

ST. LAWRENCE COUNTY
LOCAL DEVELOPMENT CORPORATION
CANTON, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
DECEMBER 31, 2010 AND 2009
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Pinto·Mucenski·Hooper
Van House & Co.
Certified Public Accountants, P.C.

202 Ford Street, Suite 101
P.O. Box 327
Ogdensburg, NY 13669
(315) 393-7502
Fax: (315) 393-9231
www.pmhvcpa.com

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, 2010 and 2009 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, 2010 and 2009 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 11, 2011

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 71,452	\$ 65,293
Certificates of Deposit	75,000	75,000
Loans Receivable - Current	52,444	47,409
	<hr/>	<hr/>
Total Current Assets	198,896	187,702
<u>Other Assets</u>		
Loans Receivable	216,197	237,030
Less: Current Portion Above	52,444	47,409
	<hr/>	<hr/>
Total Other Assets	163,753	189,621
	<hr/>	<hr/>
TOTAL ASSETS	362,649	377,323
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	21	152
Deferred Revenue - Loans	-	-
	<hr/>	<hr/>
Total Current Liabilities	21	152
	<hr/>	<hr/>
Total Liabilities	21	152
<u>Net Assets</u>		
Unrestricted	110	110
Unrestricted - Board Designated	362,518	377,061
	<hr/>	<hr/>
Total Net Assets	362,628	377,171
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 362,649	\$ 377,323
	<hr/>	<hr/>

See accompanying notes to financial statements and auditors' report.

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>UNRESTRICTED-BOARD DESIGNATED</u>		
Support		
Interest Income	\$ 8,462	\$ 8,780
Other Income	1,195	465
	<hr/>	<hr/>
TOTAL BOARD DESIGNATED SUPPORT	9,657	9,245
	<hr/>	<hr/>
Expenses		
Program Services	19,485	1,027
	<hr/>	<hr/>
Supporting Services		
Management and General	4,715	4,979
	<hr/>	<hr/>
TOTAL EXPENSES	24,200	6,006
	<hr/>	<hr/>
INCREASE (DECREASE) IN UNRESTRICTED-BOARD DESIGNATED NET ASSETS	(14,543)	3,239
	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	(14,543)	3,239
	<hr/>	<hr/>
NET ASSETS - BEGINNING OF YEAR	377,171	154,531
PRIOR PERIOD ADJUSTMENT (NOTE 7)	-	219,401
	<hr/>	<hr/>
NET ASSETS - END OF YEAR	<u>\$ 362,628</u>	<u>\$ 377,171</u>

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets	\$ (14,543)	\$ 3,239
<u>Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities</u>		
Prior Period Adjustment (Note 7)	\$ -	\$ (219,401)
Change in Operating Assets and Liabilities:		
Certificates of Deposit	-	55,000
Accounts Payable	(131)	152
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(14,674)</u>	<u>(161,010)</u>
<u>INVESTING ACTIVITIES</u>		
New Notes	(47,750)	(70,000)
Payments on Notes	68,583	52,371
Changes in Deferred Revenue	-	219,401
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>20,833</u>	<u>201,772</u>
<u>FINANCING ACTIVITIES</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,159	40,762
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>65,293</u>	<u>24,531</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 71,452</u>	<u>\$ 65,293</u>

See accompanying notes to financial statements and auditors' report.

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	<u>Program</u> <u>Services</u> <u>Revolving Loans</u>	<u>Supporting</u> <u>Services</u> <u>Management</u> <u>and General</u>	<u>Total</u> <u>Expenses</u>	<u>Program</u> <u>Services</u> <u>Revolving Loans</u>	<u>Supporting</u> <u>Services</u> <u>Management</u> <u>and General</u>	<u>Total</u> <u>Expenses</u>
Professional Fees and Contracts	\$ -	\$ 4,715	\$ 4,715	\$ -	\$ 4,979	\$ 4,979
Administrative Fees	-	-	-	-	-	-
Small Business Loans	-	-	-	-	-	-
Program Delivery - Bad Debts	19,485	-	19,485	1,027	-	1,027
Total Expenses	\$ 19,485	\$ 4,715	\$ 24,200	\$ 1,027	\$ 4,979	\$ 6,006

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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, 2010 AND 2009

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 12/31/10 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 12/01/09 the loan to A Touch of Icing was paid in full.

On 2/17/09 J & J Lawn Services – Loans #1 & #2 were consolidated into a new loan entitled J & J Lawn Services – Consol 2009.

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

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

balance at that time. The sale proceeds of \$5,054 were applied first towards interest and secondly against principal reducing the balance outstanding to \$15,735. See Note 5 below for further information regarding this loan.

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

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, 2010 and 2009 consisted of the following:

Loans	Origin	Maturity	Interest Rate	Original Amount	Balance	
					2010	2009
A Touch of Icing	08/20/04	Paid Off	4.0%	\$ 8,500	\$ -	\$ -
Adirondack Artisans	08/13/08	Default	4.0%	20,445	15,735	19,937
AKJ Marine	08/22/07	08/22/12	4.0%	20,000	12,667	12,988
Bedrock Café	01/24/07	01/24/12	4.0%	20,000	5,680	9,457
Chip's Place	03/29/07	03/29/14	4.0%	20,000	10,229	13,039
Chuck's Pet Center	02/01/08	05/01/13	4.0%	20,000	12,808	14,380
Custom Rustix	11/09/06	11/09/11	4.0%	13,425	4,439	6,875
Damon Consolidation	11/30/07	Write Off	4.0%	19,967	-	16,076
Edwards Redemption Center	11/15/05	Write Off	4.0%	5,895	-	3,409
Felician B & B	02/01/08	07/01/18	4.0%	11,200	8,974	9,952
Hallelujah House	11/30/09	12/01/14	4.0%	10,000	8,495	10,000
Hebel Welding	10/28/05	10/28/15	4.0%	20,425	11,380	13,367
Honey Dew Acres	11/17/10	12/01/15	4.0%	20,000	20,000	-
Integrity Tree & Land #1	04/20/06	Paid Off	4.0%	10,445	-	3,101
Integrity Tree & Land #2	05/02/06	Paid Off	4.0%	9,555	-	2,837
J & J Lawn Services	02/17/09	05/01/14	4.0%	20,000	14,097	17,516
Lucas Motorsports - Loan #3	02/01/08	05/01/13	4.0%	8,000	3,397	5,717
Lucas Motorsports - Loan #4	08/25/09	05/01/14	4.0%	5,000	3,670	4,762
Potsdam Taxi	06/03/09	06/01/14	4.0%	15,000	11,779	15,000
River Lane Campground	06/08/10	07/01/15	4.0%	19,750	18,619	-
Sharrow's Home Repair	10/22/10	11/01/15	4.0%	8,000	7,578	-
Splendid Spaces	11/02/05	11/02/15	4.0%	14,900	8,442	9,886
St Lawrence Valley Roasters	10/21/08	10/01/13	4.0%	20,000	12,218	16,356
The Hair Studio	02/01/08	01/01/13	4.0%	20,000	9,149	13,121
Valley Greenery	06/30/09	04/01/17	4.0%	20,000	16,841	19,254
					<u>\$ 216,197</u>	<u>\$ 237,030</u>

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4 - LOANS IN ARREARS

As of December 31, 2010 the following loans were in arrears:

AKJ Marine – paid partial payment for April 2010, consistently paying \$100 per month since
Chuck's Pet Center - 1 payment delinquent, see Note 8 for further information
Custom Rustix – current through September 2010, 3 payments delinquent
Potsdam Taxi – current through November 2010, 1 payment delinquent

NOTE 5 – LOANS IN DEFAULT

Adirondack Artisans – last payment received on 6/15/09 for a partial payment on the April 2009 payment. On 10/06/09 a 1968 Mustang vehicle was recovered as collateral against the outstanding balance. In April 2010, Board Resolution #10-10 authorized the sale of the 1968 Ford Mustang and the application of the proceeds to the outstanding balance. As of 12/31/10, this loan remains in default with an outstanding balance of \$15,735. See Note 8 for further information.

NOTE 6 - LOANS WRITTEN OFF

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 period ending 12/31/10 was \$19,485.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

During the 2009 operating year, a change in bookkeeping method regarding loan distribution and collection was instituted. Previously, upon the distribution of a loan, two journal entries were used. The first would establish the loan receivable and reduce cash. The second would establish an expense and deferred revenue. Also, upon the collection of a loan, two journal entries were used. The first would relieve the loan receivable and increase cash. The second would relieve the deferred revenue and establish revenue earned.

The change instituted eliminates the second journal entry upon both the loan distribution and collection. Therefore, the distribution and collection of loans will be handled entirely through the balance sheet accounts with the exception of booking interest, late payment fees, and write offs which will continue to be booked through the profit/loss accounts.

ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

The net affect was a \$219,401 increase to the Unrestricted – Board Designated Net Assets.

NOTE 8 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from 12/31/10 through 2/11/11, the date the financial statements were available to be issued for possible disclosure and recognition in the financial statements. The following items either occurred or will be resolved during the 2011 operating year.

On 1/12/11 Board Resolution #11-08 authorized the write off of the Adirondack Artisans loan balance of \$15,735 as uncollectible.

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 11, 2011

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, 2010. 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 7, 2010. 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 7, 2010, 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 test 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 and 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 24, 2011 and intend to issue our report on approximately February 11, 2011

The information is intended solely for the use of the SLC LDC and its management and is not intended to be and should not be used by anyone other than these specified parties.

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, 2010. 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 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 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 11, 2011.

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 governmental unit'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 governmental unit'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 be anyone other than these specified parties.

Very truly yours,


Piotr Mucenski Hooper Van House & Co.

Certified Public Accountants, P.C.
Ogdensburg, New York