

ST. LAWRENCE RIVER VALLEY  
REDEVELOPMENT AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2014 and 2013

ST. LAWRENCE RIVER VALLEY  
REDEVELOPMENT AGENCY  
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Pinto·Mucenski·Hooper  
Van House & Co.  
Certified Public Accountants, P.C.

301 Ford Street  
P.O. Box 327  
Ogdensburg, NY 13669  
(315) 393-7502  
Fax: (315) 393-9231  
[www.pmhvcpa.com](http://www.pmhvcpa.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
St. Lawrence River Valley Redevelopment Agency

We have audited the accompanying financial statements of the St. Lawrence River Valley Redevelopment Agency (SLRVRA) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the SLRVRA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SLRVRA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SLRVRA as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Primo Mucinski Hooper Van House & Co.*

Certified Public Accountants, P.C.

Ogdensburg, New York

March 6, 2015

ST. LAWRENCE RIVER VALLEY  
REDEVELOPMENT AGENCY  
STATEMENTS OF FINANCIAL POSITION,  
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 10,228,166	11,763,957
Accounts Receivable - NG Marketing	-	41,325
Accrued Interest Receivable	2,625	2,697
Mortgages and Notes Receivable - Current	<u>322,108</u>	<u>208,447</u>
Total Current Assets	<u>10,552,899</u>	<u>12,016,426</u>
<u>Fixed Assets - Net</u>	<u>805,381</u>	<u>815,395</u>
<u>Long-Term Assets</u>		
Mortgages and Notes Receivable - Net of Current Portion	<u>1,764,379</u>	<u>848,797</u>
Total Long-Term Assets	<u>1,764,379</u>	<u>848,797</u>
Total Assets	<u><u>13,122,659</u></u>	<u><u>13,680,618</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	862	-
Deferred Rental Revenue	2,438	-
Due to SLCIDA-LDC	<u>-</u>	<u>7,121</u>
Total Current Liabilities	<u>3,300</u>	<u>7,121</u>
<u>Net Assets</u>		
Temporarily Restricted	<u>13,119,359</u>	<u>13,673,497</u>
Total Liabilities and Net Assets	<u><u>\$ 13,122,659</u></u>	<u><u>\$ 13,680,618</u></u>

ST. LAWRENCE RIVER VALLEY  
REDEVELOPMENT AGENCY  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014		2013		Totals
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
<u>Support and Revenue</u>					
Rental Income	\$ -	40,522	\$ -	59,063	\$ 59,063
Interest Income	-	46,420	-	56,606	56,606
Miscellaneous Income	-	2,412	-	2,412	2,412
Net Assets Released from Restrictions	643,492	(643,492)	761,658	(761,658)	-
Total Support and Revenue	643,492	(554,138)	761,658	(643,577)	118,081
<u>Expenses</u>					
Program Services	628,997	-	745,081	-	745,081
Management and General	14,495	-	16,577	-	16,577
Total Expenses	643,492	-	761,658	-	761,658
Change in Net Assets	-	(554,138)	-	(643,577)	(643,577)
Net Assets - Beginning of Year	-	13,673,497	-	14,317,074	14,317,074
Net Assets - End of Year	\$ -	\$ 13,119,359	\$ -	\$ 13,673,497	\$ 13,673,497

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

ST. LAWRENCE RIVER VALLEY  
REDEVELOPMENT AGENCY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ (554,138)	\$ (643,577)
<u>Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities</u>		
Depreciation	14,000	14,000
Changes in Operating Assets and Liabilities:		
Security Deposits	-	34,024
Accrued Interest Receivable	72	39
Accounts Receivable - NG Marketing	41,325	-
Due to SLCIDA-LDC	(7,121)	8,555
Accounts Payable	862	-
Deferred Rental Revenue	2,438	-
Security Deposits	-	(34,024)
Net Cash Provided (Used) By Operating Activities	<u>(502,562)</u>	<u>(620,983)</u>
<u>INVESTING ACTIVITIES</u>		
New Mortgages and Notes	(1,248,292)	(38,967)
Payments on Mortgages and Notes	219,049	213,536
Construction in Progress	<u>(3,986)</u>	<u>(145,728)</u>
Net Cash Provided (Used) By Investing Activities	<u>(1,033,229)</u>	<u>28,841</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,535,791)	(592,142)
Cash and Cash Equivalents - Beginning of Year	<u>11,763,957</u>	<u>12,356,099</u>
Cash and Cash Equivalents - End of Year	<u>\$ 10,228,166</u>	<u>\$ 11,763,957</u>

ST. LAWRENCE RIVER VALLEY  
REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 – HISTORY AND BASIS OF STATEMENT PRESENTATION

The St. Lawrence River Valley Redevelopment Agency (SLRVRA) is a joint action agency formed on June 2, 2010 to make use of certain New York Power Authority (NYPA) assets for the purposes of economic development in the St. Lawrence Valley and surrounding communities. Under the 2010 agreement, the New York Power Authority made available for economic development purposes a \$16 million fund and 20 megawatts of electrical power generation from hydro-electric facilities situated on the St. Lawrence River. A parallel agreement, also dated June 2, 2010, between the SLRVRA and the St. Lawrence County Industrial Development Agency Local Development Corporation (SLCIDA-LDC) provided the mechanism for administering these assets. The SLRVRA has no employees.

Prior to 2014, and as per the 2010 agreements, NYPA had provided the \$16 million to the SLRVRA and the SLCIDA-LDC. On October 18, 2013, NYPA executed an agreement with the Massena Electric Department (as proposed in the 2010 agreements) that made the 20 megawatts of electricity allocated to the SLRVRA available for economic development projects in St. Lawrence County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of 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 SLRVRA has adopted *FASB ASC 958-205*. Under this standard, the SLRVRA 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 SLRVRA is required to present a statement of cash flows. As provided by this statement, the SLRVRA has arranged its financial statements to present the three classes of net assets required, as applicable.

B. Contributions

The SLRVRA 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



ST. LAWRENCE RIVER VALLEY  
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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

E. Mortgage and Notes Receivable

Mortgage and Notes Receivable are reported at their principal amounts outstanding, net of allowances for possible credit losses. Interest revenue on Mortgages and Notes are a credit to interest income based on loan principal amounts outstanding at appropriate interest rates. Interest accrues on loans which are delinquent for three or more months and which management considers uncollectible.

F. Temporarily Restricted Net Assets

The temporarily restricted net assets represent activity related to a \$16,000,000 grant from the New York Power Authority.

G. Income Taxes

The SLCIDA-LDC was determined to be exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code shortly after formation. For tax reporting purposes, the accounts of the SLRVRA are consolidated with those of the SLCIDA-LDC for reporting as a combined entity.

Accounting principles generally accepted in the United States of America require the SLRVRA to evaluate all significant tax positions. As of December 31, 2014 the SLRVRA 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. Also, the SLRVRA does not believe its financial statements include any uncertain tax positions for the open tax years of 2011 through 2014.

It is the SLRVRA's policy to classify income tax related interest and penalties (if applicable) in interest expense and miscellaneous expense, respectively.

ST. LAWRENCE RIVER VALLEY  
REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

H. Advertising

The SLRVRA expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2014 and 2013 were \$39,383 and \$20,265, respectively.

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, 2014 and 2013 were \$14,000, and \$14,000, respectively

NOTE 3 - MORTGAGES AND NOTES RECEIVABLE

The SLRVRA carries its mortgages and notes receivable at cost recognizing interest income on the accrual basis as specified in the various agreements.

On a periodic basis, the SLRVRA evaluates its mortgages and notes receivable and will establish write offs as economic conditions warrant. The Board will determine which mortgages and notes to write off based on uncollectibility. All mortgages and notes are considered collectible until all legal remedies are exhausted.

Mortgages and Notes Receivable balances at December 31, 2014 and 2013 consisted of the following:

	<u>Date</u>	<u>Due</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>2014</u>	<u>2013</u>
<u>Mortgages and Notes Receivable</u>						
First Class Aire	9/12/14	09/01/29	2.625%	\$ 51,500	\$ 50,754	\$ -
High Peaks Winery	04/30/14	05/01/29	2.625%	36,500	35,883	-
SLCIDA - CIB	12/04/14	11/01/21	1.000%	700,000	700,000	-
BlastBoss Inc.	06/17/14	05/01/19	2.650%	37,788	35,289	-
Massena BDC Rail	05/05/14	12/30/16	0.000%	197,504	197,504	-
NC Dairy, LLC	12/02/11	12/01/16	2.625%	\$ 400,000	\$ 166,374	\$ 239,697
Nicholville Telephone Co	12/09/11	12/01/18	4.000%	388,926	254,529	311,783
Purinepharma	07/02/14	06/01/21	5.000%	125,000	118,735	-
Riverside Iron, LLC	06/27/14	07/01/24	2.625%	100,000	95,567	-
SLIC Network Solutions	12/09/11	12/01/18	4.000%	436,074	280,019	342,879
Structural Wood Corp	12/20/11	12/01/21	2.625%	150,000	108,831	123,918
Town of Massena	11/19/13	03/01/16	1.000%	60,557	43,002	38,967
Total Mortgages and Notes Receivable					<u>\$ 2,086,487</u>	<u>\$ 1,057,244</u>

ST. LAWRENCE RIVER VALLEY  
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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Future maturities of the Mortgages and Notes Receivable are as follows:

December 31, 2015	\$322,108
2016	315,689
2017	226,200
2018	232,236
2019	90,203
Thereafter	<u>900,051</u>
	<u>\$2,086,487</u>

NOTE 4 – LOANS IN ARREARS

None – There are no loans in arrears at this time.

NOTE 5 – LOANS IN DEFAULT

None – There are no loans in default at this time.

NOTE 6 – LOANS WRITTEN OFF

None – All loans are still deemed collectible.

NOTE 7 – COMMUNITY DEVELOPMENT ENVIRONMENTAL IMPROVEMENT PROJECTS

The SLRVRA made awards in 2011, 2012, 2013, and 2014 as part of its Community Development Environmental Improvement Projects (CDEIP), as authorized by the June 2, 2010 contracts. The original award amounts and expenditures as of December 31, 2014 are as follows:

<u>CDEIP</u>	<u>Available</u>	<u>2011</u>	<u>Expended</u> <u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Balance</u> <u>Remaining</u>
2011 Awards	\$ 540,000	\$ 55,000	\$ 254,798	\$ 100,000	\$ 4,315	\$ 125,887
2012 Awards	571,052	-	483,552	53,874	15,000	18,626
2013 Awards	418,342	-	-	194,798	140,253	83,291
2014 Awards	<u>436,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,081</u>	<u>377,277</u>
Total	<u>\$ 1,965,752</u>	<u>\$ 55,000</u>	<u>\$ 738,350</u>	<u>\$ 348,672</u>	<u>\$ 218,649</u>	<u>\$ 605,081</u>

ST. LAWRENCE RIVER VALLEY  
REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 8 – FIXED ASSETS

Fixed Assets at December 31 consisted of:

	<u>2014</u>	<u>2013</u>
Massena Lot 18	\$ 359,800	\$ 359,800
Massena Lot 19	340,200	340,200
Construction in Progress	<u>149,714</u>	<u>145,728</u>
	849,714	845,728
Less: Accumulated Depreciation	<u>(44,333)</u>	<u>(30,333)</u>
	<u>\$ 805,381</u>	<u>\$ 815,395</u>

NOTE 9 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from January 1, 2015 through March 6, 2015, the date the financial statements were available to be issued, for possible disclosure or recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions on the balance sheet that are required to be recognized or disclosed in the accompanying financial statements.

NOTE 10 – RECOGNITION OF CERTAIN GRANT REVENUE AND EXPENDITURES

Occasionally, the SLRVRA (the “grantee”) applies for and receives grants from government agencies and other organizations. These grants are usually “reimbursement grants”, i.e., the monies from the grant are only paid to the grantee as reimbursements after the grantee has documented to the grantor that the grantee has achieved defined benchmarks, paid out required funds, and otherwise complied with all other required grant conditions. Projects in which such grants are involved often span several fiscal years and long delays in the reimbursement process are frequent. Consequently, in cases involving reimbursement grants, the SLRVRA does not accrue expected grant revenue or receivables until it has complied with the conditions of the grant agreement(s) and submitted the necessary documentation that will trigger the payment process. Until such documentation has been submitted, and accepted, the grantor still has substantial discretion to deny or reduce payment. Accordingly, at year end the SLRVRA does not accrue any expenses or payables associated with items to be paid out for future grant reimbursement until the SLRVRA is satisfied that it has complied with all grant reimbursement eligibility requirements. These items are usually paid out in the subsequent period and will be recorded as project expenses. Reimbursement grants active as of December 31, 2014 consisted of the following:

ST. LAWRENCE RIVER VALLEY  
REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Reimbursement Grants with SLRVRA as a "Grantee"	Awarded Revenue
NYS - ESD Grant Massena Lots 18 & 19 Buildings	\$ <u>60,000</u>
Totals	\$ <u>60,000</u>

The SLRVRA also funds a grant program of its own – the Community Development Environmental Improvement Program. Since these grants are also reimbursement grants, the SLRVRA adopts the same policy when acting as a grantor that is described above when it is a grantee, i.e., it doesn't accrue the expense until the grantee has documented satisfactorily that it has complied with the grant conditions. As of December 31, 2014 there were no active grants of this nature.

ST. LAWRENCE RIVER VALLEY  
REDEVELOPMENT AGENCY  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

<u>EXPENSES</u>	<u>2014</u>			<u>2013</u>		
	<u>Program</u>	<u>Management and General</u>	<u>Totals</u>	<u>Program</u>	<u>Management and General</u>	<u>Totals</u>
Advertising	\$ 39,383	\$ -	\$ 39,383	\$ 20,265	\$ -	\$ 20,265
Accounting	-	3,183	3,183	-	3,183	3,183
Contractual	348,600	-	348,600	351,300	-	351,300
Community Development	218,649	-	218,649	348,672	-	348,672
Depreciation	14,000	-	14,000	14,000	-	14,000
Insurance	2,515	-	2,515	7,623	-	7,623
Legal Expenses	-	10,616	10,616	-	12,883	12,883
Miscellaneous	-	-	-	-	29	29
Office Supplies	-	-	-	-	42	42
Property Taxes	-	-	-	-	-	-
D & O Insurance	-	696	696	-	440	440
Repairs & Maintenance	711	-	711	640	-	640
Travel	-	-	-	-	-	-
Underwriting Fees	12	-	12	-	-	-
Utilities	5,127	-	5,127	2,581	-	2,581
<b>Total Expenses</b>	<b>\$ 628,997</b>	<b>\$ 14,495</b>	<b>\$ 643,492</b>	<b>\$ 745,081</b>	<b>\$ 16,577</b>	<b>\$ 761,658</b>



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[www.pmhvcpa.com](http://www.pmhvcpa.com)

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

To the Board of Directors of  
St. Lawrence River Valley Redevelopment Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the St. Lawrence River Valley Redevelopment Agency (SLRVRA) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the SLRVRA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SLRVRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SLRVRA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the SLRVRA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the SLRVRA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

Very truly yours,

 Piotr Mucinski Hooper Van House & Co.

Certified Public Accountants, P.C.

Ogdensburg, New York

March 6, 2015





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

301 Ford Street  
P.O. Box 327  
Ogdensburg, NY 13669  
(315) 393-7502  
Fax: (315) 393-9231  
[www.pmhvcpa.com](http://www.pmhvcpa.com)

March 6, 2015

To the Board of Directors and Management of  
St. Lawrence River Valley Redevelopment Agency

We have audited the financial statements of the St. Lawrence River Valley Redevelopment Agency (SLRVRA) for the year ended December 31, 2014, and have issued our report thereon dated March 6, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government 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 January 9, 2015. Professional standards also require that we communicate to you the following information related to our audit.

#### 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 SLRVRA are described in Note 2 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, 2014. We noted no transactions entered into by the SLRVRA 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. There were no sensitive accounting estimates affecting the SLRVRA's financial statements.

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

The disclosure of loans in arrears, in default, with negotiated repayment schedules, and written off can be found in Notes 4 – 6 to the financial statements, when applicable. These notes highlight which loans listed in Note 3 that are in conflict with the repayment terms and why.

The financial statement disclosures are neutral, consistent, and clear.

#### *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 misstatements identified during the audit, other than those that are clearly 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 financial statements taken as a whole.

#### *Disagreements with Management*

For the purpose of this letter, a disagreement with management is 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 6, 2015.

#### *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 SLRVRA'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 accountant 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*

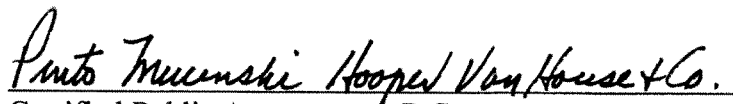
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the SLRVRA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the audit committee, management, and the Board of Directors of the St. Lawrence River Valley Redevelopment Agency 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 House & Co.  
Certified Public Accountants, P.C.  
Ogdensburg, New York