

ST. LAWRENCE COUNTY
LOCAL DEVELOPMENT CORPORATION
CANTON, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
DECEMBER 31, 2011 AND 2010
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the St. Lawrence County Local Development Corporation (a nonprofit organization) (SLC LDC) as of December 31, 2011 and 2010 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the SLC LDC's management. 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. 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SLC LDC as of December 31, 2011 and 2010 and the results of its operations and its cash flows for the years 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
February 28, 2012

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 81,374	\$ 71,452
Certificates of Deposit	-	75,000
Loans Receivable - Current	60,600	52,444
Accrued Interest Receivable	1,445	-
Grants Receivable	5,727	-
Prepaid Expenses	7,500	-
	<u>156,646</u>	<u>198,896</u>
<u>Total Current Assets</u>		
<u>Other Assets</u>		
Loans Receivable	252,523	216,197
Less: Current Portion Above	60,600	52,444
	<u>191,923</u>	<u>163,753</u>
<u>Total Other Assets</u>		
	<u>348,569</u>	<u>362,649</u>
<u>TOTAL ASSETS</u>		
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	-	21
Deferred Revenue - Loans	-	-
	<u>-</u>	<u>21</u>
<u>Total Current Liabilities</u>		
	<u>-</u>	<u>21</u>
<u>Total Liabilities</u>		
	<u>-</u>	<u>21</u>
<u>Net Assets</u>		
Unrestricted	110	110
Unrestricted - Board Designated	343,252	362,518
Temporarily Restricted	5,207	-
	<u>348,569</u>	<u>362,628</u>
<u>Total Net Assets</u>		
	<u>348,569</u>	<u>362,628</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>		
	<u>\$ 348,569</u>	<u>\$ 362,649</u>

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>UNRESTRICTED-BOARD DESIGNATED - NET ASSETS</u>		
Support		
Interest Income	\$ 9,808	\$ 8,462
Other Income	420	1,195
	<u>10,228</u>	<u>9,657</u>
TOTAL BOARD DESIGNATED SUPPORT		
Expenses		
Program Services	15,734	19,485
Supporting Services		
Management and General	13,760	4,715
	<u>29,494</u>	<u>24,200</u>
TOTAL EXPENSES		
INCREASE (DECREASE) IN UNRESTRICTED-BOARD DESIGNATED NET ASSETS	<u>(19,266)</u>	<u>(14,543)</u>
INCREASE (DECREASE) IN NET ASSETS	(19,266)	(14,543)
NET ASSETS - BEGINNING OF YEAR	<u>362,518</u>	<u>377,061</u>
NET ASSETS - END OF YEAR	<u>\$ 343,252</u>	<u>\$ 362,518</u>
<u>TEMPORARILY RESTRICTED - NET ASSETS</u>		
Support		
Grant Income	\$ 200,000	\$ -
	<u>200,000</u>	<u>-</u>
TOTAL TEMPORARILY RESTRICTED SUPPORT		
Expenses		
Program Services	194,793	-
	<u>194,793</u>	<u>-</u>
TOTAL EXPENSES		
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>5,207</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	5,207	-
NET ASSETS - BEGINNING OF YEAR	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 5,207</u>	<u>\$ -</u>

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets	\$ (14,059)	\$ (14,543)
Change in Operating Assets and Liabilities:		
Certificates of Deposit	75,000	-
Accrued Interest Receivable	(1,445)	-
Grants Receivable	(5,727)	-
Prepaid Expenses	(7,500)	-
Accounts Payable	(21)	(131)
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	46,248	(14,674)
<u>INVESTING ACTIVITIES</u>		
Small Business Loans - New	(115,900)	(47,750)
Small Business Loans - Payments	63,840	68,583
Small Business Loans - Write Offs	15,734	-
Changes in Deferred Revenue	-	-
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(36,326)	20,833
<u>FINANCING ACTIVITIES</u>	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,922	6,159
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	71,452	65,293
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 81,374	\$ 71,452
	<hr/>	<hr/>

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>		<u>2010</u>	
	<u>Program Services Loans & Grants</u>	<u>Supporting Services Management and General</u>	<u>Program Services Loans & Grants</u>	<u>Supporting Services Management and General</u>
	<u>Total</u>	<u>Expenses</u>	<u>Total</u>	<u>Expenses</u>
Professional Fees and Contracts	\$ -	\$ 6,260	\$ -	\$ 4,715
Administrative Fees	-	7,500	-	-
Community Development Grants	194,793	-	-	-
Bad Debts - Small Business Loans	15,734	-	19,485	-
	\$ 210,527	\$ 13,760	\$ 19,485	\$ 4,715
Total Expenses	\$ 210,527	\$ 13,760	\$ 19,485	\$ 4,715
		\$ 224,287		\$ 24,200

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of St. Lawrence County Local Development Corporation 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 Organization has adopted *FASB ASC 958-205*. Under this standard, the Organization 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 Organization is required to present a statement of cash flows. As provided by this statement, the Organization previously discontinued its use of fund accounting and has, accordingly, arranged its financial statements to present the three classes of net assets required.

B. Contributions

The Organization 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. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

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

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

E. Income Taxes

The Corporation 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 Organization to evaluate all significant tax positions. As of 12/31/11 the Organization does not believe that it has 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.

NOTE 2 – HISTORY AND BASIS OF STATEMENT PRESENTATION

The St. Lawrence County Local Development Corporation (The Corporation) 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 Corporation 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 Corporation 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.

NOTE 3 - LOANS RECEIVABLE

The Organization carries its loans receivable at cost recognizing interest income on the accrual basis as specified in the various loan agreements. On a periodic basis, the Organization evaluates its loans receivable and will establish write offs as economic conditions warrant. The Board will determine which loans are written off based on un-collectability. All loans are considered collectible until all legal remedies have been exhausted.

On 7/06/11 the consolidated loan to J & J Lawn Services was paid in full.

On 8/15/11 the loan to the Bedrock Café was paid in full.

On 12/13/10, both loans to Integrity Tree & Land were paid in full.

On 4/01/10 the Board of Directors approved Resolution #10-10 authorizing the sale of a 1968 Ford Mustang that was previously recovered on 10/06/09 as collateral against an outstanding balance. The sale proceeds of \$5,054 were applied first towards interest and secondly against principal reducing the balance outstanding to \$15,734. See Note 5 below for further information.

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

During December 2010, the Chuck's Pet Center store was closed. See Note 4 below for further information regarding this loan.

Loans Receivable balances at December 31, 2011 and 2010 consisted of the following.

Loans	Origin	Maturity	Interest Rate	Original Amount	Balance 2011	Balance 2010
Adirondack Artisans	08/13/08	Write Off	4.0%	20,445	-	15,735
Adirondack Battery	12/01/11	01/01/17	4.0%	20,000	20,000	-
AKJ Marine	08/22/07	08/22/12	4.0%	20,000	12,055	12,667
Bedrock Café	01/24/07	Paid Off	4.0%	20,000	-	5,680
Chip's Place	03/29/07	03/29/14	4.0%	20,000	7,304	10,229
Chuck's Pet Center	02/01/08	05/01/13	4.0%	20,000	12,808	12,808
Custom Rustix	11/09/06	11/09/11	4.0%	13,425	1,651	4,439
Felician B & B	02/01/08	07/01/18	4.0%	11,200	7,988	8,974
Hallelujah House	11/30/09	12/01/14	4.0%	10,000	4,624	8,495
Hebel Welding	10/28/05	10/28/15	4.0%	20,425	9,324	11,380
Honey Dew Acres	11/17/10	12/01/15	4.0%	20,000	18,709	20,000
J & J Lawn Services	02/17/09	Paid Off	4.0%	20,000	-	14,097
Lucas Motorsports - Loan #3	02/01/08	05/01/13	4.0%	8,000	1,581	3,397
Lucas Motorsports - Loan #4	08/25/09	05/01/14	4.0%	5,000	2,628	3,670
Maple Run Emporiums, Inc	04/08/11	04/01/14	4.0%	20,000	18,354	-
New Horizon Wireless, Inc	03/30/11	04/01/16	4.0%	20,000	19,032	-
Potsdam Taxi	06/03/09	06/01/14	4.0%	15,000	7,453	11,779
River Lane Campground	06/08/10	07/01/15	4.0%	19,750	16,164	18,619
River Run Fitness	03/30/11	04/01/14	4.0%	8,000	6,801	-
Sharrow's Home Repair	10/22/10	11/01/15	4.0%	8,000	5,221	7,578
Splendid Spaces	11/02/05	11/02/15	4.0%	14,900	6,946	8,442
St Lawrence Valley Roasters	10/21/08	Refinanced	4.0%	20,000	-	12,218
St Lawrence Valley Roasters	12/07/11	12/07/16	4.0%	18,307	17,998	-
Sugar Shack Bakery & Café	07/26/11	08/01/16	4.0%	15,000	15,000	-
Tony's Canvas & Leather	04/06/11	04/01/16	4.0%	5,000	4,541	-
A Unique Boutique	07/28/11	08/01/16	4.0%	8,000	8,000	-
The Hair Studio	02/01/08	01/01/13	4.0%	20,000	5,032	9,149
The Main Grind Coffe House	04/08/11	04/01/16	4.0%	9,900	9,252	-
Valley Greenery	06/30/09	04/01/17	4.0%	20,000	14,057	16,841
					<u>\$ 252,523</u>	<u>\$ 216,197</u>

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 4 - LOANS IN ARREARS

As of December 31, 2011 the following loans were in arrears:

AKJ Marine – paid partial payment for July 2011, inconsistent payments, referred to legal counsel for further action

Chuck's Pet Center - 13 payments delinquent, see Note 6 for further information

Custom Rustix – current through September 2011, 3 payments delinquent, referred to legal counsel for further action

NOTE 5 - LOANS WRITTEN OFF

On 1/12/11 Board Resolution #11-08 authorized the write off of the Adirondack Artisans loan balance of \$15,734 as uncollectible.

On 2/24/10 Board Resolution #10-07 authorized the write off of the Damon Consolidation loan balance of \$16,076 as uncollectible.

On 4/01/10 Board Resolution #10-09 authorized the write off of the Edwards Redemption Center loan balance of \$3,409 as uncollectible.

The resulting charge to Bad Debts for the periods ending 12/31/11 and 12/31/10 were \$15,734 and \$19,485 respectively.

NOTE 6 – 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. The following item either occurred or will be resolved during the 2012 operating year.

The Organization has been advised by the owner of Chuck's Pet Center that the business has been closed and that he has filed for bankruptcy. The Organization has turned this matter over to their attorney and legal advice is pending. At this point, it would appear that collection of either the entire loan balance of \$12,808 or any portion is unlikely.



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February 28, 2012

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

We have audited the financial statements of the St. Lawrence County Local Development Corporation (SLC LDC) 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 to you dated December 1, 2011. 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 December 1, 2011, our responsibility, as described by professional standards, is to express opinions 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 SLC LDC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether SLC LDC's 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 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 SLC 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 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 entity and its environment, including internal control, 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 entity or to acts by management or employees acting on behalf on the entity. 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 February 28, 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 SLC LDC are 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 company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the 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 misstatements 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 aggregated, to each opinion unit's 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 please 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 February 28, 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 SLC LDC's financial statements or a determination of the type of auditor's opinion that may be expressed on those 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 SLC LDC's auditors. 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 St. Lawrence County Local Development Corporation, New York and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Certified Public Accountants, P.C.

Ogdensburg, New York