)</u>
Net Land, Infrastructure, Furniture and Equipment	<u>168,869</u>	<u>167,138</u>
Total Assets	<u>\$ 411,081</u>	<u>455,659</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued payroll taxes	\$ 2,473	1,367
Advanced from St. Lawrence Industrial Development Agency	<u>3,326</u>	<u>7,226</u>
Total Current Liabilities	<u>5,799</u>	<u>8,593</u>
Total Liabilities	<u>5,799</u>	<u>8,593</u>
Net Assets		
Unrestricted	236,413	279,928
Net investment in capital assets	<u>168,869</u>	<u>167,138</u>
Total Unrestricted Fund	<u>405,282</u>	<u>447,066</u>
Total Net Assets	<u>405,282</u>	<u>447,066</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 411,081</u>	<u>455,659</u>

See accompanying notes to financial statements

BUSINESS DEVELOPMENT CORPORATION FOR A GREATER MASSENA, INC.
Statements of Activities

	Year ended December 31	
	<u>2012</u>	<u>2011</u>
SUPPORT:		
Town of Massena	\$ 30,000	32,500
Village of Massena	30,000	35,938
Grants	44,096	4,680
Miscellaneous support	2,500	2,657
Interest Income	<u>999</u>	<u>457</u>
TOTAL SUPPORT	107,595	76,232
EXPENDITURES:		
Personnel expenses	63,572	63,477
Marketing expenses	4,979	2,938
Conference, Trade Shows and Travel	8,745	9,808
Administrative expenses	19,954	16,808
Industrial Park expenses	241	6,287
Regrant	33,665	-
Depreciation expense	<u>18,223</u>	<u>11,475</u>
TOTAL EXPENSES	<u>149,379</u>	<u>110,793</u>
CHANGE IN NET ASSETS	(41,784)	(34,561)
Net Assets, beginning of year	447,066	555,299
Transfer of Assets (Note 3)	<u>-</u>	<u>(73,672)</u>
Net assets, end of year	<u>\$ 405,282</u>	<u>447,066</u>

See accompanying notes to financial statements

BUSINESS DEVELOPMENT CORPORATION FOR A GREATER MASSENA, INC.
Statements of Cash Flows

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (41,784)	(34,561)
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	18,223	11,475
Transfer of temporarily restricted funds	-	7,226
(Increase)decrease in:		
Accounts receivable	-	2,274
Increase (decrease)in:		
Accrued liabilities and payables	<u>(2,794)</u>	<u>(169)</u>
Net cash (used) provided by operating activities	(26,355)	(13,755)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(19,954)</u>	<u>(20,200)</u>
Net cash used in investing activities	<u>(19,954)</u>	<u>(20,200)</u>
Net (decrease) in cash	(46,309)	(33,955)
Cash at beginning of year	<u>288,521</u>	<u>322,476</u>
Cash at end of year	<u>\$ 242,212</u>	<u>288,521</u>

See accompanying notes to financial statements

BUSINESS DEVELOPMENT CORPORATION FOR A GREATER MASSENA, INC.
Notes to Financial Statements
December 31, 2012

Note 1: ORGANIZATION

The Business Development Corporation for a Greater Massena, Inc. (the Agency) is a public benefit corporation created by the New York State Legislature. The Town of Massena and the Village of Massena have appointees to the Agency's Board of Directors. It also may purchase, develop, manage, sell and lease real property, including land and buildings, for the purpose of creating jobs and serving the public welfare generally. The real property used for such public purpose is exempt from property tax by law. The Agency can also loan funds and administer those loans to businesses to promote economic development. The Agency can administer grants which promote economic development.

Note 2: SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Agency have been prepared on the accrual basis of accounting. The Agency follows the standards for external financial reporting by not-for-profit organizations which requires that resources be classified for accounting and reporting purposes into three net asset categories according to grant imposed restrictions.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of grant imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

- **Unrestricted net assets** include net assets that are not subject to grant or Board imposed stipulations.
- **Temporarily restricted net assets** include net assets subject to grant or Board imposed stipulations that may or will lapse either by actions of the Agency and/or the passage of time.
- **Permanently restricted net assets** include net assets subject to grant imposed restrictions with the intent that the Agency maintains the net assets permanently. Generally, the grantors of these assets permit the Agency to use all of the income earned or realized on related investments for general or specific purposes.

Revenues and Expenses

Revenues are reported as increase in unrestricted net assets unless use of the related assets is limited by grant-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Cash and Cash Equivalents

The Agency considers cash and any appropriate investment with the initial maturity date of three months or less to be cash and cash equivalents. Funds are segregated in separate accounts as requested by granting agencies.

Donated Services

The Agency has not received any donated services or goods. Thus, none has been reflected in the financial statements. On occasion it receives facilities and the policy on this is described below.

BUSINESS DEVELOPMENT CORPORATION FOR A GREATER MASSENA, INC.
Notes to Financial Statements
December 31, 2012

Note 2: SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Land, Infrastructure, Furniture and Equipment

Land, infrastructure, furniture and equipment are recorded at cost and include expenditures for new improvements that substantially increase the useful lives of existing infrastructure and equipment. Expenditures in the nature of normal repairs and maintenance are accounted for as expenses in the statement of activities of unrestricted net assets. Depreciation of infrastructure and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciation is recognized on general operating assets and industrial projects with current earnings. Assets in excess of \$1,000 are capitalized.

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 the reported amounts of assets and liabilities and applicable disclosures at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates of the Corporation and other revenues from nonexempt sources.

Note 3: TRANSFER OF ASSETS

The technology equipment which was purchased with grant funds to enhance broadband internet access to areas of St. Lawrence County were transferred to SLIC Network Solutions, Inc. The equipment is not an asset of the Agency as of December 31, 2011 nor were these assets subject to depreciation as part of the financial records of the Agency.

Note 4: COMMITMENTS

As of December 31, 2012 the Agency has been awarded grants which need to be fulfilled with the objective of stimulating economic growth and development.

Note 5: SUBSEQUENT EVENTS

The Agency has evaluated events and transactions that occurred between December 31, 2012 and April 22, 2013 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

BUSINESS DEVELOPMENT CORPORATION FOR A GREATER MASSENA, INC.
Schedules of Functional Expenses

	<u>2012</u>	<u>2011</u>
Personal Expenses		
Salaries	\$ 52,713	52,495
Payroll tax expense	6,673	4,450
Employee benefits	4,186	6,532
Total Personnel Expenses	<u>63,572</u>	<u>63,477</u>
Marketing Expenses		
Marketing	2,511	674
Supplies	2,468	2,264
Total Marketing Expenses	<u>4,979</u>	<u>2,938</u>
Conferences, Trade Shows and Travel		
Travel	6,956	8,574
Lodging	1,454	926
Meals	335	308
Total Conferences, Trade Shows and Travel	<u>8,745</u>	<u>9,808</u>
Administrative Expenses		
Dues	7,122	503
Insurance	3,912	5,529
Telephone	4,247	4,298
Postage	405	116
Accounting fees	4,170	5,820
Subscriptions and reference materials	92	382
Bank charges	6	160
Total Administrative Expenses	<u>19,954</u>	<u>16,808</u>
Industrial Park Expenses		
Professional fees	-	6,000
Water and sewer rent	241	287
Total Industrial Park Expenses	<u>241</u>	<u>6,287</u>
Re-grant	33,665	-
Depreciation expense	<u>18,223</u>	<u>11,475</u>
Total Expenses	<u>\$ 149,379</u>	<u>110,793</u>

See accompanying notes to financial statements