

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY –
LOCAL DEVELOPMENT CORPORATION (CONSOLIDATED) (SLCIDA-LDC)

TABLE OF CONTENTS

DECEMBER 31, 2011

			<u>Page(s)</u>
<u>Independent Auditors' Report</u>			
<u>EXHIBIT I</u>	-	<u>Statements of Financial Position</u>	1
<u>EXHIBIT II</u>	-	<u>Statements of Activities</u>	2
<u>EXHIBIT III</u>	-	<u>Statements of Cash Flows</u>	3
<u>EXHIBIT IV</u>	-	<u>Statements of Functional Expenses</u>	4
<u>Notes to Financial Statements</u>			5 – 11
<u>Auditor's Required Communications</u>			12 – 14



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
St. Lawrence County Industrial Development
Agency—Local Development Corporation
Canton, New York 13617

We have audited the accompanying statement of financial position of the St. Lawrence County Industrial Development Agency—Local Development Corporation (Consolidated) (SLCIDA-LDC), which includes the Greater Massena Economic Development Fund (GMEDF), and the St. Lawrence River Valley Redevelopment Agency (SLRVRA) as of December 31, 2011, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the SLCIDA-LDC's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our 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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the SLCIDA-LDC (Consolidated) as of December 31, 2011, and the changes in their consolidated net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Pinto Mucenski Hooper Van House & Co.
Certified Public Accountants, P.C.
Ogdensburg, New York
March 26, 2012

SLCIDA-LDC (CONSOLIDATED)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

2011

ASSETSCurrent Unrestricted Assets

Cash in Bank \$ 121,921

Total Current Unrestricted Assets 121,921

Current Restricted Assets

Cash 15,107,968

Security Deposits 34,000

Accrued Interest Receivable 38,730

Mortgage Receivable - Current 79,646

Notes Receivable - Current 764,496

Total Current Restricted Assets 16,024,840

Restricted Fixed Assets - Net 1,307,942Long-Term Restricted Assets

Mortgage Receivable - Long Term 515,931

Notes Receivable - Long Term 3,319,376

Total Long-Term Restricted Assets 3,835,307

Total Restricted Assets 21,168,089

Total Assets **21,290,010**LIABILITIES AND NET ASSETSCurrent Liabilities

Rental Deposits 34,000

Total Current Liabilities 34,000

Total Liabilities 34,000

Net Assets

Unrestricted 121,921

Temporarily Restricted 21,134,089

Total Net Assets 21,256,010

Total Liabilities and Net Assets **\$ 21,290,010**

SLCIDA-LDC (CONSOLIDATED)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<u>Support</u>			
Interest Income	\$ 19	\$ 177,120	\$ 177,139
Rental Income	-	74,783	74,783
Administration Fees	300,000	-	300,000
Miscellaneous Income	200	2,630	2,830
	<hr/>		
Total Support	300,219	254,533	554,752
<hr/>			
<u>Expenses</u>			
<u>Program Services</u>			
Administration	-	9,000	9,000
Bad Debt Expense	-	201,246	201,246
Contractual	-	375,196	375,196
Community Development	-	56,079	56,079
Depreciation	-	2,333	2,333
Filing Fees	-	258	258
Insurance	-	11,633	11,633
Legal Expense	-	280	280
Miscellaneous	-	200	200
Property Taxes	-	20,535	20,535
Underwriting/Credit Reports	-	938	938
Utilities	-	12	12
	<hr/>		
Total Program Services	-	677,710	677,710
<hr/>			
<u>Management and General</u>			
Accounting Expense	-	7,008	7,008
County Reimbursement	-	-	-
Depreciation Expense	-	15,297	15,297
Employee Benefits	622	-	622
Insurance	-	1,792	1,792
Legal Expenses	-	24,160	24,160
Memberships & Dues	-	175	175
Meeting Expenses	-	406	406
Miscellaneous Expense	-	741	741
Payroll Processing Fees	1,751	-	1,751
Payroll Taxes	2,043	-	2,043
RVRDA Partnership Expense	300,000	-	300,000
Salaries	29,994	-	29,994
	<hr/>		
Total Management and General	334,410	49,579	383,989
	<hr/>		
Total Expenses	334,410	727,289	1,061,699
	<hr/>		
INCREASE (DECREASE) IN NET ASSETS	(34,191)	(472,756)	(506,947)
Prior Period Adjustment	-	(26,109)	(26,109)
	<hr/>		
NET ASSETS - BEGINNING OF YEAR	156,112	21,632,954	21,789,066
	<hr/>		
NET ASSETS - END OF YEAR	\$ 121,921	\$ 21,134,089	\$ 21,256,010
	<hr/>		

SLCIDA-LDC (CONSOLIDATED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>
<u>OPERATING ACTIVITIES</u>	
Increase (Decrease) in Net Assets	\$ (506,947)
<u>Adjustments to Reconcile Change in Net Assets to Cash Flows Provided (Used) by Operating Activities:</u>	
Depreciation	17,630
Prior Period Adjustment	(26,109)
<u>Changes in Operating Assets and Liabilities:</u>	
Decrease (Increase)	
Accrued Interest Receivable	2,375
Prepaid Expenses	121
Accounts Payable	(6,961)
Payroll Tax Liability	(4)
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(519,895)</u>
<u>INVESTING ACTIVITIES</u>	
New Loans & Notes	(2,237,000)
Fixed Asset Purchases	(700,000)
Loan Write Offs	201,246
Payments on Mortgages	78,040
Payments on Loans & Notes	1,040,643
	<hr/>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1,617,071)</u>
<u>FINANCING ACTIVITIES</u>	
	<hr/>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,136,966)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>17,366,855</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 15,229,889</u></u>

SLCIDA-LDC (CONSOLIDATED)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011		
	Program Services	Supporting Services	
	<u>Revolving Loans</u>	<u>Management and General</u>	<u>Totals</u>
Accounting	\$ -	\$ 7,008	\$ 7,008
Administraton	9,000	\$ -	9,000
Bad Debt Expense	201,246	-	201,246
Contractual	375,196	-	375,196
Community Development	56,079	-	56,079
County Reimbursement	-	-	-
Depreciation	2,333	15,297	17,630
Employee Benefits	-	622	622
Filing Fees	258	-	258
Legal Expense	280	24,160	24,440
Insurance	11,633	1,792	13,425
Memberships & Dues	-	175	175
Meeting Expense	-	406	406
Mileage	-	-	-
Miscellaneous Expense	200	741	941
Office Supplies	-	-	-
Payroll Processing Fees	-	1,751	1,751
Payroll Taxes	-	2,043	2,043
Property Taxes	20,535	-	20,535
RVRDA Partnership Expense	-	300,000	300,000
Salaries	-	29,994	29,994
Underwriting/Credit Reports	938	-	938
Utilities	12	-	12
Totals (Exhibit II)	\$ 677,710	\$ 383,989	\$ 1,061,699

See accompanying notes to financial statement and independent auditors' report.

SLCIDA-LDC (CONSOLIDATED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the St. Lawrence County Industrial Development Agency Local Development Corporation (Consolidated) (SLCIDA-LDC), which includes the Greater Massena Economic Development Fund (GMEDF), and the St. Lawrence River Valley Redevelopment Agency (SLRVRA) 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.

(a) Financial Statement Presentation

The Organizations has adopted **FASB ASC 958-205**. Under this standard, the SLCIDA-LDC (Consolidated) is required to report information regarding their 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 SLCIDA-LDC (Consolidated) is required to present a statement of cash flows. As provided by this statement, the SLCIDA-LDC (Consolidated) previously discontinued its use of fund accounting and has, accordingly, arranged its consolidated financial statements to present the three classes of net assets, as applicable.

(b) Contributions

The SLCIDA-LDC (Consolidated) 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 of any donor restrictions.

(c) Nature of Operations

On April 29, 1986, the St. Lawrence County Industrial Development Agency (SLCIDA) created a Local Development Corporation known as the St. Lawrence County Industrial Development Agency Local Development Corporation (SLCIDA-LDC). St. Lawrence County assigned all of the loan repayments from the County Community Development Block Grant (CDBG) Projects to SLCIDA for the purpose of establishing a county wide revolving loan fund. Upon the formation of the SLCIDA-LDC, SLCIDA assigned all of its rights in the CDBG assignment to the SLCIDA-LDC for collection and administration.

SLCIDA also utilizes the SLCIDA-LDC to administer the assets of the Greater Massena Economic Development Fund (GMEDF) and the St. Lawrence River Valley Redevelopment Agency (SLRVRA).

SLCIDA-LDC (CONSOLIDATED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

The GMEDF was established in 1987 with a \$1,000,000 grant from the New York Power Authority to be used to provide loans to certain business enterprises for the establishment, maintenance, or expansion of plants, facilities or operations in the Town of Massena and the County of St. Lawrence in the State of New York. The New York Job Development Authority ("JDA") initially agreed to assume administrative responsibility for the GMEDF.

Accordingly, JDA held and invested all monies of the GMEDF, paid its bills and administered economic development loans. The GMEDF has no employees, and in accordance with the underlying agreement, JDA waived any reimbursement of administrative costs as its contribution to the GMEDF's program.

The GMEDF was a financial reporting component unit of JDA and, as such, its financial position and operating results were included in the JDA's financial statements. JDA was a component unit of New York State and, as such, its financial statements were included in the State of New York's financial statements.

In October 2000, the role of Trustee of the GMEDF was formally transferred by mutual agreement from JDA to the SLCIDA, effective June 30, 2001. The GMEDF was combined with the efforts and activities of the SLCIDA-LDC. The SLCIDA-LDC is a Not-For-Profit Corporation formed under the Not-For-Profit Corporation Law of the State of New York by the SLCIDA as defined in subparagraph(a)(5) of Section 402 of the Law. For tax reporting purposes, the accounts of the GMEDF were consolidated with those of the SLCIDA-LDC for joint reporting as a combined entity.

The SLRVRA is a joint action agency formed on June 2, 2010 to make use of certain New York Power Authority assets for the purposes of economic development in the St. Lawrence Valley and surrounding communities. The New York Power Authority has made available certain assets consisting of \$16 million and 20 megawatts of electrical power generation from hydro-electric facilities situated on the St. Lawrence River. There is an agreement in place between the SLRVRA and the SLCIDA-LDC for the administration of these assets. The SLRVRA has no employees.

As of December 31, 2011, the SLRVRA and SLCIDA-LDC have been provided the \$16 million. However, a second agreement between the New York Power Authority (NYPA) and the SLRVRA as to the allocation of the 20 megawatts of electricity has not been resolved as of the date of this report. Officials on both sides of the agreement remain hopeful that a resolution is forthcoming.

SLCIDA-LDC (CONSOLIDATED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

d) Use of Estimates

In preparing the consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, the entities consider all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(f) Temporarily Restricted Net Assets

The temporarily restricted net assets represent:

- The amount of the SLCIDA-LDC's Revolving Loan Fund which was created by St. Lawrence County to stimulate the growth of private sector industrial employment in St. Lawrence County, New York. The revolving loan fund provides financial assistance to applicants that: (1) wish to expand or to build new facilities; (2) must modernize their physical plant or equipment and machinery; and (3) require working capital funding to retain or expand their operations.
- The amount of the GMEDF which was created by a \$1,000,000 grant from the New York Power Authority to be used to provide loans to certain business enterprises for the establishment, maintenance, or expansion of plants, facilities or operations in the Town of Massena and the County of St. Lawrence in the State of New York.
- The \$16,000,000 provided to the SLRVRA by the New York Power Authority.

(g) Income Taxes

The SLCIDA-LDC is duly established under Section 402 and 1411 of the Not-for-Profit Corporation Law of the State of New York. The SLCIDA-LDC (Consolidated) was determined to be exempt from Federal Income Tax under section 501(c)(3) of the Internal Revenue Code shortly after formation.

SLCIDA-LDC (CONSOLIDATED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Accounting principles generally accepted in the United States of America require the entities to evaluate all significant tax positions. As of 12/31/11 the entities do not believe that they have taken any positions that would require the recording of any tax liability, nor does it believe that there are any unrealized tax benefits that should be recorded or that would increase or decrease within the next year.

(h) Donated Assets and Services

The estimated fair value of the full use of facilities owned by others and the estimated fair value of contributed services over which the SLCIDA-LDC exercises control, which constitute a part of the normal services that would otherwise be performed by paid personnel, have not been reflected in the accompanying financial statements. Also, the value of other donated services (board members, etc.) is not reflected in the accompanying financial statements.

(i) Depreciation

Depreciation is calculated on buildings and improvements on the straight-line method over a 50 year life. Depreciation expense for the years ended December 31, 2011, and 2010 were \$17,630, and \$15,297, respectively.

NOTE 2 - RESTRICTED CASH

Restricted cash in the amounts of \$15,107,968 for December 31, 2011 is invested in accounts at the North Country Savings, Key Bank, NBT Bank, Community Bank, Upstate National Bank, and HSBC Bank. The balance in the restricted cash accounts is to be used for loans and other specific development activities.

NOTE 3 – RESTRICTED MORTGAGES AND NOTES RECEIVABLE

The entities carry their restricted mortgages and notes receivable at cost recognizing interest income on the accrual basis as specified in the various note agreements.

On a periodic basis, the entities evaluate their restricted notes receivable and will establish write offs as economic conditions warrant. The Boards will determine which notes are written off based on uncollectibility. All notes are considered collectible until all legal remedies have been exhausted.

SLCIDA-LDC (CONSOLIDATED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Details of the mortgages and notes as of December 31, 2011 consisted of the following:

Notes	Origin	Maturity	Interest Rate	Original Amount	Balance 2011
Ansen Corporation	07/11/03	08/01/13	3.00%	\$ 300,000	\$ 56,631
Ansen Corporation - 2011	06/10/11	07/01/26	2.625%	81,000	79,154
Ansen Corporation - GMEDF	06/10/11	07/01/18	5.00%	81,000	76,934
Atlantic Testing Laboratories	10/17/07	11/01/17	4.88%	200,000	128,209
Atlantic Testing Laboratories -GMEDF	10/17/07	12/01/17	4.88%	200,000	128,209
Atlantic Testing Laboratories-Bldg	03/01/03	12/01/15	5.25%	50,927	20,615
Clifton Fine Hospital - GMEDF	05/12/11	06/01/26	2.63%	150,000	145,892
Curran Renewable Energy	12/13/07	12/01/17	4.63%	400,000	367,802
Curran Renewable Energy - GMEDF (Mortgage)	12/13/07	12/01/17	4.63%	200,000	172,604
D E Kerr Construction & Logging	07/11/07	11/01/14	5.13%	41,905	37,964
Four-C-Aire, Inc	09/21/06	12/01/11	5.13%	146,000	-
Four-C-Aire, Inc - GMEDF	09/21/06	12/01/11	5.13%	104,000	-
Galilee Farms - GMEDF (Mortgage)	06/24/08	12/01/10	3.50%	116,000	65,457
Glazier Packaging Co	01/05/06	01/01/16	4.63%	133,333	62,105
GM Vendor -GMEDF (Mortgage)	11/16/04	12/01/19	3.38%	600,000	357,516
Hackett's - formerly Wisebuys	12/24/03	07/01/11	3.00%	235,000	86,737
Hoosier Magnetics - GMEDF	01/27/10	01/01/20	2.63%	200,000	169,312
Media Accessories - Lot #17 - GMEDF	03/31/09	04/01/19	2.63%	168,000	126,087
Newton Falls Fine Paper - #1	11/27/06	06/01/17	5.13%	200,000	-
Newton Falls Fine Paper - #2	12/29/06	07/01/17	5.13%	150,000	-
Newton Falls Fine Paper - GMEDF	11/05/08	01/01/19	3.00%	200,000	-
North Country Dairy, LLC	12/02/11	12/02/16	2.63%	400,000	400,000
North Country Dairy, LLC - SLRVRA	12/02/11	12/01/16	2.63%	400,000	400,000
North Lawrence Dairy	08/03/09	09/01/16	2.63%	200,000	-
North Lawrence Dairy - GMEDF	08/03/09	09/01/16	2.63%	200,000	-
North Racquette Greenery - GMEDF	12/22/10	06/01/20	2.63%	50,000	44,913
Potsdam Mineral & Feed	10/17/07	01/01/13	4.88%	40,000	8,757
Potsdam Specialty Paper	12/15/08	01/01/14	3.00%	200,000	87,061
Potsdam Specialty Paper -GMEDF	12/15/08	01/01/14	3.50%	200,000	87,061
SLC IDA - Massena Lot #20	12/31/05	12/01/15	3.00%	217,204	94,557
SLIC Network Solutions	05/11/10	05/01/17	2.63%	120,000	96,228
SLIC Network Solutions - SLRVRA	12/09/11	12/01/18	4.00%	825,000	825,000
St Lawrence Food Corp - W/O	03/23/04	03/01/11	3.00%	300,000	-
St Lawrence Foods - GMEDF	02/12/04	03/01/11	3.00%	200,000	131,263
St Lawrence Lumber, Inc - GMEDF	02/22/07	04/01/14	5.13%	150,000	58,200
Structural Wood Corp - GMEDF	12/20/11	12/01/21	2.63%	150,000	150,000
Structural Wood Corp -SLRVRA	12/20/11	12/01/21	2.63%	150,000	150,000
T-Base Communications - GMEDF	12/15/05	03/15/11	4.50%	55,000	-
Woodruff Block Co - #2	05/01/05	04/01/12	3.88%	59,500	3,312
Youngs Brothers - GMEDF	07/01/08	10/01/20	3.50%	75,000	61,869
					<u>\$ 4,679,449</u>

SLCIDA-LDC (CONSOLIDATED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 – LOANS TO RELATED PARTIES

SLC IDA – Massena Lot #20 Loan: On December 7, 2005, the St. Lawrence County Industrial Development Agency (SLCIDA) authorized the purchase of Lot 20 located at 63 Trade Road, Massena Industrial Park from Michele Audio Corporation of America. Also SLCIDA authorized borrowing with the SLCIDA-LDC to finance the purchase of Lot 20. Total advances were made by the SLCIDA-LDC in the amount of \$217,204. This promissory note receivable from SLCIDA has a term of 10 years at 3% interest. The balance due on the note receivable at December 31, 2011 was \$94,557.28.

NOTE 5 – LOANS IN ARREARS

As of December 31, 2011 there were no loans in arrears.

NOTE 6 – LOANS IN DEFAULT

DE Kerr Logging, last payment made on 6/14/2010 was for a partial February 2009 payment. This matter has been referred to legal counsel for collection.

Hackett's – formerly Wisebuys – filed for bankruptcy on 12/08/09. The loan was on the Canton and Gouverneur stores. In January 2010, the 3 personal guarantors were contacted confirming that they are still responsible for repayment and they wish to make a repayment agreement. In June of 2011 Thomas W. Scozzafava, a personal guarantor signed a confession of judgment. A repayment schedule was also agreed upon. As of December 31, 2011 no payments had been made and legal counsel has begun the next step in collection of this debt.

St. Lawrence Food Corp. (“Food Corp.”) previously defaulted on its note with the GMEDF. On or about July 9, 2008, Signature Bank, a judgment creditor of Food Corp., sold Food Corp.’s assets, including GMEDF’s collateral to one of its affiliates, SB AHLCSLSS LLC, subject to GMEDF’s lien. SB AHLCSLSS LLC thereafter sold the collateral to Toobro, LLC and/or Toobroburg, LLC (collectively, “Toobro”). Our legal counsel is commencing a replevin action against Toobro in order to take possession of the collateral.

This loan was guaranteed by Food Corp.’s principal, Moise Banayan, who filed for Chapter 7 protection in December 2008. Mr. Banayan’s bankruptcy case is an asset case, so there will be a distribution to unsecured creditors. Our legal counsel filed a proof of claim on behalf of GMEDF with the bankruptcy court, so GMEDF will receive a pro rata distribution. Counsel continues to monitor the bankruptcy case to ensure that GMEDF receives its distribution, the amount of which will be determined through the bankruptcy proceedings.

SLCIDA-LDC (CONSOLIDATED)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Youngs Bothers Stick Stringing – On July 7, 2011 Mr. Youngs came in to the office to state that he would be filing chapter 7 bankruptcy. At this time, Mr. Young’s planned to re-affirm his GMEDF debt. On August 17, 2011 legal counsel received notice from Mr. Youngs attorney that they would not be reaffirming the debt. October 31, 2011 we received notice that NBT was foreclosing on property. We are awaiting input from legal counsel as to what our next course of action will be, if any.

NOTE 7 – LOANS WRITTEN OFF

St. Lawrence Food Corp. - on November 6, 2003 the SLCIDA-LDC authorized a loan of \$300,000 to St. Lawrence Food Corp. St. Lawrence Food Corp defaulted on said loan, and the SLCIDA-LDC has taken all possible steps to secure the balance of the loan. On July 29, 2008 the City of Ogdensburg transferred the facility to the City and had all deeds transferred in the City’s name due to non-payment of taxes. SLCIDA-LDC has been advised by legal counsel that this debt now appears to be uncollectable, and Resolution No. 11-10-19 on October 27, 2011 authorized staff to write off the balance of the debt equaling \$201,246.

NOTE 8 – FIXED ASSETS

Fixed Assets at December 31 consisted of:

	<u>2011</u>
Fourth Massena Industrial Building	\$ 594,233
Improvements - Fourth Massena Industrial Building	149,290
Massena Lot 18 - SLRVRA	359,800
Massena Lot 19 - SLRVRA	340,200
	1,443,523
Less: Accumulated Depreciation	(165,581)
	1,277,942
Land Lot 13 Vacant	30,000
Total Fixed Assets	\$ 1,307,942

NOTE 9 – PRIOR PERIOD ADJUSTMENT

An adjustment was entered for the year ended December 31, 2011 to account for the prior accrued interest in the amount of \$26,109 on the St. Lawrence Food Corp loan (\$201,246) that was written off during 2011.

NOTE 10 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from 12/31/11 through 2/28/12, the date the financial statements were available to be issued for possible disclosure and recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the balance sheet date required to be recognized or disclosed in the accompanying consolidated financial statements.



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March 26, 2012

To the Board of Directors of:
St. Lawrence County Industrial Development
Agency–Local Development Corporation
80 State Highway 310, Suite 6
Canton, New York 13617

We have audited the financial statements of the St. Lawrence County Industrial Development Agency–Local Development Corporation (Consolidated) (SLCIDA-LDC), which includes the Greater Massena Economic Development Fund (GMEDF), and the St. Lawrence River Valley Redevelopment Agency (SLRVRA) for the year ended December 31, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated February 21, 2012. Professional standards also require that we communicate to you the following information related to our audit.

A. The Auditors' Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated February 21, 2012 our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statement does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the SLCIDA-LDC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the consolidated financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the SLCIDA-LDC's compliance with those requirements.

B. Planned Scope and Timing of the Audit

The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entities and their environments, including internal controls, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result for (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entities or to acts by management or employees acting on behalf on the entities. We have communicated our significant findings as outlined below.

We began our audit on January 23, 2012 and intend to issue our report on approximately March 26, 2012

C. Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the SLCIDA-LDC is described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2011. We noted no transactions entered into by the entities during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatement identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the opinion unit's consolidated financial statements taken as a whole.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 26, 2012.

Management Consultations with Other Independent Accountants

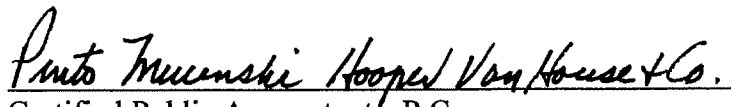
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those consolidated statements, our professional standards require the consulting accounting to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the applications of accounting principles and auditing standards, with management each year prior to retention as the SLCIDA-LDC's (Consolidated) auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and Management of the SLCIDA-LDC and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Piotr Mucinski Hooper Van Housen & Co.
Certified Public Accountants, P.C.
Ogdensburg, New York