**North Country Alliance Local Development Corporation**

**Audit/Finance Committee**

**March 9th, 2020 at 1PM**

**Minutes**

The North Country Alliance Local Development Corporation held a NCA Audit and Finance Committee meeting on Monday, March 9, 2020 at 1:00 PM via conference call.

Dial information 1-800-977-8002 Participant Code 368009#.

**Present:** Marijean Remington, Dave Zembiec, and Brian Gladwin

**Excused:**  None

**Others:** Michelle Capone and Matt Siver (DANC), Eric Virkler, Michael Crowley, Pamela Halloran

**Call to Order:** The meeting was called to order at 1:01 PM

1. M. Remington indicated that she is running the meeting, although Eric Virkler is sitting in on the call. E. Virlker had to briefly resign from the NCA due to being elected as the Lewis County Treasurer. M. Remington indicated that they plan to reinstate him once his membership dues are received. M. Crowley started off the presentation with the Order of Opinion that covers auditing standards, responsibility, and opinion. M. Crowley indicated that the NCA received an unmodified opinion the highest that you can receive. P. Halloran then took over the presentation and covered pg. 3 of the rough draft audit on the statement of financial opinion. She indicated that due to the new standards we only had to cover one year at a time for comparative purposes. M. Capone addressed the UDC funds for the committee and indicated that previously ESD held the funds until a closing was required. The committee asked M. Capone and P. Halloran to clarify on the UDC grant funds (grant vs. cash held). M. Capone indicated that UDC required that the NCA to submit an RFP to reapply and gave us access to all the funds they were holding for NCA. The UDC grant was shown on the draft audit as a grant receivable held and is technically a grant asset. P. Halloran indicated that the new standards for 2020 were implemented, but may not look too different from last year with the restrictions shown as unrestricted or donor restricted. P. Halloran covered the bad debt allowance which was set to $199,133. The committee discussed the $1.75 million dollar ESD SBRLF loan and the implications for its repayment, shown in the current portion of long-term debt and the long-term debt. M. Capone indicated that we have enough funds to make the first payment if needed, although the NCA requested an extension and we have not heard back from ESD SBRLF. M. Capone indicated that we wouldn’t be able to make any additional payments for roughly 3-4 years. B. Gladwin and M. Remington thought it would be beneficial to add the language about the request to ESD SBRLF even if it does not change the repayments shown in the current portion of long-term debt or significantly change the statement on the audit. P. Halloran indicated that we can add the additional information and M. Crowley indicated that the maturity date for the ESB SBRLF funds will not change as a result M. Capone indicated that there was a 10% bad debt reserve for the ESD SBRLF funds that the NCA has already utilized and we don’t think anything will happen as a result of that, but we do not know at this time. P. Halloran went on to cover the rest of the draft audit from pg. 5 and indicated that the NCA did not act as a pass thru for NCREDC. As a result the additional funds were not received although we did not have the pass thru expense. She indicated that we had lower legal expenses by roughly $9,000, although we did have an increase in meeting expenses. P. Halloran covered Notes 7-16 and indicated that LKR Enterprises was included in Bad Debt Write-Off’s with a deed in lieu of foreclosure. M. Remington asked if the deed in lieu of foreclosure occurred in December 2019 and M. Capone and M. Siver indicated that they thought so but would verify. M. Remington wanted to make sure we had that accurately stated. M. Capone indicated that anything by February 12th can be included if it impacts financials. P. Halloran indicated that the Note 2 on liquidity is new as of last year. P. Halloran covered Note 3 through Note 6 and mentioned she will update the ESD SBRLF note. P. Halloran indicated that the admin funds released were $40,000 from USDA IRP and $37,000 from ESD SBRLF. M. Remington asked why the admin released for ESD SBRLF was lower the year before and M. Capone indicated that it was simply because there were less expenses the previous year. P. Halloran then covered the remaining Notes in the audit through Note 18 which was a detail summary of loans. P. Halloran then covered the various schedules and the 990. She briefly touched on the CHAR 500 and retaining the 501 c 3 designation. The committee did not have any additional questions for the auditors. M. Siver indicated that he will follow up with the information on the deed in lieu for LKR and a resolution to write-off the bad debt for LKR in the amount of $130,752 as proposed by Crowley and Halloran. E. Virkler or B. Gladwin indicated that they will present to the NCA Board in March 2020.
2. **Adjournment:** The meeting was adjourned at 2:02 PM.