COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY

AND

CLINTON INDUSTRIAL DEVELOPMENT ACQUISITION, LLC

COMBINED FINANCIAL STATEMENTS

December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Trent Trahan, Chairperson
County of Clinton Industrial Development Agency
& Clinton Industrial Development Acquisition, LLC
Plattsburgh, New York

Report on the Financial Statements

We have audited the accompanying combined statement of net assets of the County of Clinton Industrial Development Agency (CCIDA) and Clinton Industrial Development Acquisition, LLC (CIDA, LLC) as of December 31, 2013 and December 31, 2012, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the CCIDA and CIDA, LLC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CCIDA and CIDA, LLC as of December 31, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting 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. We 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 and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2014 on our consideration of the CCIDA and CIDA, LLC's internal controls over financial reporting and our tests of their 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 *Government Auditing Standards* in considering the CCIDA and CIDA, LLC's internal controls over financial reporting and compliance.

Martindale Keysor & Co., PLLC

MARTINDALE KEYSOR & CO., PLLC

Plattsburgh, New York
March 25, 2014

County of Clinton Industrial Development Agency
190 Banker Road Suite 500
Plattsburgh, NY 12901

Management's Discussion and Analysis

For the Year Ended December 31, 2013

The following Management's Discussion and Analysis of the financial position of County of Clinton Industrial Development Agency (the "Agency") provides an overview of the Agency's financial activities for the year ended December 31, 2013. The MD&A should be read in conjunction with the Agency's financial statements and related notes.

The Mission of the Agency is to improve economic prosperity by undertaking and supporting projects that foster investment, job creation or job preservation in Clinton County, enhance workforce development and training opportunities for its residents, and provide for the general health and well-being of the people of Clinton County (the "County"). The Agency seeks projects that not only elevate the overall standard of living for County residents but also meet full regulatory requirements and investment criteria.

Financial Highlights

The creation of the Clinton Industrial Development Acquisition, LLC (the "LLC") as a single-member limited liability company wholly owned and controlled by the Agency and disregarded for federal income tax purposes intended to insulate the Agency from liability with respect to the following project (the "Project"); the acquisition and maintenance of the former research facility in Chazy, New York (the "Facility"). The Facility was purchased by the LLC for nominal consideration ($1.00) in order to prevent the Facility from falling into the hands of a liquidation entity, which would have scrapped anything of value and thus destroyed any potential for job creation or future investment in the community.

The Facility was used by its prior owner as a medical research and administrative complex that includes approximately 343,717 square foot main complex and approximately 42,343 square feet of auxiliary/support buildings located on an approximately 55.80 acre site in the Town of Chazy, Clinton County, New York.

The maintenance and marketing of the facility was only made possible by a $1.2 million operations subsidy grant (the "ESD Grant") from Empire State Development Corporation ("ESDC"). The provisions of the ESDC Grant require that the Agency/LLC remit to ESD all net proceeds of any sale or other disposition of the Facility received by the Agency/LLC until all amounts received under the ESD Grant have been repaid in full. The provisions of the ESDC grant also provide that the Facility may not be transferred or conveyed without the prior consent of ESDC.

The main goal of the Project was to maintain the Facility for a period of up to two-years (2012-2014) while marketing it to a suitable end-user that would create jobs and be acceptable to ESD.

In June of 2013, the Agency successfully transferred the property, for a nominal fee, to Northstar41, LLC, a local private development group that is committed to the redevelopment of the site, including the creation of at least 21 new jobs. Northstar41, LLC and the Agency closed on a PILOT agreement on March 3, 2014.

Additionally the IDA closed on several deals and amended current projects that all contributed to the financial health of the organization. They are as follows:

- The re-conveyance of the two Battat properties was complete and properties placed on the tax rolls;
- Approved and closed an application on the construction of a new 20,000 sf. industrial building by The Development Corporation;
- Approved changes to the existing CVPH bond deals;
- Consented to CVPH request leasing of a portion of the project's building to a for-profit organization. Directs CVPH to redeem the non-qualified portion of the Bond on or within 90 days after the date of the execution and delivery of the lease.
- Modified the Marble River Wind Farm agreement to exclude certain parcels of property that were not included in the final project;
- Authorized execution of the Third Amendment to the Saranac Power Partners PILOT agreement extending the duration of the alternative payment schedule an additional three (3) years and requiring the company to provide annual financial data to the IDA;
- Commenced re-conveyance of the V. Fraas project agreement - subsequent property to be placed back on tax rolls.

Overview of Financial Statements

The statements of net assets and the statements of activities report information about the Agency as a whole and about its activities. These statements include assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Agency's net assets and changes in them from one year to the next. The Agency's net assets, the difference between assets and liabilities, are one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net assets are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Agency's fee income and fluctuation of the Agency's expenses, to assess the overall health of the Agency.

Notes to Financial Statements

The financial statements also include notes that explain the information in the financial statements. They are essential to a full understanding of the data provided in the financial statements.

Contacting the Agency's Administration

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact Erin Hynes, Executive Director, County of Clinton IDA, 190 Banker Road, Suite 500, Plattsburgh, NY 12901.

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY & CLINTON INDUSTRIAL DEVELOPMENT ACQUISITION, LLC
COMBINED STATEMENT OF NET ASSETS
December 31, 2013 And 2012

ASSETS	2013	2012
Cash	$ 339,385	$ 549,111
Due From TDC	65,000	-
Due From NYS Grant	-	286,227
Total Assets	$ 404,385	$ 835,338
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 13,381	$ 133,345
Line of Credit Payable	-	181,812
Total Liabilities	13,381	315,157
NET ASSETS		
Unrestricted	391,004	520,181
Total Liabilities And Net Assets	$ 404,385	$ 835,338

The accompanying notes should be read in conjunction with these financial statements.

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY & CLINTON INDUSTRIAL DEVELOPMENT ACQUISITION, LLC
COMBINED STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2013 And 2012

	2013	2012
REVENUES		
NYS - Grant Income	$ 595,530	$ 579,009
Fee Income	14,000	-
Application Income	3,000	-
Total Revenues	612,530	579,009
EXPENSES		
Adminstration Fees	126,950	117,537
Property Oversight/Maintenance	196,422	201,694
Pest Control	740	1,090
Water Treatment	42,000	25,690
Fire System Maintenance	4,435	3,464
Environmental Testing	-	3,900
DEC Training	-	6,872
DEC Expense	2,260	2,500
Intrest	318	-
Utilities	174,662	154,879
Telephone	1,075	2,023
Office	4,349	-
Marketing	35,451	17,859
Legal and Professional	152,210	84,528
Security	-	14,429
Insurance	835	85,318
Total Expenses	741,707	721,783
DECREASE IN NET ASSETS	(129,177)	(142,774)
NET ASSETS, As Previously Stated	520,181	190
PRIOR PERIOD ADJUSTMENT	-	662,765
NET ASSETS, End Of Year	$ 391,004	$ 520,181

The accompanying notes should be read in conjunction with these financial statements.

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY & CLINTON INDUSTRIAL DEVELOPMENT ACQUISITION, LLC
COMBINED STATEMENT OF CASH FLOWS
For The Years Ended December 31, 2013 And 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From The Development Corporation	$ -	$ 545,228
Cash Received From NYS Grant	881,757	292,782
Cash Payments For NYS Grant	(703,638)	(470,901)
Cash Received For Admin Activities	17,000	-
Cash Payments Advance To TDC	(65,000)	
Cash Payments For Non-Grant Expenses	(158,033)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(27,914)	367,109
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
Net Proceeds/(Payments) On Line of Credit	(181,812)	181,812
NET INCREASE (DECREASE) IN CASH	(209,726)	548,921
CASH, Beginning	549,111	190
CASH, Ending	$ 339,385	$ 549,111
Reconciliation of Decrease in Net Assets to Net Cash Provided by Operating Activities:		
Decrease In Net Assets	$ (129,177)	$ (142,774)
Adjustments To Reconcile Decrease In Net Assets To Net Cash Provided By Operating Activities:		
(Increase) Decrease In:		
Due From NYS Grant	286,227	(286,227)
Due From TDC	(65,000)	-
Accounts Payable	(119,964)	133,345
Due From CCIDA	-	662,765
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (27,914)	$ 367,109

The accompanying notes should be read in conjunction with these financial statements.

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY AND
CLINTON INDUSTRIAL DEVELOPMENT ACQUISITION, LLC
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF SIGNIFICANT ACCOUNTING POLICIES

Nature Of Activities

The accounting policies of the County of Clinton Industrial Development Agency (CCIDA) and Clinton Industrial Development Acquisition, LLC (CIDA, LLC) conform to generally accepted accounting principles, with the exception noted in Note 2. Policies outlined here, and in other notes, include all policies considered significant.

County of Clinton Industrial Development Agency was formed in 1971 as a public benefit corporation by action of the New York State Legislature. The purpose is to promote the sale and development of land and buildings for industrial development purposes jointly with The Development Corporation. The Agency issued both tax-exempt and taxable industrial development revenue bonds pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York.

During 2012 the County of Clinton Industrial Development Agency formed a new Limited Liability Company (Clinton Industrial Development Acquisition, LLC) to acquire and market the former Wyeth/Pfizer research facility in Chazy, NY. In conjunction with this a reimbursable grant for $1,200,000 was obtained from the state of New York.

In an agreement with The Development Corporation, for an established annual fee, The Development Corporation provides all necessary administrative services to the Agency.

Taxes On Income

As a municipal entity, the CCIDA and CIDA, LLC are exempt organizations for income tax purposes.

Donated Services

The value of donated services (Agency members) is not reflected in the accompanying financial statements, because no objective basis is available to measure the value of such services.

Events Occurring After Reporting Date

The Companies have evaluated events and transactions that occurred between December 31, 2013 and March 25, 2014, which is the date the financial statements were issued, for possible disclosure and recognition in the financial statements.

Cash

Cash consists of two checking accounts held at one financial institution.

Grant Income Accounting

These financial statements reflect the accrual accounting for a reimbursable grant received from the state of New York, wherein as reimbursable expenses are incurred they are recorded both as expenses and NYS Grant revenue.

Accounting For Uncertainty In Income Taxes

The Corporations have adopted the provision pertaining to uncertain tax positions (ASC Topic 740) and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

2. DUE FROM TDC

Due from TDC represents cash advanced to The Development Corporation in conjunction with a further advance to a developer. The advance was due to mature March 31, 2014. However the developer has asked for an extension of time for repayment. The funds are due from The Development Corporation and not the developer.

3. NYS GRANT AND FORMATION OF RELATED LLC

In March of 2012, the County of Clinton Industrial Development Agency (the "Agency") created the Clinton Industrial Development Acquisition, LLC (the "LLC") for the express purpose of (1) temporarily holding the former Pfizer Research facility located at 641 Ridge Road in Chazy, New York (the "Facility"), and (2) insulating the Agency from the environmental and other liabilities that might have jeopardized the existence of the Agency were the Agency to own the Facility in its own name, rather than in the name of a captive LLC. The Agency is the sole member and is the manager of the LLC. The Agency has determined that the proposed disposition is within the purpose, mission and governing statutes of the Agency, and thus is exempted from public advertising for bids pursuant to PAL Section 2897(6)(c)(v) and from obtaining fair market value pursuant to PAL Section 2897(7)(a)(ii).

It was, however, the decision of the board of directors to not retain this property as a long term asset. The facility was accepted only in conjunction with a NYS Grant which allowed the Agency to finance the annual maintenance of the property. In 2013 the property was transferred to an independent purchaser and the grant terminated.

4. LINE OF CREDIT

Line of Credit Payable represents monies advanced from The Development Corporation for borrowings under a line of credit established in 2012 between the two organizations. The Development Corporation had extended a maximum $350,000 line of credit strictly for the purpose of financing Clinton Industrial Development Acquisition, LLC (CIDA, LLC) expenses relating to the administration of a New York State Urban Development Grant through Empire State Development. The borrowing on this line by CIDA, LLC was further limited to the available balance due from the grant at any one time. As the grant was a reimbursable grant, expenses were incurred by CIDA, LLC and then repayment was applied for from the grant. The line required interest at one tenth of one percent (0.001) and was to mature December 31, 2015, or such later or earlier date, as may be mutually agreeable. At December 31, 2013 the grant was finished and the line of credit had terminated.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The CCIDA and CIDA, LLC's financial instruments are cash, due from NYS grant, accounts payable, and line of credit payable. The recorded values of cash, due from NYS grant, accounts payable and line of credit payable approximate their fair values based on their short-term nature.

6. CONTINGENT LIABILITIES

Also, the CCIDA is contingently liable for legal fees related to a proposed major project at the Plattsburgh Airbase Redevelopment Corporation. Should the project not happen, the CCIDA would owe $150,000 in legal fees. The completion status of this project is unknown at the date of these financial statements.

7. CONCENTRATION OF CREDIT RISK

The Agency's investment policies are governed by New York State statutes. There were no investments at December 31, 2013. All deposits are carried at fair value.

CCIDA and CIDA, LLC maintain all cash balances in one financial institution in Plattsburgh, NY. As of December 31, 2013, all accounts held at this FDIC-insured bank are noninterest-bearing accounts. From December 31, 2010 through December 31, 2012, all noninterest-bearing transaction accounts were fully insured by the FDIC, regardless of the balance of the account and the ownership capacity of the funds. This coverage was available to all depositors, including consumers, businesses, and government entities. Beginning in 2013, all accounts, regardless of interest bearing or non-interest bearing status are covered by FDIC only up to $250,000. At times during 2013 the organization had account balances greater than the $250,000 coverage limitation.

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

Trent Trahan, Chairperson
County of Clinton Industrial Development Agency
& Clinton Industrial Development Acquisition, LLC
Plattsburgh, 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 financial statements of the County of Clinton Industrial Development Agency (CCIDA) and Clinton Industrial Development Acquisition, LLC (CIDA, LLC) as of December 31, 2013, and the related notes to the financial statements, which collectively comprise the CCIDA and CIDA, LLC's basic financial statements, and have issued our report thereon dated March 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CCIDA and CIDA, LLC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CCIDA and CIDA, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of the CCIDA and CIDA, LLC'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 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 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.

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
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CCIDA and CIDA, LLC's financial statements are free of 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martindale Keysor + Co., PLLC
MARTINDALE KEYSOR & CO., PLLC

Plattsburgh, New York
March 25, 2014

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Trent Trahan, Chairperson
County of Clinton Industrial Development Agency
& Clinton Industrial Development Acquisition, LLC
Plattsburgh, New York

We have audited the combined financial statement of the County of Clinton Industrial Development Agency (CCIDA) and Clinton Industrial Development Acquisition, LLC (CIDA, LLC) as of December 31, 2013, and our report thereon dated March 25, 2014, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Indebtedness-Bonds, Straight Lease Project Maturities-2013 Report, and Schedules of Supplemental Information (Bonds/Notes or Straight Lease) are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statement 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Martindale Keysor + Co., PLLC
MARTINDALE KEYSOR & CO., PLLC

Plattsburgh, New York
March 25, 2014