

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

Financial Statements

December 31, 2011

BARBARA S. DWYER

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Business Development Corporation for a Greater Massena, Inc., a not-for-profit organization, for the years ended December 31, 2011 and December 31, 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Business Development Corporation for a Greater Massena, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and an audit of federal grant programs in accordance with the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and should refer to this report in this binder. Those standards require that I plan and perform the audit 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 statement presentation. An audit also includes assessing the accounting principles uses and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Business Development Corporation for a Greater Massena, Inc. as of December 31, 2011 and December 31, 2010, and results of its activities and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued our report dated May 18, 2012 on my consideration of the Business Development Corporation for a Greater Massena, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.


Barbara S. Dwyer, CPA

Lake Placid, New York
May 18, 2012
Reissued October 22, 2012

BARBARA S. DWYER

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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, 2011 and December 31, 2010, and have issued my report thereon dated May 18, 2012. 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
May 18, 2012
Reissued October 22, 2012

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

ASSETS	<u>2011</u>	<u>2010</u>
Current Assets		
Cash-Unrestricted	\$141,036	196,940
Cash-Grant Funds	1	11,615
Money Market Account	147,484	113,921
Account receivable	<u>-</u>	<u>2,274</u>
Total Current Assets	288,521	324,750
Land, Infrastructure, Furniture and Equipment		
Land	5,143	5,143
Construction in Progress	5,000	
Industrial Park Infrastructure	235,417	235,417
Technology Equipment		73,672
Furniture and Fixtures	29,909	29,909
Marketing Video	15,200	
Exhibit Booth	9,309	9,309
Signage	<u>4,221</u>	<u>4,221</u>
Total Land, Infrastructure, Furniture and Equipment	304,199	357,671
Less: Accumulated Depreciation	<u>(137,061)</u>	<u>(125,586)</u>
Net Land, Infrastructure, Furniture and Equipment	<u>167,138</u>	<u>232,085</u>
Total Assets	<u>\$ 455,659</u>	<u>556,835</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued payroll taxes	1,367	1,536
Advanced from St. Lawrence Industrial Development Agency	<u>7,226</u>	<u>-</u>
Total Current Liabilities	<u>8,593</u>	<u>1,536</u>
Total Liabilities	<u>8,593</u>	<u>1,536</u>
Net Assets		
Unrestricted	279,928	320,940
Net investment in capital assets	<u>167,138</u>	<u>232,085</u>
Total Unrestricted Fund	447,066	553,025
Temporarily Restricted	<u>-</u>	<u>2,274</u>
Total Net Assets	<u>447,066</u>	<u>555,299</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 455,659</u>	<u>556,835</u>

See accompanying notes to financial statements

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

	Year ended December 31	
	<u>2011</u>	<u>2010</u>
SUPPORT:		
Town of Massena	\$ 32,500	66,901
Village of Massena	35,938	60,522
Grants	4,680	25,553
Miscellaneous support	2,657	2,585
Interest Income	<u>457</u>	<u>191</u>
TOTAL SUPPORT	76,232	155,752
EXPENDITURES:		
Personnel expenses	63,477	84,849
Marketing expenses	2,938	11,358
Conference, Trade Shows and Travel	9,808	43,500
Administrative expenses	16,808	19,790
Industrial Park expenses	6,287	4,803
Regrant		13,300
Depreciation expense	<u>11,475</u>	<u>10,544</u>
TOTAL EXPENSES	<u>110,793</u>	<u>188,144</u>
CHANGE IN NET ASSETS	(34,561)	(32,392)
Net Assets, beginning of year	555,299	587,691
Transfer of Assets (Note 3)	<u>(73,672)</u>	<u> </u>
Net assets, end of year	<u>\$ 447,066</u>	<u>555,299</u>

See accompanying notes to financial statements

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

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (34,561)	(32,392)
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	11,475	10,544
Transfer of temporarily restricted funds	7,226	-
(Increase)decrease in:		
Accounts receivable	2,274	(2,274)
Increase (decrease)in:		
Accrued liabilities and payables	<u>(169)</u>	<u>1,536</u>
Net cash (used) provided by operating activities	(13,755)	(22,586)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(20,200)</u>	<u>(10,397)</u>
Net cash used in investing activities	<u>(20,200)</u>	<u>(10,397)</u>
Net increase in cash	(33,955)	(32,983)
Cash at beginning of year	<u>322,476</u>	<u>355,459</u>
Cash at end of year	<u>\$ 288,521</u>	<u>322,476</u>

BUSINESS DEVELOPMENT CORPORATION FOR A GREATER MASSENA, INC.
Notes to Financial Statements
December 31, 2011

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, 2011

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, 2011 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, 2011 and May 18, 2012 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Note 6: REISSUANCE OF FINANCIAL STATEMENTS

In the originally issued financial statements, an advance from the St. Lawrence Industrial Development Agency was in the statement of financial position as temporarily restricted funds. This is really an agency relationship where the Business Development Corporation for a Greater Massena, Inc. does not control the application of these funds. These funds must be used as directed by St. Lawrence Industrial Development Agency. Therefore, the balance has been restated as a liability in the statement of financial position.

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

	<u>2011</u>	<u>2010</u>
Personal Expenses		
Salaries	\$ 52,495	70,689
Payroll tax expense	4,450	8,303
Employee benefits	<u>6,532</u>	<u>5,857</u>
Total Personnel Expenses	<u>63,477</u>	<u>84,849</u>
Marketing Expenses		
Printing and reproduction		244
Marketing	674	3,444
Supplies	2,264	6,546
Consulting		<u>1,124</u>
Total Marketing Expenses	<u>2,938</u>	<u>11,358</u>
Conferences, Trade Shows and Travel		
Conferences and Trade Shows		27,074
Travel	8,574	9,379
Lodging	926	4,614
Freight		1,876
Meals	<u>308</u>	<u>557</u>
Total Conferences, Trade Shows and Travel	<u>9,808</u>	<u>43,500</u>
Administrative Expenses		
Dues	503	5,656
Insurance	5,529	5,171
Telephone	4,298	4,574
Postage	116	2,421
Accounting fees	5,820	1,120
Subscriptions and reference materials	382	545
Bank charges	160	188
Contract labor		<u>115</u>
Total Administrative Expenses	<u>16,808</u>	<u>19,790</u>
Industrial Park Expenses		
Equipment rental and maintenance		2,175
Professional fees	6,000	2,105
Water and sewer rent	<u>287</u>	<u>523</u>
Total Industrial Park Expenses	<u>6,287</u>	<u>4,803</u>
Re-grant		13,300
Depreciation expense	<u>11,475</u>	<u>10,544</u>
Total Expenses	<u>\$ 110,793</u>	<u>188,144</u>

See accompanying notes to financial statements