

**ST. LAWRENCE COUNTY
LOCAL DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2015 AND 2014**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position, December 31, 2015 and 2014	3
Statements of Activities For the Years Ended December 31, 2015 and 2014	4
Statements of Cash Flows For the Years Ended December 31, 2015 and 2014	5
Notes to Financial Statements	6 - 10
Supplementary Information	11 - 12
Report on Internal Control and Compliance	13 - 15



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
St. Lawrence County Local Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the St. Lawrence County Local Development Corporation (SLC LDC) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SLC LDC as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

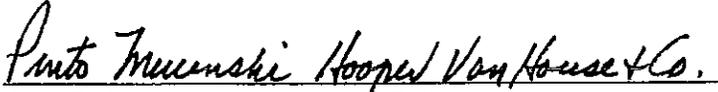
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on Page 12 is presented for purposes of additional analysis and is 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 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 our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2016, on our consideration of SLC LDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SLC LDC's internal control over financial reporting and compliance.


Piotr Trzcinski Hoopes Van House & Co.
Certified Public Accountants, P.C.

March 3, 2016

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION

**STATEMENTS OF FINANCIAL POSITION,
DECEMBER 31, 2015 AND 2014**

	<u>12/31/2015</u>	<u>12/31/2014</u>
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 110,501	\$ 71,944
Loans Receivable (Net of Allowance)	20,123	76,128
Accrued Interest Receivable	<u>579</u>	<u>2,567</u>
Total Current Assets	131,203	150,639
LONG-TERM ASSETS:		
Loans Receivable - Net of Current Portion	<u>130,585</u>	<u>163,365</u>
TOTAL ASSETS	<u><u>261,788</u></u>	<u><u>314,004</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	<u>2,600</u>	<u>1,208</u>
NET ASSETS:		
Unrestricted	110	110
Unrestricted - Board Designated	<u>259,078</u>	<u>312,686</u>
Total Net Assets	<u>259,188</u>	<u>312,796</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 261,788</u></u>	<u><u>\$ 314,004</u></u>

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

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>12/31/2015</u>	<u>12/31/2014</u>
SUPPORT AND REVENUE:		
Interest Income - Loans	\$ 8,617	\$ 9,275
Interest Income - Banks	19	15
Other Income	<u>735</u>	<u>690</u>
Total Support and Revenue	<u>9,371</u>	<u>9,980</u>
EXPENSES:		
Program Services	53,917	-
Management and General	<u>9,062</u>	<u>13,660</u>
Total Expenses	<u>62,979</u>	<u>13,660</u>
CHANGE IN NET ASSETS	(53,608)	(3,680)
Net Assets - Beginning of Year	<u>312,796</u>	<u>316,476</u>
Net Assets - End of Year	<u>\$ 259,188</u>	<u>\$ 312,796</u>

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

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>12/31/2015</u>	<u>12/31/2014</u>
OPERATING ACTIVITIES:		
Change in Net Assets	\$ (53,608)	\$ (3,680)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Bad Debts and Bad Debt Reserve	53,917	-
Changes in Operating Assets and Liabilities:		
Accrued Interest Receivable	1,988	(895)
Accounts Payable	<u>1,392</u>	<u>1,208</u>
Net Cash Provided (Used) By Operating Activities	<u>3,689</u>	<u>(3,367)</u>
INVESTING ACTIVITIES:		
New Loans	(20,000)	(60,000)
Payments Received on Loans	<u>54,868</u>	<u>49,011</u>
Net Cash Provided (Used) By Investing Activities	<u>34,868</u>	<u>(10,989)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,557	(14,356)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>71,944</u>	<u>86,300</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 110,501</u>	<u>\$ 71,944</u>

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

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 - NATURE OF ACTIVITIES

The St. Lawrence County Local Development Corporation (SLC 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. The SLC LDC was 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.

On July 18, 2012, the SLC LDC authorized amendments to its Bylaws and Certificate of Incorporation to amend and modify the SLC LDC's membership requirements. The amendments automatically extended membership on the SLC LDC's Board to all members of the Board of Directors of the St. Lawrence County Industrial Development Agency.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of SLC LDC have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The SLC LDC has adopted *FASB ASC 958-205*. Under this standard, the SLC LDC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the SLC LDC is required to present a statement of cash flows. As directed by this statement, the SLC LDC has arranged its financial statements to present the three classes of net assets required, as applicable.

Contributions

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

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.

**ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of reporting cash flows, the SLC LDC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The SLC LDC was determined to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code shortly after formation.

Accounting principles generally accepted in the United States of America require the SLC LDC to evaluate all significant tax positions. As of December 31, 2015, the SLC LDC does not believe that it has taken any positions that would require the recording of any tax liability or tax benefit.

NOTE 3 - LOANS RECEIVABLE

The SLC LDC carries its loans receivable at cost recognizing interest income on the accrual basis as specified in the various loan agreements. The SLC LDC evaluates the collectability of its loans receivable and the Board establishes write-offs when considered necessary. The amount written off during December 31, 2015 and 2014 was \$ 53,917 and \$ -0-, respectively. The amount added to the loan loss reserve at December 31, 2015 and 2014 was \$ 26,500 and \$ -0-, respectively. The loan loss reserve at December 31, 2015 and 2014 was \$ 26,500 and \$ -0-, respectively.

During 2015 the following loans were paid in full:

- Honey Dew Acres
- St. Lawrence Valley Roasters

**ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (Continued)**

NOTE 3 - LOANS RECEIVABLE (Continued)

Loans Receivable balances at December 31, 2015 and 2014 consisted of the following:

<u>Loans</u>	<u>Origin</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>	
					<u>2015</u>	<u>2014</u>
Adirondack Battery	12/07/11	12/01/16	4.0%	20,000	\$ 4,707	\$ 9,110
AKJ Marine	08/22/07	08/22/12	4.0%	20,000	-	12,036
Felician House B & B	02/01/08	07/01/18	4.0%	11,200	3,636	4,733
Gordon's Frame to Finish	05/31/12	05/31/17	4.0%	20,000	18,711	18,974
Hebel Welding	10/22/14	10/01/24	4.0%	20,000	17,804	19,527
Honey Dew Acres	11/17/10	12/01/20	4.0%	20,000	-	12,892
Maple Run Emporiums	04/08/11	04/01/16	4.0%	20,000	1,174	6,107
New Horizons Wireless	03/30/11	04/01/16	4.0%	20,000	2,016	6,075
ProLine Striping	06/02/14	06/01/19	4.0%	20,000	14,965	16,801
River Lane Campground	06/08/10	07/01/15	4.0%	19,750	3,990	7,293
Sam's Party Tents	01/18/13	02/01/18	4.0%	20,000	10,276	14,134
Shades Tanning	10/17/12	10/17/22	4.0%	20,000	17,572	17,377
Sharrow's Home Repair	06/02/14	06/01/19	4.0%	20,000	15,169	19,053
Splendid Spaces	11/02/12	11/02/22	4.0%	14,900	10,249	11,583
St Lawrence Valley Roasters	12/07/11	12/01/16	4.0%	18,307	-	7,770
Sugar Shack Café & Bakery	07/26/11	08/01/16	4.0%	15,000	-	12,525
Susan's Stitches	12/07/12	12/07/17	4.0%	20,000	14,881	15,225
Tony's Canvas	07/06/11	07/01/16	4.0%	5,000	167	1,334
Unique Boutique Creatures	07/28/11	08/01/16	4.0%	8,000	3,748	4,362
Valley Greenery	06/30/09	04/01/17	4.0%	20,000	1,956	5,230
Waddington Auto Parts	10/17/12	10/17/19	4.0%	20,000	16,190	17,352
Wright's Tool Sales	10/02/15	09/01/20	4.0%	20,000	19,997	-
					\$ 177,208	\$ 239,493
				Less Allowance for Bad Debts	(26,500)	-
					\$ 150,708	\$ 239,493

Future maturities of the loans receivable are as follows:

December 31, 2016	\$ 46,623
2017	31,416
2018	26,012
2019	21,435
2020	15,164
Thereafter	36,558
	<u>\$ 177,208</u>

**ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (Continued)**

NOTE 4 - LOANS IN ARREARS

As of December 31, 2015, the following loans were in arrears:

Susan's Stitches: The account is in arrears. However, payments are being made.

NOTE 5 - LOANS IN DEFAULT

As of December 31, 2015, there were no loans in default.

NOTE 6 - LOANS WITH RENEGOTIATED PAYMENT SCHEDULES

Gordon's Frame to Finish: A new payment agreement was executed in March 2015 and staff continues to work with the client. The account is current at this time.

Waddington Auto Parts / GT Speed Shop: A new payment agreement was executed in September 2015 and the account remains current.

Shades Tanning: A new payment agreement was executed in October 2015 and the account remains current.

Susan's Stitches: A new payment agreement was executed in June 2015 and the account is in arrears, but payments continue to be made.

NOTE 7 - LOANS WRITTEN OFF

The following loans have been written off as bad debt expense in 2015.

AKJ Marine
Sugar Shack Bakery & Café

NOTE 8 - NET ASSETS – UNRESTRICTED - BOARD DESIGNATED

Board designated net assets consist of amounts designated for a revolving loan program established to benefit and promote qualified businesses within St. Lawrence County. The program assists in promoting business and economic growth within the County.

NOTE 9 - COMMUNITY DEVELOPMENT BLOCK GRANT

In 2011 the SLC LDC committed to make 10 grants through the Community Development Block Grant program. In 2011 grant expenditures totaled \$194,273. In 2012 the remainder of the committed grants amounting to \$5,727 was expended. The total of the completed grant expenditures was \$200,000. On June 24, 2015 a certificate of completion was received from New York State approving the close-out of the grant.

**ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (Continued)**

NOTE 10 - SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from January 1, 2016 through March 3, 2016, the date the financial statements were available to be issued, for possible disclosure and, or, recognition in the financial statements. The SLC LDC is in the process of dissolution. The intent is to dissolve SLC LDC at December 31, 2015, at the end of the fiscal and reporting year. The assets and liabilities of the SLC LDC will be transferred to the St. Lawrence County Industrial Development Agency Local Development Corporation (SLCIDA-LDC). Management believes this dissolution will reduce duplication and unnecessary costs in the delivery of the programs of the SLC LDC and the SLCIDA-LDC.

There were no other events or transactions that existed which would provide additional pertinent information about conditions at the balance sheet date required to be recognized or disclosed in the accompanying financial statements.

NOTE 11 - RECLASSIFICATIONS

Certain amounts in the 2014 financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

SUPPLEMENTARY INFORMATION

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Professional Fees and Contracts	\$ -	\$ 8,812	\$ 8,812	\$ -	\$ 6,160	\$ 6,160
Administrative Fees	-	250	250	-	7,500	7,500
Bad Debts - Small Business Loans	27,417	-	27,417	-	-	-
Bad Debt Reserve	26,500	-	26,500	-	-	-
Total Expenses	<u>\$ 53,917</u>	<u>\$ 9,062</u>	<u>\$ 62,979</u>	<u>\$ -</u>	<u>\$ 13,660</u>	<u>\$ 13,660</u>

See Independent Auditor's Report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
St. Lawrence County Local Development Corporation

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 St. Lawrence County Local Development Corporation (SLC LDC) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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 3, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SLC 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SLC LDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the SLC 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.

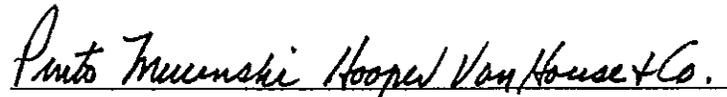
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 SLC LDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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

March 3, 2016