

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION**

ANNUAL REPORT

DECEMBER 31, 2023

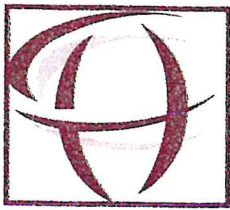
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
North Country Alliance Local Development Corporation

Opinion

We have audited the accompanying financial statements of North Country Alliance Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Country Alliance Local Development Corporation as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Country Alliance Local Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Country Alliance Local Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



INDEPENDENT AUDITORS' REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Country Alliance Local Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Country Alliance Local Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited North Country Alliance Local Development Corporation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



INDEPENDENT AUDITORS' REPORT (continued)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The United States Department of Agriculture – Income and Expenses and Details of Loans Receivable as listed in the table of contents are presented for purposes of additional analysis and are 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.

Crowley & Halloran CPAs P.C.
March 7, 2024

NORTH COUNTRY ALLIANCE LOCAL DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
December 31, 2023 with Comparative Totals for 2022

	2023	2022
ASSETS		
Current Assets		
Cash	\$ 57,752	\$ 20,690
Prepaid Expenses	-	-
Loans Receivable - Current Portion	195,810	434,265
Grant Funds Empire State Development - Current Portion	-	246,454
	253,562	701,409
Other Assets		
Restricted Cash	1,084,806	1,106,243
Loan Advance Held in Escrow	-	100,000
Grant Funds Empire State Development - Long Term Portion	-	-
Loans Receivable - Long Term Portion	1,517,798	1,107,658
Reserve for Uncollectible Loans Receivable	(160,238)	(143,064)
	2,442,366	2,170,837
Total Assets	\$ 2,695,928	\$ 2,872,246
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Interest	\$ 2,400	\$ 2,400
Other Current Liabilities	-	2,195
Current Portion of Long Term Debt	508,779	650,094
	511,179	654,689
Long Term Debt, net of Current Portion	857,807	909,086
Total Liabilities	1,368,986	1,563,775
Net Assets		
Net Assets without Donor Restrictions	1,326,942	1,062,017
Net Assets with Donor Restrictions	-	246,454
Total Net Assets	1,326,942	1,308,471
Total Liabilities and Net Assets	\$ 2,695,928	\$ 2,872,246

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

NORTH COUNTRY ALLIANCE LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023 with Summarized Totals for 2022

	2023	2022
Changes in Net Assets without Donor Restrictions:		
Revenues and Support:		
Memberships	\$ 10,950	\$ 11,000
Loan Interest Income	84,970	79,635
Application/Commitment Fees	14,852	5,850
Bank Interest	7,942	718
Grant Income	12,500	-
Other Income	2,351	3,250
Late Fees	2,296	1,134
Total Revenues and Support without Donor Restrictions	135,861	101,587
Net Assets Released from Restrictions:		
Satisfaction of Program Restrictions Loan Funds	-	-
Total Net Assets Released from Restrictions	-	-
Total Revenues and Support without Donor Restrictions	135,861	101,587
Expenses and Losses		
Programs	74,037	53,053
Management and General	43,353	43,216
Total Expenses and Losses	117,390	96,269
Increase in Net Assets without Donor Restrictions	18,471	5,318
Changes in Net Assets with Donor Restrictions		
Net Assets Released from Restrictions	-	-
Grant Income	-	-
Increase (Decrease) in Net Assets with Donor Restrictions	-	-
Increase in Net Assets	18,471	5,318
Net Assets at Beginning of Year	1,308,471	1,303,153
Net Assets at End of Year	\$ 1,326,942	\$ 1,308,471

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

NORTH COUNTRY ALLIANCE LOCAL DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023 with Summarized Totals for 2022

	<u>Programs</u>	<u>Management & General</u>	<u>Total 2023</u>	<u>Summary Total 2022</u>
Audit	\$ -	\$ 6,300	\$ 6,300	\$ 6,100
Bad Debt Expense	25,468	-	25,468	-
Legal Fees	370	-	370	1,867
Miscellaneous	-	1,000	1,000	-
Registration Fees	-	250	250	275
Supplies	-	602	602	356
UCC Filings	240	-	240	240
Insurance	1,645	1,425	3,070	3,070
Interest Paid to US Department of Agriculture	10,792	-	10,792	12,287
Interest Paid to Empire State Development	4,800	-	4,800	6,292
Portfolio Management	30,722	30,722	61,444	61,444
Meeting Expense	-	3,054	3,054	4,338
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u><u>\$ 74,037</u></u>	<u><u>\$ 43,353</u></u>	<u><u>\$ 117,390</u></u>	<u><u>\$ 96,269</u></u>

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

NORTH COUNTRY ALLIANCE LOCAL DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023 with Summarized Totals for 2022

	2023	2022
Cash Flows from Operating Activities:		
Cash Received from Members and Applicants	\$ 28,098	\$ 17,984
Cash Received from Grants	258,954	-
Cash Received from Other Sources	2,351	3,250
Interest Received	92,912	80,353
Interest Paid	(15,592)	(22,016)
Cash Paid to Suppliers	(78,525)	(75,495)
Recovery of Bad Debt	-	-
Net Cash Provided by Operating Activities	288,198	4,076
Cash Flows from Investing Activities:		
Loans Advanced	(763,500)	(200,000)
Loan Payments Received	583,521	462,384
Net Cash Provided (Used) by Investing Activities	(179,979)	262,384
Cash Flows from Financing Activities:		
Principal Payments of Debt	(192,594)	(744,555)
Proceeds from Issuance of Debt	-	-
Net Cash Used by Financing Activities	(192,594)	(744,555)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(84,375)	(478,095)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	1,226,933	1,705,028
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 1,142,558	\$ 1,226,933
Reconciliation of Changes in Net Assets		
to Net Cash Provided (Used) by Operating Activities:		
Change in Net Assets	\$ 18,471	\$ 5,318
Provision for Bad Debt	25,468	-
Change in Operating Assets - (Increase) Decrease		
Prepaid Expenses	-	-
Grants Receivable	246,454	-
Change in Operating Liabilities - Increase (Decrease)		
Accrued Interest	-	(3,437)
Accounts Payable	-	-
Other Current Liabilities	(2,195)	2,195
Net Cash Provided by Operating Activities	\$ 288,198	\$ 4,076

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

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 with Comparative Totals for 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The North Country Alliance Local Development Corporation (Organization) is a non-profit corporation organized under the laws of the State of New York to promote economic development in upstate New York. The organization makes financial assistance available to area businesses and projects in order to create and retain jobs in upstate New York.

BASIS OF ACCOUNTING

The accrual method is used for both financial reporting and income tax purposes. Expenses are recorded when incurred and revenues are recorded when realized in accordance with the accrual basis of accounting.

NET ASSETS

Net assets, revenues, gains, and losses are based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets with Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increased in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net asset released from restriction.

COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 with Comparative Totals for 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

For 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.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 57,752	\$ 20,690
Restricted cash	1,084,806	1,206,243
	<u>\$ 1,142,558</u>	<u>\$ 1,226,933</u>

REVENUE AND SUPPORT

Revenue is recognized when earned. Membership dues, which are nonrefundable, are recognized immediately as contributions. Program service fees and payments under cost-reimbursable contracts received in advanced are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. State contracts and grants may be conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

The Organization recognized \$12,500 in additional grants that are considered contributions during the year ended December 31, 2023. No grants were recognized during the year ended December 31, 2022.

Loans receivable are stated at unpaid principal balances. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

BAD DEBT LOSS AND RECOVERIES

A reserve method for bad debts has been reflected in these financial statements based upon management's specific identification of outstanding loan receivables that have a potential for collection issues based on historical payment status of the borrowers. The allowance for uncollectible loans receivable was \$160,238 and \$143,064, at December 31, 2023 and 2022, respectively.

During 2023, a loan receivable from Alisha Mayville, d/b/a Relax and Ride, in the amount of \$8,294 was written off as uncollectible. During 2022, no loans were written off as uncollectible. No amounts were recovered in 2023 and 2022. Management continues to pursue collections subsequent to writing off as uncollectible.

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 with Comparative Totals for 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUNCTIONAL EXPENSES

The cost of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

TAX STATUS

The Internal Revenue Service has determined that North Country Alliance Local Development Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization other than a private foundation under Section 509(a)(2).

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 57,752	\$ 20,690
Loans Receivable	52,166	163,386
	<u>\$ 109,918</u>	<u>\$ 184,076</u>

The Organization has certain donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. Out of the loans receivable, \$12,166 can be used to pay USDA debt payment and \$40,000 can be used to pay USDA related operating expenses, with the remainder available for new loans. The Organization has other assets limited to use for donor-restricted purposes and debt service, comprise the following:

Grant Funds with ESD	\$ -	\$ 246,454
Restricted Cash	<u>1,084,806</u>	<u>1,206,243</u>
	<u>\$ 1,084,806</u>	<u>\$ 1,452,697</u>

These assets are limited to use, which are more fully described in Note 4 and are not available for general expenditures within the next year.

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 with Comparative Totals for 2022**

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in one financial institution located in Watertown, New York. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times there were balances in the bank that were over the FDIC limit. However, the Organization has a collateralized pledge account with Watertown Savings Bank to cover all deposits that exceed the FDIC limit. Therefore, at December 31, 2023 and 2022, the Organization had no uninsured cash balances.

NOTE 4 - RESTRICTED CASH

The Organization is required to deposit the principal and interest payments into separate accounts for each loan fund. These funds are restricted for the purpose of making new loans to local business and for the repayment of outstanding debt. There are also amounts allowed for administrative expenses of the organization. Total restricted cash was \$1,084,806 and \$1,206,243 at December 31, 2023 and 2022 respectively. The United States Department of Agriculture requires a 6% reserve of funds based on the receivable balance at year end. For the years ending December 31, 2023 and 2022 these amounts are \$52,980 and \$51,580, respectively.

NOTE 5 - LOANS ADVANCED

The Organization advanced loans in the amount of \$763,500 and \$200,000 during 2023 and 2022 respectively. These loans are to provide financial assistance to local eligible businesses in order to significantly impact economic conditions in seven upstate New York counties.

The following schedule summarizes loans receivable:

	2023	2022
Loans Advanced:		
Regional Revolving Loan Fund	\$ 385,000	\$ 100,000
Rural Business Enterprise Grant	52,500	-
ESD Small Business RLF	-	-
Intermediary Re-lending Program	326,000	100,000
Total	\$ 763,500	\$ 200,000
	2023	2022
Loans Receivable:		
Regional Revolving Loan Fund	\$ 493,704	\$ 319,396
Rural Business Enterprise Grant	85,192	45,165
ESD Small Business RLF	251,708	317,704
Intermediary Re-lending Program	883,004	859,658
Total	\$ 1,713,608	\$ 1,541,923

Included in the loans advanced were \$0 and \$0 of refinancing fees at December 31, 2023 and 2022 respectively. Other increases to loans receivable balances were \$0 and \$0 of capitalized interest at December 31, 2023 and 2022, respectively.

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 with Comparative Totals for 2022**

NOTE 5 - LOANS ADVANCED (continued)

Covid-19 Emergency Business Relief Program

The Organization disbursed a total of 11 loans totaling \$125,000 under the Covid-19 Emergency Business Relief Program in 2020 and 2021. Amounts to borrow were based upon demonstrated need for 6 months of working capital. Business with under 20 full-time-equivalent (FTE) employees could borrow up to \$10,000 and business at or above 20 FTE employees could borrow up to \$25,000 for a maximum term of 60 months at 5% interest rate. Loan terms call for a principal and interest moratorium for the first 3 months, then interest only for the subsequent 6 months, with principal and interest to amortize the loan over the remaining term. Interest does not accrue during the first 3 months. Further extensions for moratorium of principal and interest payments were made on an individual loan basis. The outstanding balance of the loans was \$11,841 and \$26,854 at December 31, 2023 and 2022, respectively.

NOTE 6 - LONG TERM DEBT

Details of the Organization's notes payable at December 31, 2023 and 2022 are as follows:

	2023	2022
United States Department of Agriculture – IRP II Original Balance \$1,000,000, annual payment of \$41,124, bearing interest at 1.00%, maturing September 19, 2024. Secured by bank accounts established by the loan fund and any collateral taken on loans made to borrowers.	\$ 35,826	\$ 76,189
United States Department of Agriculture – IRP III Original Balance \$500,000, annual payment of \$20,595, bearing interest at 1.00%, maturing December 11, 2030. Secured by bank accounts established by the loan fund and any collateral taken on loans made to borrowers.	135,608	154,627
United States Department of Agriculture – IRP IV Original Balance \$750,000, annual payment of \$30,848, bearing interest at 1.00%, maturing August 16, 2034. Secured by bank accounts established by the loan fund and any collateral taken on loans made to borrowers.	318,383	345,773

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 with Comparative Totals for 2022**

NOTE 6 - LONG TERM DEBT (continued)

United States Department of Agriculture – IRP VI
Original Balance \$750,000, interest only due years one and two, annual payment of \$30,848, bearing interest at 1.00%, maturing June 4, 2040. Secured by bank accounts established by the loan fund and any collateral taken on loans made to borrowers.

	476,769	502,591
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United States Department of Agriculture – IRP VII
Available Balance \$750,000, interest only due years one through three, principal and interest due years four through thirty, maturing December 22, 2053, bearing interest at 1%. Balance not drawn down as of December 31, 2023. Secured by bank accounts established by the loan fund and any collateral taken on loans made to borrowers.

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ESD Small Business Revolving Loan Fund
Original Balance \$1,750,000, interest only due years one through eight, principal and interest due years nine through eleven, maturing February 15, 2022. Balance reduced by \$500,000 in 2020 and \$175,000 in 2021 and payment schedule modified to start 2022. Secured by bank accounts established by the loan fund and any collateral taken on loans made to borrowers.

	<u>400,000</u>	<u>480,000</u>
Total	<u>\$ 1,366,586</u>	<u>\$ 1,559,180</u>

Future maturities of notes payable are as follows:

2024	\$ 508,779	
2025	73,683	
2026	74,420	
2027	75,164	
2028	75,915	
2029-2033	325,758	
2034-2038	175,908	
2039-2043	<u>56,959</u>	
	<u>\$ 1,366,586</u>	

The Organization has requested an extension of time to repay the ESD Small Business Revolving Loan.

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 with Comparative Totals for 2022**

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

North Country Alliance Local Development Corporation received a grant in 1989 from the New York State Urban Development Corporation (NYSUDC) in the amount of \$555,000. An additional \$200,000 was allocated from the Regional Economic Development Strategy Partnership Program during 1992 and \$155,000 during 1999. An additional \$318,661 was awarded in January 2020. Of the total grant amount of \$1,228,661, \$0 and \$246,454 was held, as of December 31, 2023 and 2022, respectively, for the purpose of making additional loans, and covering related general and administrative costs in the NYSUDC's Trust Fund account in New York.

The following schedule summarizes net assets with donor restrictions:

	<u>2023</u>	<u>2022</u>
NYSUDC	\$ -	\$ 246,454
Total	<u>\$ -</u>	<u>\$ 246,454</u>

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Released for purposes	\$ -	\$ -
Interest paid on Intermediary Re-lending Program	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The following assets are of concern to the Organization.

North Country Alliance Local Development Corporation (NCA) appears to be concerned with regards to the following receivables, and their potential for loss:

- Sharrow's Home Repair and Renovations, as of December 31, 2023, the principal balance was \$3,934 and was 3 months delinquent.

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 with Comparative Totals for 2022**

NOTE 8 - COMMITMENTS AND CONTINGENCIES (continued)

North Country Alliance Local Development Corporation has committed loans to the following at December 31, 2023:

- The Trailhead Restaurant Group, LLC in the amount of \$77,000
- Tug Hill Artisan Roasters, LLC in the amount of \$200,000
- Small Town Cultures, Inc. in the amount of \$100,000
- Black River Valley Natural Holdings, LLC in the amount of \$100,000

NOTE 9 - RELATED PARTY TRANSACTIONS

The Development Authority of the North Country and CITEC have agreements with North Country Alliance Local Development Corporation to provide portfolio management services as identified by the scope of services in their respective agreements. The Development Authority and CITEC are members of North Country Alliance Local Development Corporation. Expenses for portfolio management services for the Development Authority of the North Country were \$49,684 and \$49,684 for the years ending December 31, 2023 and 2022, respectively. Portfolio Management fees paid to CITEC for the years ending December 31, 2023 and 2022 were \$11,760 and \$11,760, respectively.

NOTE 10 - FAIR VALUE MEASUREMENTS

The Organization adopted FASB ASC Section 820-10, *Fair Value Measurements and Disclosures*, which clarifies the definition of fair value for financial reporting and establishes a three-tier hierarchy as a framework for measuring fair value which requires an entity to give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements.

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 with Comparative Totals for 2022**

NOTE 10 - FAIR VALUE MEASUREMENTS (continued)

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date. The three levels of the fair value hierarchy under this standard are as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.

Level 3 inputs are unobservable inputs for the asset or liability, in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

The carrying amounts of cash and cash equivalents, receivable, prepaid expense, accounts payable, accrued expense, and contract advances approximate fair value because of the short maturity of these instruments. Notes payable is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's notes payable at fair value on a recurring basis as follows at December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Notes payable	\$ -	\$ 1,366,586	\$ -	\$ 1,366,586
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 1,366,586</u>	<u>\$ -</u>	<u>\$ 1,366,586</u>

**NORTH COUNTRY ALLIANCE
LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 with Comparative Totals for 2022**

NOTE 10 - FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's notes payable at fair value on a recurring basis as follows at December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Notes payable	\$ -	\$ 1,559,180	\$ -	\$ 1,559,180
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 1,559,180</u>	<u>\$ -</u>	<u>\$ 1,559,180</u>

NOTE 11 - TAX UNCERTAINTIES

FASB ASC 740, "Income Taxes," requires entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years including 2020 and later are subject to examination by tax authorities. Areas that IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. North Country Alliance Local Development Corporation does not believe that it has any uncertain tax positions with respect to these or other matters, and has not recorded any unrecognized tax benefits or liability for penalties or interest.

North Country Alliance Local Development Corporation is not aware of any circumstances or events that make it reasonably possible that tax benefits may increase or decrease within 12 months of the date of these financial statements.

NOTE 12 - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Portfolio management expense is allocated between programs and management and general on the basis of estimates of time and effort.

NOTE 13 - SUBSEQUENT EVENTS

North Country Alliance Local Development Corporation has evaluated events and transactions that occurred between December 31, 2023 and March 7, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 14 - RECLASSIFICATIONS

Certain accounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

SUPPLEMENTAL INFORMATION

NORTH COUNTRY ALLIANCE LOCAL DEVELOPMENT CORPORATION
UNITED STATES DEPARTMENT OF AGRICULTURE - INCOME AND EXPENSES
For the Year Ended December 31, 2023 with Summarized Totals for 2022

	<u>USDA RBEG</u>	<u>USDA IRP</u>	<u>Total 2023</u>	<u>Total 2022</u>
Income				
Application and Late Fees	\$ 494	\$ 735	\$ 1,229	\$ 628
Commitment Fees	1,163	4,890	6,053	2,625
Bank Interest Income	383	3,036	3,419	317
Loan Interest Income	3,071	43,590	46,661	45,375
Grant Income	-	12,500	12,500	-
Total Income	<u>5,111</u>	<u>64,751</u>	<u>69,862</u>	<u>48,945</u>
Expenses				
Audit and Legal	-	3,431	3,431	3,773
Bad Debt Expense	-	14,321	14,321	-
General and Administrative	-	598	598	375
Insurance	-	2,386	2,386	2,372
Interest Paid to United States				
Department of Agriculture	-	10,792	10,792	12,287
Portfolio Management	-	31,951	31,951	30,990
Total Expenses	<u>-</u>	<u>63,479</u>	<u>63,479</u>	<u>49,797</u>
Net Income (Loss)	<u>\$ 5,111</u>	<u>\$ 1,272</u>	<u>\$ 6,383</u>	<u>\$ (852)</u>

See paragraph on supplemental information included in the independent auditors' report.

NORTH COUNTRY ALLIANCE LOCAL DEVELOPMENT CORPORATION
DETAILS OF LOANS RECEIVABLE
December 31, 2023 with Summarized Totals for 2022

<u>Borrower</u>	<u>Interest</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance 12/31/2023</u>	<u>Balance 12/31/2022</u>
Alisha Maryville dba Relax and Ride Stables	5.000%	Jul 25	\$ 10,000	* \$ -	\$ 8,294
Asept Pak, Inc.	5.000%	Jul 24	225,000	-	31,646
Adirondack Foothills, LLC	7.250%	Nov 28	100,000	100,000	-
Adirondack Foothills, LLC	7.250%	Nov 33	50,000	50,000	-
Blast Boss, Inc. dba Iron Horse Grill	6.500%	Feb 33	100,000	93,915	-
Chamberlain, LLC	5.000%	Jun 34	157,500	120,418	129,810
Chuejenny LLC	5.000%	May 25	10,000	3,975	6,329
Clifton-Fine Hospital	5.000%	Jun 26	150,000	34,429	44,621
Fair Wind Rentals, LLC	7.500%	Dec 38	135,000	135,000	-
GJR Family Enterprises, LLC	5.000%	Apr 31	100,000	-	85,898
Homes for Humanity Holdings, LLC	5.000%	Jan 30	90,000	59,978	68,209
Jai Gulab, Inc.	4.250%	Jan 33	225,000	152,835	166,338
Johnson Lumber Company, Inc.	4.250%	Mar 33	225,000	158,532	171,798
Katkesh Holding Company, LLC	5.000%	Mar 25	80,000	11,517	20,868
Kingston Pharma, LLC	5.000%	Aug 23	75,000	-	25,451
LCO Destiny, LLC #3	6.750%	Mar 28	125,000	110,662	-
Long Lake Hotel Corporation	5.250%	Nov 28	60,000	-	40,620
Miskarie USA, LLC.	5.000%	Dec 26	100,000	66,926	87,100
N. Wilson Holdings, LLC	5.000%	Nov 23	88,000	-	10,903
Osceola Ski and Sport Resort	5.000%	Dec 24	50,000	13,644	24,847
Our Cup of Joy, Inc.	5.000%	Apr 23	75,000	-	12,477
Pro-Tech Restoration, Inc.	3.250%	Jan 26	80,000	18,872	26,780
Packbasket Adventures	5.000%	Apr 25	10,000	3,931	6,288
River Creek, LLC	7.250%	Jun 28	35,000	33,785	-
River Creek, LLC	7.250%	Jun 33	40,000	38,612	-
RLE Howell Property, LLC	7.500%	Nov 43	66,000	66,000	-
Romalato's Deli	5.000%	Apr 25	50,000	-	3,668
SBSP Real Estate, LLC	4.500%	Jun 33	225,000	161,662	174,722
Sci-tech Center of NNY	2.500%	Jan 28	45,000	15,697	18,340
Sharrows Home Repair and Renovations	5.000%	Apr 25	10,000	3,934	5,945
Solsberry Enterprises, LLC	5.000%	May 30	65,000	32,020	40,927
Three Mile Bay Ventures, LLC	7.500%	Dec 28	112,500	112,500	-
Transitional Living Services	5.000%	Mar 30	150,000	77,996	88,871
War Canoe Spirits, LLC #4	5.000%	Feb 23	200,000	-	200,000
Zero Dock Street, LLC	5.000%	Jul 30	50,000	36,768	41,173
			<u>\$ 3,369,000</u>	<u>\$ 1,713,608</u>	<u>\$ 1,541,923</u>

* Written off as Uncollectible in 2023

See paragraph on supplemental information included in the independent auditors' report.