

**NORTH COUNTRY ALLIANCE  
LOCAL DEVELOPMENT CORPORATION**

**ANNUAL REPORT**

**DECEMBER 31, 2022**

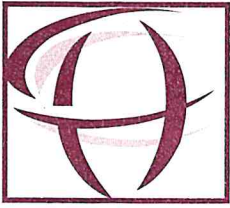
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## **INDEPENDENT AUDITORS' REPORT**

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, 2022, 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, 2022, 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**Crowley & Halloran, CPAs, P.C.**  
*Certified Public Accountants, Auditors, and Consultants*

**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.*  
February 24, 2023

**NORTH COUNTRY ALLIANCE LOCAL DEVELOPMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2022 with Comparative Totals for 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 20,690	\$ 45,801
Prepaid Expenses	-	-
Loans Receivable - Current Portion	434,265	282,505
Grant Funds Empire State Development - Current Portion	246,454	246,454
	<b>701,409</b>	<b>574,760</b>
<b>Other Assets</b>		
Restricted Cash	1,106,243	1,659,227
Loan Advance Held in Escrow	100,000	-
Grant Funds Empire State Development - Long Term Portion	-	-
Loans Receivable - Long Term Portion	1,107,658	1,521,802
Reserve for Uncollectible Loans Receivable	(143,064)	(143,064)
	<b>2,170,837</b>	<b>3,037,965</b>
<b>Total Assets</b>	<b>\$ 2,872,246</b>	<b>\$ 3,612,725</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued Interest	\$ 2,400	\$ 5,837
Other Current Liabilities	2,195	-
Current Portion of Long Term Debt	650,094	687,054
	<b>654,689</b>	<b>692,891</b>
Long Term Debt, net of Current Portion	909,086	1,616,681
<b>Total Liabilities</b>	<b>1,563,775</b>	<b>2,309,572</b>
<b>Net Assets</b>		
Net Assets without Donor Restrictions	1,062,017	1,056,699
Net Assets with Donor Restrictions	246,454	246,454
<b>Total Net Assets</b>	<b>1,308,471</b>	<b>1,303,153</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,872,246</b>	<b>\$ 3,612,725</b>

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, 2022 with Summarized Totals for 2021**

	<b>2022</b>	<b>2021</b>
<b>Changes in Net Assets without Donor Restrictions:</b>		
Revenues and Support:		
Memberships	\$ 11,000	\$ 12,250
Loan Interest Income	79,635	96,551
Application/Commitment Fees	5,850	3,400
Bank Interest	718	716
Other Income	3,250	79,137
Late Fees	1,134	668
Total Revenues and Support without Donor Restrictions	101,587	192,722
Net Assets Released from Restrictions:		
Satisfaction of Program Restrictions Loan Funds	-	246,454
Total Net Assets Released from Restrictions	-	246,454
Total Revenues and Support without Donor Restrictions	101,587	439,176
Expenses and Losses		
Programs	53,053	150,053
Management and General	43,216	42,555
Total Expenses and Losses	96,269	192,608
<b>Increase in Net Assets without Donor Restrictions</b>	<b>5,318</b>	<b>246,568</b>
<b>Changes in Net Assets with Donor Restrictions</b>		
Net Assets Released from Restrictions	-	(246,454)
Grant Income	-	175,000
<b>Increase (Decrease) in Net Assets with Donor Restrictions</b>	<b>-</b>	<b>(71,454)</b>
<b>Increase in Net Assets</b>	<b>5,318</b>	<b>175,114</b>
<b>Net Assets at Beginning of Year</b>	<b>1,303,153</b>	<b>1,128,039</b>
<b>Net Assets at End of Year</b>	<b>\$ 1,308,471</b>	<b>\$ 1,303,153</b>

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, 2022 with Summarized Totals for 2021**

	<u>Programs</u>	<u>Management &amp; General</u>	<u>Total 2022</u>	<u>Summary Total 2021</u>
Audit	\$ -	\$ 6,100	\$ 6,100	\$ 5,850
Bad Debt Expense	-	-	-	91,364
Conference Calls	-	-	-	71
Legal Fees	1,867	-	1,867	-
Miscellaneous	-	-	-	-
Registration Fees	-	275	275	275
Supplies	-	356	356	298
UCC Filings	240	-	240	440
Insurance	1,645	1,425	3,070	3,070
Interest Paid to US Department of Agriculture	12,287	-	12,287	13,795
Interest Paid to Empire State Development	6,292	-	6,292	12,087
Portfolio Management	30,722	30,722	61,444	61,444
NCREDC Plan Expense	-	-	-	-
Meeting Expense	-	4,338	4,338	3,914
	<u>-</u>	<u>4,338</u>	<u>4,338</u>	<u>3,914</u>
<b>Total Functional Expenses</b>	<u>\$ 53,053</u>	<u>\$ 43,216</u>	<u>\$ 96,269</u>	<u>\$ 192,608</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, 2022 with Summarized Totals for 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Members and Applicants	\$ 17,984	\$ 16,318
Cash Received from Grants	-	246,455
Cash Received from Other Sources	3,250	2,501
Interest Received	80,353	97,267
Interest Paid	(22,016)	(28,795)
Cash Paid to Suppliers	(75,495)	(74,962)
Recovery of Bad Debt	-	76,636
<b>Net Cash Provided by Operating Activities</b>	<b>4,076</b>	<b>335,420</b>
<b>Cash Flows from Investing Activities:</b>		
Loans Advanced	(200,000)	(210,000)
Loan Payments Received	462,384	666,733
<b>Net Cash Provided by Investing Activities</b>	<b>262,384</b>	<b>456,733</b>
<b>Cash Flows from Financing Activities:</b>		
Principal Payments of Debt	(744,555)	(150,716)
Proceeds from Issuance of Debt	-	-
<b>Net Cash Used by Financing Activities</b>	<b>(744,555)</b>	<b>(150,716)</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash</b>	(478,095)	641,437
<b>Cash, Cash Equivalents, and Restricted Cash at Beginning of Year</b>	<b>1,705,028</b>	<b>1,063,591</b>
<b>Cash, Cash Equivalents, and Restricted Cash at End of Year</b>	<b>\$ 1,226,933</b>	<b>\$ 1,705,028</b>
<b>Reconciliation of Changes in Net Assets</b>		
<b>to Net Cash Provided (Used) by Operating Activities:</b>		
Change in Net Assets	\$ 5,318	\$ 175,114
Provision for Bad Debt	-	91,364
Grant Proceeds Applied to Debt	-	(175,000)
Change in Operating Assets - (Increase) Decrease		
Prepaid Expenses	-	400
Grants Receivable	-	246,455
Change in Operating Liabilities - Increase (Decrease)		
Accrued Interest	(3,437)	(2,913)
Accounts Payable	-	-
Other Current Liabilities	2,195	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 4,076</b>	<b>\$ 335,420</b>

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

**NORTH COUNTRY ALLIANCE  
LOCAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 with Comparative Totals for 2021**

**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, 2021, from which the summarized information was derived.

**NORTH COUNTRY ALLIANCE  
LOCAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 with Comparative Totals for 2021**

**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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 20,690	\$ 45,801
Restricted cash	1,206,243	1,659,227
	<u>\$ 1,226,933</u>	<u>\$ 1,075,028</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 \$175,000 in additional grants from the New York State Urban Development Corporation d/b/a Empire State Development (“ESD”), that are considered contributions during the year ended December 31, 2021, proceeds were applied to debt. 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 \$143,064 and \$143,064, at December 31, 2022 and 2021, respectively.

During 2021, the two loans receivable from Bowe and Arrow, LLC, in the amounts of \$99,992 and \$71,658 were written off as uncollectible. During 2022, no loans were written off as uncollectible. In 2021, \$76,636 was recovered from loans previously written off as uncollectible in 2019 in the amount of \$130,752. No amounts were recovered in 2022. Management continues to pursue collections subsequent to writing off as uncollectible.

**NORTH COUNTRY ALLIANCE  
LOCAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 with Comparative Totals for 2021**

**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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 20,690	\$ 45,801
Loans Receivable	163,386	204,841
	<u>\$ 184,076</u>	<u>\$ 250,642</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, \$123,386 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	\$ 246,454
Restricted Cash	<u>1,206,243</u>	<u>1,659,227</u>
	<u>\$ 1,452,697</u>	<u>\$ 1,905,681</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, 2022 with Comparative Totals for 2021**

**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, 2022 and 2021, 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 \$1,206,243 and \$1,659,227 at December 31, 2022 and 2021, 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, 2022 and 2021 these amounts are \$51,580 and \$52,934, respectively.

**NOTE 5 - LOANS ADVANCED**

The Organization advanced loans in the amount of \$200,000 and \$210,000 during 2022 and 2021 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:

	<u>2022</u>	<u>2021</u>
<b>Loans Advanced:</b>		
Regional Revolving Loan Fund	\$ 100,000	\$ 110,000
Rural Business Enterprise Grant	-	-
ESD Small Business RLF	-	-
Intermediary Re-lending Program	<u>100,000</u>	<u>100,000</u>
<b>Total</b>	<u>\$ 200,000</u>	<u>\$ 210,000</u>
	<u>2022</u>	<u>2021</u>
<b>Loans Receivable:</b>		
Regional Revolving Loan Fund	\$ 319,396	\$ 378,952
Rural Business Enterprise Grant	45,165	57,153
ESD Small Business RLF	317,704	485,965
Intermediary Re-lending Program	<u>859,658</u>	<u>882,237</u>
<b>Total</b>	<u>\$ 1,541,923</u>	<u>\$ 1,804,307</u>

Included in the loans advanced were \$0 and \$0 of refinancing fees at December 31, 2022 and 2021 respectively. Other increases to loans receivable balances were \$0 and \$0 of capitalized interest at December 31, 2022 and 2021, respectively.

**NORTH COUNTRY ALLIANCE  
LOCAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 with Comparative Totals for 2021**

**NOTE 5 - LOANS ADVANCED (continued)**

**Covid-19 Emergency Business Relief Program**

The Organization disbursed a total of 11 loan 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 \$26,854 and \$77,301 at December 31, 2022 and 2021, respectively.

**NOTE 6 - LONG TERM DEBT**

Details of the Organization's notes payable at December 31, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
United States Department of Agriculture – IRP I Original Balance \$1,000,000, annual payment of \$41,124, bearing interest at 1.00%, maturing March 4, 2022. Secured by bank accounts established by the loan fund and any collateral taken on loans made to borrowers. Paid in full in 2022.	\$ -	\$ 38,075
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.	76,189	116,153
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.	154,627	173,458
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.	345,773	372,892

**NORTH COUNTRY ALLIANCE  
LOCAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 with Comparative Totals for 2021**

**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.

	502,591	528,157
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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>480,000</u>	<u>1,075,000</u>
<b>Total</b>	<u>\$ 1,559,180</u>	<u>\$ 2,303,735</u>

Future maturities of notes payable are as follows:

2023	\$ 592,594
2024	108,779
2025	73,683
2026	74,420
2027	75,164
2028-2032	342,894
2033-2037	204,709
2038-2042	<u>86,937</u>
	<u>\$ 1,559,180</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, 2022 with Comparative Totals for 2021**

**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, \$264,454 and \$264,454 was held, as of December 31, 2022 and 2021, 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>2022</u>	<u>2021</u>
NYSUDC	\$ 246,454	\$ 246,454
<b>Total</b>	<u>\$ 246,454</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Released for purposes	\$ -	\$ 246,454
Interest paid on Intermediary Re-lending Program	-	-
<b>Total</b>	<u>\$ -</u>	<u>\$ 246,454</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:

- Alisha Mayville d/b/a Relax and Ride, as of December 31, 2022, the principal balance was \$8,293 and was in default.
- Kingston Pharma, LLC, as of December 31, 2022, the principal balance was \$25,451 and was 5 months delinquent.
- Sharrow's Home Repair and Renovations, as of December 31, 2022, the principal balance was \$5,945 and was 1 month delinquent.
- Solsberry Enterprises, LLC, as of December 31, 2022, the principal balance was \$40,927 and was 4 months delinquent.
- Our Cup of Joy, Inc., as of December 31, 2022, the principal balance was \$12,477 and was 1 month delinquent.
- Chuijenny LLC, as of December 31, 2022, the principal balance was \$6,329 and was 1 month delinquent.



**NORTH COUNTRY ALLIANCE  
LOCAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 with Comparative Totals for 2021**

**NOTE 8 - COMMITMENTS AND CONTINGENCIES (continued)**

North Country Alliance Local Development Corporation has committed a loan in the amount of \$100,000 to Blastboss, Inc., and the funds were held in an escrow account at December 31, 2022.

**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 County were \$49,684 and \$49,684 for the years ending December 31, 2022 and 2021, respectively. Portfolio Management fees paid to CITEC for the years ending December 31, 2022 and 2021 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, 2022 with Comparative Totals for 2021**

**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, 2022.

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, 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>

**NORTH COUNTRY ALLIANCE  
LOCAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 with Comparative Totals for 2021**

**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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Notes payable	\$ -	\$ 2,303,735	\$ -	\$ 2,303,735
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 2,303,735</u>	<u>\$ -</u>	<u>\$ 2,303,735</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 2019 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, 2022 and February 24, 2023, 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, 2022 with Summarized Totals for 2021**

	<u>USDA RBEG</u>	<u>USDA IRP</u>	<u>Total 2022</u>	<u>Total 2021</u>
<b>Income</b>				
Application and Late Fees	\$ 428	\$ 200	\$ 628	\$ 398
Commitment Fees	375	2,250	2,625	1,500
Bank Interest Income	49	268	317	264
Loan Interest Income	2,050	43,325	45,375	52,829
Recovery of Bad Debt	-	-	-	25,290
Total Income	<u>2,902</u>	<u>46,043</u>	<u>48,945</u>	<u>80,281</u>
<b>Expenses</b>				
Audit and Legal	-	3,773	3,773	2,866
Bad Debt Expense	-	-	-	44,767
Conference Calls	-	-	-	35
General and Administrative	-	375	375	477
Insurance	-	2,372	2,372	2,400
Interest Paid to United States				
Department of Agriculture	-	12,287	12,287	13,795
Portfolio Management	-	30,990	30,990	30,107
Total Expenses	<u>-</u>	<u>49,797</u>	<u>49,797</u>	<u>94,447</u>
<b>Net Income (Loss)</b>	<u>\$ 2,902</u>	<u>\$ (3,754)</u>	<u>\$ (852)</u>	<u>\$ (14,166)</u>

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

**NORTH COUNTRY ALLIANCE LOCAL DEVELOPMENT CORPORATION**  
**DETAILS OF LOANS RECEIVABLE**  
**December 31, 2022 with Summarized Totals for 2021**

<u>Borrower</u>	<u>Interest</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance 12/31/2022</u>	<u>Balance 12/31/2021</u>
Alisha Maryville dba Relax and Ride Stables	5.000%	Jul 25	\$ 10,000	\$ 8,293	\$ 9,111
Amazing Grace Vineyard and Winery, LLC.	5.000%	Apr 22	10,000	-	10,000
Asept Pak, Inc.	5.000%	Jul 24	225,000	31,646	51,469
Bowe and Arrow, LLC	5.000%	Oct 25	100,000	*	-
Bowe and Arrow, LLC	5.000%	Aug 29	75,000	*	-
Chamberlain, LLC	5.000%	Jun 34	157,500	129,810	137,371
Chuejenny LLC	5.000%	Jun 25	10,000	6,329	8,019
Clifton-Fine Hospital	5.000%	Jun 26	150,000	44,621	57,253
GJR Family Enterprises, LLC	5.000%	Apr 31	100,000	85,898	94,772
Hole Brothers	5.000%	Apr 25	25,000	-	20,047
Homes for Humanity Holdings I, LLC	5.000%	Jan 30	90,000	68,209	76,040
Jai Gulab, Inc.	4.250%	Jan 33	225,000	166,338	179,281
JEPAL Capital Inc.	5.000%	May 25	10,000	-	5,557
Johnsons Lumber Company, Inc.	4.250%	Mar 33	225,000	171,798	184,514
Katkesh Holding Company, LLC	5.000%	Mar 25	80,000	20,868	29,764
Kingston Pharma, LLC	5.000%	Aug 23	75,000	25,451	40,986
Long Lake Hotel Corporation	5.250%	Nov 28	60,000	40,620	46,057
Mazer Industries, LLC	5.000%	May 25	10,000	-	8,019
McKinney Gen.2, LLC	3.500%	Apr 23	225,000	-	58,666
Miskarie USA, LLC.	5.000%	Dec 26	100,000	87,100	100,000
N. Wilson Holdings, LLC	5.000%	Nov 23	88,000	10,903	21,275
Osceola Ski and Sport Resort	5.000%	Dec 24	50,000	24,847	33,900
Our Cup of Joy, Inc.	5.000%	Apr 23	75,000	12,477	27,105
Pro-Tech Restoration, Inc.	3.250%	Jan 26	80,000	26,780	35,143
Packbasket Adventures	5.000%	Apr 25	10,000	6,288	8,346
Rivendell Equine Hospital	3.500%	Nov 21	40,000	-	2,170
Romalato's Deli	5.000%	Apr 25	50,000	3,668	5,532
Roth Industries	3.500%	Dec 21	200,000	-	143,579
SBSP Real Estate, LLC	4.500%	Jun 33	225,000	174,722	187,208
Sci-tech Center of NNY	6.000%	Jan 28	45,000	18,340	20,919
Sharrow's Home Repair and Renovations	5.000%	Apr 25	10,000	5,945	8,203
Solsberry Enterprises, LLC	5.000%	May 25	65,000	40,927	50,237
Transitional Living Services	5.000%	Mar 30	150,000	88,872	98,401
War Canoe Spirits, LLC #4	5.000%	Feb 23	200,000	200,000	-
Zero Dock Street, LLC	5.000%	Jul 30	50,000	41,173	45,363
			<u>\$ 3,280,500</u>	<u>\$ 1,541,923</u>	<u>\$ 1,804,307</u>

\* Written off as Uncollectible in 2021

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