



To: SEDCO Board of Directors
From: Eric Ennis
Date: April 25, 2022
Re: SEDCO Board of Directors Meeting Agenda – April 26, 2022

The Syracuse Economic Development Corporation **Board of Directors Meeting on Tuesday, April 26, 2022 at 4:00 PM** held via Webex: <https://syrgov.webex.com/syrgov/j.php?MTID=m82524009956b6cbf0be6757d34b8fa9e>

I. Call Meeting to Order

II. Roll Call – 1

III. Proof of Notice - 2

IV. Minutes – 3

Approval of minutes from the March 29, 2022 Board meeting.

V. New Business –

2021 Organizational Audited Financial Statements – 4

Review and discussion of the audited financial statements for the 2021 fiscal year, completed by Grossman St. Amour.

Attachment:

1. *2021 Audit Presentation Slides*
2. *2021 Consolidated Financial Statements*
3. *Investment Report*
4. *Internal Control Report*

Progress Report | American Rescue Plan Act (ARPA) Lending Programs – 5

Provide an overview of the data collected from approved borrowers for the Micro-Enterprise Assistance Fund and Small Business Assistance Fund categories.

Organizational Updates – 6

Provide an overview of updates within SEDCO related to personnel and staffing, as well as scheduling for future board meetings.

VI. Adjourn



PLEASE POST

PLEASE POST

PLEASE POST

PUBLIC MEETING NOTICE

THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

HAS SCHEDULED

A

BOARD OF DIRECTORS MEETING

ON

TUESDAY, APRIL 26, 2022

AT 4:00 PM.

VIA WEBEX

Meeting Link:

<https://syrgov.webex.com/syrgov/j.php?MTID=m82524009956b6cbf0be6757d34b8fa9e>

VIA Phone

+1-408-418-9388

Access Code: 2333 622 1960

For more information, please contact Eric Ennis at EEnnis@syrgov.net

Minutes
Syracuse Economic Development Corporation
Board of Directors Meeting
Tuesday, March 29, 2022
3:30 – 5:00 PM

Meeting was held via Webex
Syracuse NY 13202

Board Members Present: Jennifer Tifft, Richard Driscoll, Patrick Lannon, Steve Gross, Nick Petragrani, Sheena Solomon, Mark Barbee, Andrew Fish, and Karolina Marcinkowski, Ashanti Dickerson.

Board Members Excused: Michael Greene.

Staff Present: Eric Ennis, Fred Marty, Esq., Jacky Duong, Cole King.

I. Call Meeting to Order

Ms. Tifft called the meeting to order at 3:35 PM.

II. Roll Call

Ms. Tifft acknowledged that all Board Members were present except for Michael Greene, who was excused.

Ms. Tifft also welcomed three new board members to the meeting who were recently appointed by Mayor Wash: Mark Barbee, Andrew Fish, and Karolina Marcinkowski.

III. Proof of Notice

Ms. Tifft made note acknowledging proof of notice was out in a timely manner.

IV. Minutes

Ms. Tifft asked for a motion approving the minutes from the March 3, 2022 Board meeting.

Mr. Gross made the motion. Mr. Lannon seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MEETING MINUTES FROM DECEMBER 29, 2021.**

V. New Business

Vibrant Syracuse Spaces LLC

Mr. Ennis introduced a request for traditional SEDCO loan financing from Vibrant Syracuse Spaces LLC, the entity behind the Gear Factory project seeking funds to buildout the 3rd floor of the mix-use facility

at 200 South Geddes Street. The owner, Rick Destito, has applied for \$200,000, and was originally assistance through the ARPA Community Impact Fund, however the project site is not located within an eligible census tract.

Mr. Ennis also noted the applicant met previously with the SEDCO Loan Committee to learn more about the request and review financial documentation related to the project.

The board discussed the proposal and expressed support for the project and the previous investments made by Mr. Destito on the Near Westside, but also emphasized the importance of maintaining SEDCO's existing structure of lending for traditional financing with a maximum of \$125,000 and an interest rate of 3%. The board recommended investing in the project, but doing so under its usual terms and conditions as part of a traditional SEDCO loan request.

Following the board discussion, Ms. Tiffit asked for a motion to approve loan financing to Vibrant Syracuse Spaces for the amount of \$125,000 at an interest rate of 3.0%, for a period of 15 years.

Ms. Solomon made the motion. Mr. Gross seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE LOAN REQUEST FROM VIBRANT SYRACUSE SPACES LLC FOR \$125,000 AT 3% INTEREST FOR A PERIOD OF 15 YEARS.**

American Rescue Plan Act (ARPA) Lending Program Requests

Mr. Ennis provided an overview of the requests that were submitted and considered as part of the initial application requests submitted as part of the first round of the program. In total, 7 Micro-enterprise Assistance Fund requests (totaling \$5,000 or less); as well as 11 Small Business Assistance Fund requests (totaling \$25,000 or less) have been brought before the SEDCO Board for consideration following review and advanced with recommendations to approve from the ARPA Review Committee that met prior to the meeting.

Mr. Ennis presented the draft terms and conditions for loans approved as part of the ARPA programs, including:

Micro-Enterprise Assistance Fund:

- 1. Term: 12 months (one year) from the date of closing, with an interest rate of 1.0%.*
- 2. Loans will be forgivable, with no principal or interest payments required as long as all expenses are deemed eligible and documentation of expenses are provided, and all program requirements are met by the borrower.*
- 3. Borrower must remain current on all City/School Property Taxes, Water Department fees, and any other fees connected to the City of Syracuse.*
- 4. Legal fee / closing costs: \$0.*

Small Business Assistance Fund:

- 1. Term: Through December 1, 2026 (approximately 54 months), with an interest rate of 1.5%.*

2. *A micro-enterprise with 10 or less employees will receive their first \$5,000 in principal forgiven as long as all expenses are deemed eligible and documentation of expenses are provided, and program requirements are met by the borrower.*
3. *Collateral: Personal Guarantee*
4. *Borrower must remain current on all City/School Property Taxes, Water Department fees, and any other fees connected to the City of Syracuse.*
5. *Legal fee / closing costs: \$300.*

The discussion with the board included clarifying questions about the applicants and the nature of their business.

Mr. Ennis noted that SEDCO staff has undertaken a review of all expenses and the business in order to confirm all recommended amounts are based upon eligible expenses and use of funds.

Ms. Tift asked for a motion to approve all 7 applications submitted for the Micro-Enterprise Assistance Fund, as well as 11 applications submitted for the Small Business Assistance Fund with the aforementioned terms and conditions for each recipient approved for the funding amounts recommended and presented to the board.

Mr. Lannon made the motion. Mr. Barbee seconded the motion. **ALL BOARD MEMBERS PRESENT APPROVED 18 APPLICATIONS INCLUDED AS PART OF THE AMERICAN RESCUE PLAN ACT (ARPA) LENDING PROGRAMS.**

Organizational Updates

Mr. Ennis provided an overview of the SEDCO ARPA loan requests that have been approved so far based on recent board meetings. As of today's meeting, the board has approved approximately \$657,000 in loan requests, and a total of 62 different small business applicants that will receive financial assistance through these lending programs.

Mr. Ennis also notified the board that the Landmark Theatre has received the first disbursement of its grant funding from the Dormitory Authority of the State of New York (DASNY), and has submitted this repayment to SEDCO. The principal amount repaid was just over \$1 Million, and the Landmark expects to be able to submit its second and final repayment on the SEDCO loan within the timeframe of its 12 month term that was approved in August 2021.

VI. Adjourn

Ms. Tift asked for a motion to adjourn the monthly board meeting. Ms. Solomon made the motion. Mr. Dickerson seconded the motion. **ALL BOARD MEMBERS PRESENT APPROVED TO ADJOURN THE MEETING.**

The meeting adjourned at 5:00 PM.



Syracuse Economic Development Corporation

Mike Lisson, CPA, CITP Partner
Kyle Norton, CPA Supervisor
April 26, 2022

110 West Fayette Street, Suite 900
Syracuse, New York 13202
315.424.1120 • www.gsacpas.com

Agenda

- REQUIRED COMMUNICATIONS
- ANNUAL FINANCIAL INFORMATION
 - FINANCIAL STATEMENTS
 - INVESTMENT POLICY COMPLIANCE
 - REPORT ON INTERNAL CONTROL & OTHER COMPLIANCE
- OTHER INFORMATION

Required Communications

- **Required by Generally Accepted Governmental Auditing Standards (GAGAS)**
- **AU-C Section 260, The Auditor's Communication with Those Charged with Governance**
- **Those Charged with Governance**
 - Responsible for overseeing strategic direction of entity
 - Responsible for obligations related to accountability
 - Oversees the financial reporting process, including internal controls

Required Communications (continued)

- **Auditor's Responsibilities with Regard to the Financial Statement Audit**
 - We form and express **an opinion** on your financial statements. Does not relieve management or the board of their responsibilities
 - Further described in the annual engagement letter

- **Planned Scope and Timing of the Audit**
 - Communicated on November 5, 2021
 - We carried out our audit consistent with the planned scope and timing previously communicated
 - Significant Risks Identified:
 - **Revenue recognition (note and loan interest)**

A significant risk for our audit purposes are risks relating to amounts or disclosures in the financial statements that require special audit consideration because of the likelihood and magnitude of the potential misstatement. We consider certain factors to determine whether a risk is a significant risk.

Required Communications (continued)

- **Qualitative aspects of significant accounting practices**
 - The notes to financials describes significant accounting practices
 - Loan activities (note 2, pg 13)
 - Loan receivables (note 3, pgs 13-15)
 - Notes receivable (note 4, pgs 15-16)
 - Deferred income (CDBG and ARPA) (note 6, pg 16)
 - Financials and notes are fairly consistent with prior year and are fairly presented.
- **Difficulties encountered in performing the audit**
 - None. Management is well prepared and was extremely helpful in assisting and preparing information for the audit

Required Communications (continued)

- **Uncorrected and corrected misstatements**
 - There were no uncorrected misstatements that were not recorded by management
- **Disagreements with management**
 - None to report
- **Management Representations**
 - Letter dated April 21, 2022
- **Management Consultations with Other Independent Accountants**
 - No consultations have been noted
- **Compliance with All Ethics Requirements regarding independence**
 - Appropriate safeguards applied to eliminate/reduce identified threats to independence, primarily related to non-audit services provided. Non-audit services include:
 - Preparation of the financial statements (deemed a “significant threat”)
- **Other Audit Findings or Issues**
 - Closing process for books and records (system limitations)

Annual Financial Information

Financial Statements

- **Unmodified (“clean”) audit opinion (pgs 1-3)**
 - Change in format and wording of opinion this year
 - Report on required supplementary information (RSI)
 - Other information
- Management’s Discussion and Analysis (pgs 4-7)
- Consolidated Statements of Net Position (pg 8)
- Consolidated Statements of Activities and Changes in Net Position (pg 9)
- Consolidated Statements of Cash Flows (pg 10)
- Notes to financial statements (pgs 11-17)
- **Supplemental Schedule**
 - Consolidating Statement of Net Position (pg 18)
 - Consolidating Statement of Activities and Changes in Net Position (pg 19)

Consolidated Statements of Net Position (page 8)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|------------------------------|----------------------|----------------------|----------------------|
| Cash and Cash equivalents | \$ 1,369,251 | \$ 1,006,818 | \$ 1,315,134 |
| Restricted cash | 582,459 | 708 | 7,753 |
| Other receivable | 360,620 | 150,000 | - |
| Loans and other receivables | 6,146,330 | 4,770,383 | 4,430,740 |
| Notes receivable | 4,290,185 | 4,790,185 | 4,790,185 |
| Total assets | <u>\$ 12,748,845</u> | <u>\$ 10,718,094</u> | <u>\$ 10,543,812</u> |
| | | | |
| Escrows and accounts payable | \$ 197,075 | \$ 121,283 | \$ 90,621 |
| Deferred income | 1,879,066 | 49,567 | - |
| Total liabilities | <u>\$ 2,076,141</u> | <u>\$ 170,850</u> | <u>\$ 90,621</u> |
| Net Position | <u>\$ 10,672,704</u> | <u>\$ 10,547,244</u> | <u>\$ 10,453,191</u> |

Consolidated Statements of Activities and Changes in Net Position (page 9)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|-----------------------------------|----------------------|----------------------|----------------------|
| Revenue and other support: | | | |
| Grant income | \$ 320,501 | \$ 100,434 | \$ - |
| Interest income | 104,530 | 94,717 | 101,628 |
| Mortgage interest income | 95,806 | 95,805 | 143,708 |
| All other income | - | - | 2,464 |
| Total revenue and other support | <u>520,837</u> | <u>290,956</u> | <u>247,800</u> |
| Expenses: | | | |
| Salaries and outside services | 28,075 | 42,108 | 29,929 |
| Grant program - Covid 19 | 320,501 | 100,434 | - |
| Development expenses | 970 | 7,045 | 7,400 |
| Loan losses, net | - | - | (33,305) |
| All other expenses | 45,831 | 47,316 | 38,408 |
| Total expenses | <u>395,377</u> | <u>196,903</u> | <u>42,432</u> |
| Change in net position | <u>125,460</u> | <u>94,053</u> | <u>205,368</u> |
| Net position - beginning of year | <u>10,547,244</u> | <u>10,453,191</u> | <u>10,247,823</u> |
| Net position - end of year | <u>\$ 10,672,704</u> | <u>\$ 10,547,244</u> | <u>\$ 10,453,191</u> |

Summary of Significant Financial Activities

- ❑ **Cash increased \$944,184 to \$1,951,710 (\$1,007,526 in prior year)**
 - **Cash from operations of \$944,184**
 - **\$320,501 of CDBG grant revenue and \$320,501 of corresponding expenditures recognized from COVID-19 Emergency Relief Fund program activities**
 - **\$200,336 of interest revenue from loan and note receivables**
 - **American Rescue Plan Act agreement with the City of Syracuse for \$1,800,000**
 - **Loans issued**
 - **Landmark Theater - \$1,800,000 (draws of \$1,602,925 in 2021)**
 - **Access Global Enterprises - \$125,000**
 - **\$500,000 principal payment for the Deys reassignment of the note receivable**
 - **\$594,053 of principal payments received on loan receivables**
 - **\$354,000 – Willow Street Lofts, LLC**
 - **\$30,156 – Tops Market**
 - **SURA fees (payroll/benefits) - \$44,661**

Annual Other Reporting

- Investment Policy Compliance
 - Required by NYS Public Authorities Law section 2925
 - **No non-compliance matters noted or identified**
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters
 - **No material weaknesses or non-compliance matters noted**

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

Consolidated Financial Statements

December 31, 2021 and 2020

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Syracuse Economic Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Syracuse Economic Development Corporation (SEDCO), a component unit of the City of Syracuse, New York as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Syracuse Economic Development Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Syracuse Economic Development Corporation as of December 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Syracuse Economic 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

The Syracuse Economic Development Corporation's 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 the Syracuse Economic Development Corporation's ability to continue as a going concern for one year beyond the financial statement date.

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 GAAS 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 GAAS, 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 the Syracuse Economic 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 the Syracuse Economic 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.

Required Supplementary Information

Accounting principles general accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for purpose of forming an opinion on the financial statements that collectively comprise the Syracuse Economic Development Corporation's basic financial statements. The Consolidating Statement of Net Position and Consolidating Statement of Activities and Changes in Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Consolidating Statement of Net Position and Consolidating Statement of Activities and Changes in Net Position is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Consolidating Statement of Net Position and Consolidating Statement of Activities and Changes in Net Position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated April 21, 2022 on our consideration of the Syracuse Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Syracuse Economic Development Corporation's internal control over financial reporting and compliance.



Syracuse, New York
April 21, 2022

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Management's Discussion and Analysis - unaudited
For the Year Ended December 31, 2021

Management's discussion and analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of SEDCO's financial activity, and (c) identify changes in SEDCO's financial position for the year ended December 31, 2021. Please read it in conjunction with SEDCO's financial statements.

FINANCIAL HIGHLIGHTS

- The sale of the Deys project in 2009 resulted in a note receivable from the buyer totaling \$5,500,000. During 2021, principal payments of \$500,000 and interest payments of \$95,806 were received. The outstanding note receivable \$4,290,185 as of December 31, 2020. In September 2021 the notes receivable due to Deys Centennial Plaza and Deys Centennial Plaza Limited Partnership (DCPLP) from the developers was restructured. The notes receivable is now due directly to SEDCO.
- SEDCO's total liabilities and total net position was \$2,076,141 and \$10,672,704, respectively, at the end of 2021.
- SEDCO's total net position increased by \$125,460 for the 2021 fiscal year. This was primarily due to both mortgage interest income of \$95,806 and loan interest income of \$104,530, offset by expenses of the Corporation totaling \$74,876.
- SEDCO was approved to receive \$350,000 of federal grant monies from the City of Syracuse for its COVID-19 relief activities. SEDCO utilized \$320,501 of these grant monies as of December 31, 2021.
- SEDCO approved two new direct loans totaling \$1,925,000. From all loans and notes outstanding, SEDCO received \$1,049,053 of principal payments and \$200,336 of interest payments on these loans.

OVERVIEW OF THE FINANCIAL STATEMENTS

SEDCO's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. As such, revenues are recognized when earned, rather than when received, and expenses are recognized when incurred, rather than when paid. See the note to the financial statements for a summary of SEDCO's significant accounting policies.

Following the MD&A are the basic financial statements and notes of SEDCO, which are essential to a full understanding of the data contained in the financial statements. SEDCO's basic financial statements are designed to provide readers with a broad overview of SEDCO's finances, in a manner similar to a private-sector business.

The **Statement of Net Position** presents information similar to a Balance Sheet. The statement is presented in the format where assets, minus liabilities, equal net position. Assets and liabilities are presented in order of liquidity, and are classified as current and non-current. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of SEDCO is improving or deteriorating.

The **Statement of Activities and Changes in Net Position** presents information showing how SEDCO's net position changed during the year; revenues less expenses. The focus of the statement is the change in net position, which is similar to net income or loss for a business entity.

The **Statement of Cash Flows** reports net cash provided by or used by operating activities.

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Management's Discussion and Analysis - unaudited
For the Year Ended December 31, 2021

The **Notes to Financial Statements** provide additional information that is essential to a full understanding of the information included in the financial statements.

The entity-wide financial statements report only business-type (proprietary) activities, since none of SEDCO's activities are considered to be governmental activities supported primarily by taxes.

Fund Financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SEDCO, like other component units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. SEDCO treats its only fund, the operating fund, as a proprietary fund, as there are no reconciling items between the government-wide financial statements as presented, and as such, no fund financial statements are presented.

Proprietary funds – Proprietary funds are used to account for essentially the same functions reported as proprietary activities in the government-wide financial statements. However, unlike the entity-wide financial statements, proprietary fund financial statements focus on current sources and uses of spendable resources, as well as in balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating SEDCO's near-term financing requirements. Because the focus of proprietary funds is narrower than that of the entity-wide financial statements, it is useful to compare the information presented for proprietary funds with similar information presented for proprietary activities in the entity-wide financial statements. By doing so, readers may better understand the long-term impact of SEDCO's near-term financing decisions.

ENTITY-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of SEDCO's financial position. In the case of SEDCO, assets exceeded liabilities by \$10,547,244 as of December 31, 2020. A significant portion of the net position is with a mortgage note receivable from Dey's totaling \$4,290,185 and with other loans outstanding totaling \$6,146,330.

The majority of SEDCO's assets are from notes receivable with one developer for the Dey's building project totaling \$4,790,185. The terms of the original note have been modified to interest only payments as the building owners are currently renovating the building to convert underutilized commercial space into residential space. The interest only payments totaled \$95,806 in 2021.

SEDCO provides low cost, fixed asset financing for commercial businesses operating in the City of Syracuse. Total loans outstanding was \$6,146,330 as of December 31, 2021. During fiscal year 2021, SEDCO issued new loans totaling \$1,925,000 throughout the City of Syracuse.

SEDCO's revenues are primarily from interest earnings on outstanding loans. Interest earnings totaled \$200,336 for the year ended December 31, 2021. Expenses totaling \$395,377, including \$320,501 of grants distributed for COVID relief, are primarily related SEDCO carrying out its mission of providing loans and providing other economic assistance throughout the City of Syracuse.

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Management's Discussion and Analysis - unaudited
For the Year Ended December 31, 2021

The following are summarized versions of the government-wide financial statements for the three years ended December 31:

Statements of Net Position

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|------------------------------|----------------------|----------------------|----------------------|
| Cash and Cash equivalents | \$ 1,369,251 | \$ 1,006,818 | \$ 1,315,134 |
| Restricted cash | 582,459 | 708 | 7,753 |
| Other receivable | 360,620 | 150,000 | - |
| Loans and other receivables | 6,146,330 | 4,770,383 | 4,430,740 |
| Notes receivable | 4,290,185 | 4,790,185 | 4,790,185 |
| Total assets | <u>\$ 12,748,845</u> | <u>\$ 10,718,094</u> | <u>\$ 10,543,812</u> |
| Escrows and accounts payable | \$ 197,075 | \$ 121,283 | \$ 90,621 |
| Deferred income | 1,879,066 | 49,567 | - |
| Total liabilities | <u>\$ 2,076,141</u> | <u>\$ 170,850</u> | <u>\$ 90,621</u> |
| Net Position | <u>\$ 10,672,704</u> | <u>\$ 10,547,244</u> | <u>\$ 10,453,191</u> |

Statements of Activities and Changes in Net Position

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|-----------------------------------|----------------------|----------------------|----------------------|
| Revenue and other support: | | | |
| Grant income | \$ 320,501 | \$ 100,434 | \$ - |
| Interest income | 104,530 | 94,717 | 101,628 |
| Mortgage interest income | 95,806 | 95,805 | 143,708 |
| All other income | - | - | 2,464 |
| Total revenue and other support | <u>520,837</u> | <u>290,956</u> | <u>247,800</u> |
| Expenses: | | | |
| Salaries and outside services | 28,075 | 42,108 | 29,929 |
| Grant program - Covid 19 | 320,501 | 100,434 | - |
| Development expenses | 970 | 7,045 | 7,400 |
| Loan losses, net | - | - | (33,305) |
| All other expenses | 45,831 | 47,316 | 38,408 |
| Total expenses | <u>395,377</u> | <u>196,903</u> | <u>42,432</u> |
| Change in net position | <u>125,460</u> | <u>94,053</u> | <u>205,368</u> |
| Net position - beginning of year | <u>10,547,244</u> | <u>10,453,191</u> | <u>10,247,823</u> |
| Net position - end of year | <u>\$ 10,672,704</u> | <u>\$ 10,547,244</u> | <u>\$ 10,453,191</u> |

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Management's Discussion and Analysis - unaudited
For the Year Ended December 31, 2021

REQUEST FOR INFORMATION

This financial report is designed to provide readers with a general overview of SEDCO's finances. If you have questions about this report or need additional information, contact SEDCO's board at the Syracuse Economic Development Corporation, 201 East Washington Street, Room 605, Syracuse, NY 13202-1432. You may also obtain information via SEDCO's web site located on the City of Syracuse, New York website at: http://www.syr.gov.net/SEDCO_Home.aspx

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Consolidated Statements of Net Position

| | December 31, | |
|--|---------------------|---------------|
| | 2021 | 2020 |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,369,251 | \$ 1,006,818 |
| Restricted cash | 582,459 | 708 |
| Other receivable | 360,620 | 150,000 |
| Loans receivable | 2,075,330 | 301,575 |
| Total current assets | 4,387,660 | 1,459,101 |
| Loans receivable | 4,071,000 | 4,468,808 |
| Notes receivable | 4,290,185 | 4,790,185 |
| | \$12,748,845 | \$ 10,718,094 |
| LIABILITIES AND NET POSITION | | |
| Current Liabilities: | | |
| Escrows and accounts payable | \$ 197,075 | \$ 121,283 |
| Deferred income - CDBG Covid 19 grant | 79,066 | 49,567 |
| Deferred income - American Rescue Plan Act agreement | 1,800,000 | - |
| Total current liabilities | 2,076,141 | 170,850 |
| Net Position: | | |
| Unrestricted | 9,840,953 | 10,297,244 |
| Restricted - Grow America Fund | 250,000 | 250,000 |
| Restricted - American Rescue Plan Act Funds | 581,751 | - |
| Total Net Position | 10,672,704 | 10,547,244 |
| | \$12,748,845 | \$ 10,718,094 |

The accompanying notes are an integral part of these financial statements

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Consolidated Statements of Activities and Changes in Net Position

| | Year Ended December 31, | |
|-----------------------------------|--------------------------------|-----------------------------|
| | 2021 | 2020 |
| REVENUE | | |
| Grant and contribution revenue | \$ 320,501 | \$ 100,434 |
| Mortgage interest income | 95,806 | 95,805 |
| Interest income | 104,530 | 94,717 |
| Total revenue | <u>520,837</u> | <u>290,956</u> |
| EXPENSES | | |
| Professional fees | 22,292 | 21,538 |
| Grant program - Covid 19 | 320,501 | 100,434 |
| Development expenses | 970 | 7,045 |
| Salaries and outside services | 28,075 | 42,108 |
| Benefits expenses | 16,586 | 20,719 |
| Other expenses | 6,953 | 5,059 |
| Total expenses | <u>395,377</u> | <u>196,903</u> |
| Change in net position | <u>125,460</u> | <u>94,053</u> |
| Net position at beginning of year | <u>10,547,244</u> | <u>10,453,191</u> |
| Net position at end of year | <u><u>\$ 10,672,704</u></u> | <u><u>\$ 10,547,244</u></u> |

The accompanying notes are an integral part of these financial statements

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Consolidated Statements of Cash Flows

| | Year Ended December 31, | |
|---|--------------------------------|--------------|
| | 2021 | 2020 |
| Cash flows from operating activities | | |
| Inflows | | |
| Loan payments - interest | \$ 104,530 | \$ 94,717 |
| Loan payments - principal | 549,053 | 348,574 |
| Note payments - interest | 95,806 | 95,805 |
| Note payments - principal | 500,000 | - |
| Fees, grants and other income | (181,121) | (100,433) |
| Proceeds from American Rescue Plan Act agreement | 1,800,000 | - |
| Outflows | | |
| Services and employees | 916 | (65,807) |
| New loans issued | (1,925,000) | (688,217) |
| Net cash provided by (used in) operating activities | 944,184 | (315,361) |
| Cash at beginning of year | 1,007,526 | 1,322,887 |
| Cash at end of year | \$ 1,951,710 | \$ 1,007,526 |
| Reconciliation of change in net position to cash provided by operating activities | | |
| Change in net position | \$ 125,460 | \$ 94,053 |
| Changes in operating assets and liabilities: | | |
| Loans receivables | (1,375,947) | (339,643) |
| Other receivable | (210,620) | (150,000) |
| Notes receivable | 500,000 | - |
| Accounts payable and commitment fees | 75,792 | 30,662 |
| Deferred income | 1,829,499 | 49,567 |
| Net cash provided by (used in) operating activities | \$ 944,184 | \$ (315,361) |

The accompanying notes are an integral part of these financial statements

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Notes to the Consolidated Financial Statements

1. Nature of the Organization and Significant Accounting Policies

Nature of the Organization

The Syracuse Economic Development Corporation (SEDCO) is a not-for-profit corporation established in 1979 to assist the City of Syracuse (City), New York in its efforts to foster joint public/private development ventures in the City. SEDCO has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that SEDCO is not a private foundation. SEDCO is treated as a component unit by the City of Syracuse and is integral to the overall economic development plans of the City.

The basic financial statements of SEDCO have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. SEDCO is a proprietary fund, and, therefore, includes only business-type activities. There are no differences between a) net position and fund balances, and b) changes in net position and changes in fund balances, and, therefore, no reconciliation schedules of these items are included in this report.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of SEDCO and its wholly owned subsidiaries Deys Centennial Plaza, Inc. and Deys Centennial Plaza Limited Partnership. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Basis of Presentation

SEDCO is considered a governmental entity for accounting and financial reporting purposes. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-wide financial statements include the Statement of Net Position, the Statement of Activities and Changes in Net Position, and the Statement of Cash Flows. These statements report financial information for SEDCO as a whole. SEDCO has determined that all of its activities are business-type, which are predominantly financed with fees and loan repayments from external parties.

The Statement of Activities and Changes in Net Position reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services and grants and contributions. These revenues are subject to externally imposed restrictions to these program uses.

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Notes to the Consolidated Financial Statements

1. Nature of the Organization and Significant Accounting Policies (continued)

Use of Estimates

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

Lending Activities

SEDCO considers its lending activities, described in Note 2, as operating activities for purposes of the Statement of Cash Flows. SEDCO considers itself to be a single function agency, with all of its expenses incurred for economic development loaning activities. Management and general and fundraising expenses are immaterial and are not segregated in the financial statements.

Grant Activities

SEDCO periodically receives monies from the City of Syracuse for certain grant programs administered by SEDCO. The monies from the City of Syracuse are typically federal monies from the City's Community Development Block Grant (CDBG). SEDCO, as a subrecipient, is required to comply with the grant provisions as stated in the contract and with other federal grant regulations as required under federal regulations. During 2021 and 2020, the City's approved \$350,000 and \$150,000, respectively, of federal monies to establish a Covid-19 emergency relief fund program at SEDCO. As of December 31, 2021 and 2020, SEDCO's federal grant expenditures totaled \$320,501 and \$100,434, respectively. The grant expenditures are subject to various federal regulations as required by the Department of Housing and Urban Development, under CFDA 14.218, Community Development Block Grants/Entitlement Grants.

Grow America Fund

The National Development Council (NDC) is a national nonprofit established in 1969. NDC's work focuses on homes, jobs and community. The Grow America Fund is a national small business lending program administered by NDC. NDC operates as a community development lender to support the creation of jobs and the expansion of eligible small businesses in underserved communities, particularly minority and women-owned businesses. NDC loans are partially guaranteed by the U.S. Small Business Administration. SEDCO began participating in the Grow America Fund in 2017 with an initial contribution of \$250,000. SEDCO is required to contribute another \$250,000, as shown as restricted in the Statement of Net Position, after program loans in the Fund exceed \$1,000,000. A total of \$975,000, as of December 31, 2021 and 2020, of Grow America Fund program loans have been made with \$25,000 of lending capacity remaining. There were no contributions made by SEDCO in 2021 or 2020.

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Notes to the Consolidated Financial Statements

1. Nature of the Organization and Significant Accounting Policies (continued)

Cash and Cash Equivalents

The corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. At various times during the year, SEDCO's cash and cash equivalents balances exceeded the federally insured limits of \$250,000. At December 31, 2021 and 2020, SEDCO's uninsured cash and cash equivalents balances totaled approximately \$1,144,000 and \$302,000 respectively. Restricted cash represents monies restricted for agreements and other specified purposes in accordance with the terms and conditions of such agreements and contracts.

2. Loan Activities

SEDCO's major activities involve the loaning of funds for commercial businesses in the City of Syracuse, New York. For the years ended December 31, 2021 and 2020, SEDCO issued new loans totaling \$1,925,000 and \$688,217, respectively.

3. Loans Receivable and Allowance for Doubtful Loans

SEDCO provides financial assistance to businesses and other local economic development entities in the City of Syracuse as a means of supporting business expansion and job creation. One form of financial assistance is loans. Since all the loans are to businesses and other entities within the City of Syracuse, all such loans are concentrated geographically in the City of Syracuse. The ability of the borrowers to honor their loans is dependent on the real estate and general economic conditions in the City of Syracuse and surrounding communities. Loans are reported at their outstanding unpaid principal balances, net of an allowance for loan losses. Interest income is not accrued for past due principal balances. Loan origination fees, if any, are received at closing. Interest rates range from 0% to 5% on loans.

The allowance for doubtful loans is management's estimate of losses inherent in the loan portfolio and is recorded as a reduction of loans. Management performs a monthly evaluation of the adequacy of the allowance. The allowance is based on past loan loss experience, past delinquency rates and subsequent recoveries. For the years ended December 31, 2021 and 2020, no allowance is deemed necessary.

Loans are concentrated solely in the City of Syracuse. SEDCO considers a concentration of loans that are equal to or greater than 5% of the total loans outstanding. A summary of such concentrations is as follows:

| Borrower | 2021 | | 2020 | |
|------------|--------------|------|--------------|------|
| A | \$ 2,199,302 | 36% | \$ 2,258,358 | 51% |
| B | - | 0% | 359,000 | 8% |
| C | 214,532 | 3% | 244,688 | 6% |
| D | 1,800,000 | 29% | - | 0% |
| All others | 1,932,496 | 31% | 1,541,713 | 35% |
| Total | \$ 6,146,330 | 100% | \$ 4,403,759 | 100% |

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Notes to the Consolidated Financial Statements

3. Loans Receivable and Allowance for Doubtful Loans (continued)

Borrower A – This borrower consists of three separate loans. Loan A is a \$908,099 loan with an annual interest rate of 5%. Beginning on November 1, 2014, equal monthly principal and interest payments are due over a 30 year period. Loan B is a \$600,000 loan with an annual interest rate of 1%. Beginning on May 1, 2015, monthly principal and interest payments of \$1,500 are required for 20 years with a balloon payment due in May 2035 for \$352,685. Loan C is \$1,000,000 with an annual interest rate of 0%. The loan began repayment on September 1, 2008 at an amount of \$833 per month over a 30-year period with a balloon payment of \$700,834 due August 2038. All three loans are secured by a mortgage on the borrower's property.

Borrower B – This loan was for \$400,000 and has an annual interest rate of 0%. Beginning on July 1, 2013 the borrower's monthly principal payment of \$417 is due for 14 years with a balloon payment of \$324,000 due in July 2027. The loan was paid in full during the year ending December 31, 2021.

Borrower C – This loan was for \$300,000 and has an annual interest rate of 3%. Beginning on December 1, 2018, equal monthly principal and interest payments of \$2,896 are due over a 10 year period. Provided the Borrower is in full compliance with all the terms and conditions of the loan, upon the Borrower's repayment of 50% of the outstanding principal due, SEDCO shall forgive payment of the remaining 50% of the outstanding principal balance. Under no circumstances shall forgiveness occur prior to the fifth anniversary year of the loan and not exceed \$150,000.

Borrower D – This loan was for \$1,800,000 and has an annual interest rate of 2%. Repayment of the entire principal balance plus all accrued and unpaid interest and fees are due upon the earlier of August 11, 2022 or ten days after the Borrower's receipt of grant funds from the Dormitory Authority of the State of New York, pursuant to the Grant Disbursement Agreement between the Borrower and DASNY executed on June 3, 2021.

SEDCO also issues loans as in substance grants provided to borrowers which are generally only payable if terms and conditions of such loans are not adhered to. If the terms and conditions of such loans are adhered to, the principal and interest will generally be forgiven. These types of loans are not considered loans for purposes of the financial statements and are excluded from the \$6,146,330 and \$4,770,383 of loans outstanding as of December 31, 2021 and 2020, respectively.

A summary of such loans/grants as of December 31 is as follows:

| Borrower/Grantee | 2021 | | 2020 | |
|------------------|------------|------|--------------|------|
| A | \$ 613,362 | 68% | \$ 664,476 | 65% |
| B | 30,000 | 3% | 40,000 | 4% |
| All others | 262,181 | 29% | 312,181 | 31% |
| | \$ 905,543 | 100% | \$ 1,016,657 | 100% |

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Notes to the Consolidated Financial Statements

3. Loans Receivable and Allowance for Doubtful Loans (continued)

A summary of the activity of these loans/grants for the year ended December 31 is as follows:

| 1/1/2021 Beginning | New Issuances | Reclassified from Loans | Deductions | 12/31/2021 Ending |
|-----------------------|------------------|-------------------------------|--------------|----------------------|
| \$ 1,016,657 | \$ - | \$ - | \$ (111,114) | \$ 905,543 |

Borrower A – The loan was for \$1,022,274 and bears interest of 2.4%. Annual payments of principal and interest are due each February 28th for 20 years, beginning February 28, 2014. Payments are only required if the borrower has sufficient cash flow from the property based on terms and conditions of the loan. The amount of principal to forgive is \$51,114 each year. As of December 31, 2021, cumulative principal of \$408,912 has been forgiven in accordance with the terms and conditions of the loan.

Borrower B – The loan was for \$160,000 and bears interest of 12%. Provided there are no events of default of sale of the property associated with the property the loan is forgiven at a rate of \$10,000 a year for 16 years. As of December 31, 2021, cumulative principal of \$130,000 has been forgiven in accordance with the terms and conditions of the loan.

All others - These grants are only repayable from the grantee if the grant conditions established by SEDCO are not adhered to during the course of the grant period.

4. Notes Receivable

SEDCO was the owner of Deys Centennial Plaza and established Deys Centennial Plaza Limited Partnership (DCPLP) to complete rehabilitation of the land and buildings.

In December 2009, the Deys Centennial Plaza Project was sold to developers. Two notes totaling \$5,500,000, both which bear interest at 3% were issued to the developers. For the years ended December 31, 2021 and 2020, SEDCO received \$95,806 and \$95,805 in interest income, respectively. For the year ended December 31, 2021, SEDCO received \$500,000 in principal payments. There were no principal payments received for the year ended December 31, 2020.

In September 2021, the notes receivables were restructured into one note in the amount of \$4,290,185 and reissued by SEDCO. As part of the restructuring, a \$500,000 principal payment was made in 2021 and the terms of the note were restructured as follows:

- a) Interest only payments of \$3,575 commencing November 1, 2021, and continuing on the first day of each consecutive month through April 1, 2023
- b) On or before April 1, 2023, the borrower shall make a principal payment in the amount of \$500,000
- c) Interest only payments of \$3,159 commencing May 1, 2023, and continuing on the first day of each consecutive month through October 1, 2031
- d) At maturity or the earlier acceleration of the note, the borrower shall pay the entire principal balance plus all accrued and unpaid interest and fee.

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Notes to the Consolidated Financial Statements

4. Notes Receivable (continued)

The amount due on the notes is as follows:

| Year Ended | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------|---------------------|-------------------|---------------------|
| 2022 | - | 42,902 | 42,902 |
| 2023 | 500,000 | 39,569 | 539,569 |
| 2024 | - | 37,902 | 37,902 |
| 2025 | - | 37,902 | 37,902 |
| 2026 | - | 37,902 | 37,902 |
| Thereafter | <u>3,790,185</u> | <u>183,192</u> | <u>3,973,377</u> |
| | <u>\$ 4,290,185</u> | <u>\$ 379,369</u> | <u>\$ 4,669,554</u> |

The loan is secured through a subordinate mortgage on the property and a guaranty from the borrower.

5. Escrow Payable

Escrow payable represents amounts held by SEDCO on behalf of borrowers. The payable is reduced as the money is released to pay authorized disbursements on behalf of the borrower. The payables were \$197,075 and \$121,283 as of December 31, 2021 and 2020, respectively.

6. Deferred Income

Deferred income consist of Community Development Block Grant (CDBG) and American Rescue Plan Act (ARPA) funding that has been received by SEDCO. CDBG funding received by SEDCO is to be used to administer the COVID-19 Emergency Relief Fund Program. For the years ending December 31, 2021 and 2020 there were CDBG funds of \$79,066 and \$49,567, respectively, that were unused by SEDCO.

ARPA funding received from the City of Syracuse, totaling \$1,800,000, is to be used for a loan to Borrower D in Note 3. Upon repayment by Borrower D, SEDCO must receive approval from the City of Syracuse's Commissioner of the Department of Neighborhood and Business Development to determine what additional programs are to be funded using the proceeds.

7. Income Taxes

SEDCO is a not-for-profit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a) of the Code. SEDCO also believes none of its activities are subject to unrelated business income tax; therefore, no provision for such income tax has been made in the financial statements for the years ended December 31, 2021 and 2020. SEDCO has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. It is SEDCO's policy to recognize any interest and penalties in the provision for taxes. SEDCO's tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Notes to the Consolidated Financial Statements

7. Income Taxes (continued)

Under provisions of the Internal Revenue Code, companies that are treated as partnerships (Deys Centennial Plaza and Deys Centennial Plaza Limited Partnership (Deys Entities)) are not subjected to income taxes, and any income or loss realized is taxed to the individual members. Accordingly, no provisions for federal income taxes appear in the financial statements.

8. Related Parties

SEDCO's offices and accounting personnel are furnished and paid by the primary government, the City of Syracuse, New York. The City of Syracuse allocates salaries and benefits for employees of the City that work on behalf of the Corporation. These salaries and benefits are included in salaries & outside services and benefits expense and totaled \$44,661 and \$62,827, respectively for the years ended December 31, 2021 and 2020. Amounts due to or from the City of Syracuse are ordinarily settled in the current fiscal year.

9. Subsequent Events

In preparing the financial statements, management of SEDCO has evaluated events and transactions for potential recognition or disclosure through April 21, 2022, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements, except for the following. In November 2021, the City of Syracuse approved an ARPA grant totaling \$4,000,000 to establish a Small Business and Microenterprise Assistance Fund. These funds will be used to support small business, microenterprises and real estate investment with access to operating capital. As of the date of issuance, SEDCO has approved 18 application submitted for the Small Business Assistance Fund in the amount of \$315,000 and 23 applications submitted for the Micro-Enterprise Assistance Fund in the amount of \$109,800.

SUPPLEMENTAL INFORMATION

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
December 31, 2021

| ASSETS | Syracuse Economic Development Corporation | Dey's Centennial Plaza Limited | Dey's Centennial Plaza Inc. | Intercompany Eliminations | Consolidated Total |
|---|---|---|--------------------------------------|------------------------------|-----------------------|
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ 1,060,733 | \$ 178,907 | \$ 129,611 | \$ - | \$ 1,369,251 |
| Restricted cash | 582,459 | - | - | - | 582,459 |
| Other receivable | 360,620 | - | - | - | 360,620 |
| Loans receivable | 2,075,330 | - | - | - | 2,075,330 |
| Total current assets | <u>4,079,142</u> | <u>178,907</u> | <u>129,611</u> | <u>-</u> | <u>4,387,660</u> |
| Loans receivable, net | 4,071,000 | - | - | - | 4,071,000 |
| Notes receivable | 4,290,185 | - | - | - | 4,290,185 |
| | <u>\$ 12,440,327</u> | <u>\$ 178,907</u> | <u>\$ 129,611</u> | <u>\$ -</u> | <u>\$ 12,748,845</u> |
| LIABILITIES AND NET POSITION | | | | | |
| Current Liabilities: | | | | | |
| Escrows and accounts payable | \$ 197,075 | \$ - | \$ - | \$ - | \$ 197,075 |
| Deferred income - CDBG Covid 19 grant | 79,066 | - | - | - | 79,066 |
| Deferred income - American Rescue Plan Act agreement | 1,800,000 | - | - | - | 1,800,000 |
| (Receivable) / Payable to Syracuse Economic Development Corporation | (287,416) | 162,214 | 125,202 | - | - |
| Total current liabilities | <u>1,788,725</u> | <u>162,214</u> | <u>125,202</u> | <u>-</u> | <u>2,076,141</u> |
| Long-term liabilities: | | | | | |
| Payable to Syracuse Economic Development Corporation | - | - | - | - | - |
| Total long-term liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>1,788,725</u> | <u>162,214</u> | <u>125,202</u> | <u>-</u> | <u>2,076,141</u> |
| Net Position: | | | | | |
| Unrestricted | 9,819,851 | 16,693 | 4,409 | - | 9,840,953 |
| Restricted - Grow America Fund | 250,000 | - | - | - | 250,000 |
| Restricted - American Rescue Plan Act Funds | 581,751 | - | - | - | 581,751 |
| Total Net Position | <u>10,651,602</u> | <u>16,693</u> | <u>4,409</u> | <u>-</u> | <u>10,672,704</u> |
| | <u>\$ 12,440,327</u> | <u>\$ 178,907</u> | <u>\$ 129,611</u> | <u>\$ -</u> | <u>\$ 12,748,845</u> |

The accompanying notes are an integral part of these financial statements

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Consolidating Statement of Activities and Changes in Net Position
For the Year Ended December 31, 2021

| | Syracuse Economic Development Corporation | Dey's Centennial Plaza Limited | Dey's Centennial Plaza Inc. | Intercompany Eliminations | Consolidated Total |
|-----------------------------------|---|---|--------------------------------------|------------------------------|-----------------------|
| REVENUE | | | | | |
| Mortgage interest income | \$ 95,806 | \$ 52,257 | \$ 43,549 | \$ (95,806) | \$ 95,806 |
| Interest income | 104,530 | - | - | - | 104,530 |
| Grant income | 320,501 | - | - | - | 320,501 |
| Total revenue | <u>520,837</u> | <u>52,257</u> | <u>43,549</u> | <u>(95,806)</u> | <u>520,837</u> |
| EXPENSES | | | | | |
| Interest expense- SEDCO | - | 52,257 | 43,549 | (95,806) | - |
| Professional fees | 22,242 | 25 | 25 | - | 22,292 |
| Salaries and outside services | 28,075 | - | - | - | 28,075 |
| Grant program - Covid 19 | 320,501 | - | - | - | 320,501 |
| Development expenses | 970 | - | - | - | 970 |
| Benefits expenses | 16,586 | - | - | - | 16,586 |
| Other expenses | 6,809 | 72 | 72 | - | 6,953 |
| Total expenses | <u>395,183</u> | <u>52,354</u> | <u>43,646</u> | <u>(95,806)</u> | <u>395,377</u> |
| Change in net position | 125,654 | (97) | (97) | - | 125,460 |
| Net position at beginning of year | <u>10,525,948</u> | <u>16,790</u> | <u>4,506</u> | <u>-</u> | <u>10,547,244</u> |
| Net position at end of year | <u>\$ 10,651,602</u> | <u>\$ 16,693</u> | <u>\$ 4,409</u> | <u>\$ -</u> | <u>\$ 10,672,704</u> |

The accompanying notes are an integral part of these financial statements

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

POSITIVE ASSURANCE REPORT OVER INVESTMENT PRACTICES

December 31, 2021



grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Syracuse Economic Development Corporation

We have examined management's assertion, herein, that the Syracuse Economic Development Corporation's (the Corporation) compliance with the New York State Public Authorities Law section 2925 applicable to the Corporation's adoption of comprehensive investment guidelines for the year ended December 31, 2021. Management is responsible for the Corporation's assertion. Our responsibility is to express an opinion on management's assertion about the Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about the Corporation's compliance with the New York State Public Authorities Law section 2925 applicable to the Corporation's adoption of comprehensive investment guidelines. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material misstatement of management's assertion, whether due to fraud or error. In making an assessment of the risks of material misstatement, the practitioner considered and obtained an understanding of internal control relevant to the subject matter in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement. Our examination does not provide a legal determination on the Corporation's compliance with the specified requirements.

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2021.

This report is intended solely for the information and use of management, the audit committee and Board of Directors, others within the Corporation, and for compliance with the New York State Public Authorities Law and is not intended to be and should not be used by anyone other than these specified parties.

Grossman St Amour CPAs

Syracuse, New York
April 21, 2022



**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
POSITIVE ASSURANCE REPORT**

I) Diversification

It is the policy of the Corporation to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

Management's Assertion:

The Corporation complied with the requirement as of December 31, 2021.

II) Designation of Depositories

The banks and trust companies authorized for the deposit of monies are designated through resolution by the Corporation Board.

Management's Assertion:

The Corporation complied with the requirement as of December 31, 2021.

III) Collateralizing of Deposits

In accordance with the provisions of General Municipal Law, §10 and 11, all deposits of the Corporation, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

(A) By a pledge of "eligible securities" with an aggregate "market value", or provided by General Municipal Law, §10, equal to the aggregate amount of deposits; (B) By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the government of a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, in any; (C) By an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

Management's Assertion:

The Corporation complied with the requirement as of December 31, 2021.

IV) Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by a third party subject to security and custodial agreements.

Management's Assertion:

The Corporation complied with the requirement as of December 31, 2021.

V) Permitted Investments

- As authorized by General Municipal Law (GML), §11, the Corporation authorizes the Corporation Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments: (a) special time deposit accounts authorized to do business in New York State (b) Certificates of Deposit; (c) obligations of the United States of America; (d) obligations guaranteed by agencies of the United States of America, where the payment of principal and interest is guaranteed by the United States of America; (e) obligations of the State of New York; (f) obligations issued pursuant to Local Finance Law §24 or §25(with approval of the State Comptroller) by any municipality, school district or district corporation other than the City of Syracuse; and

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
POSITIVE ASSURANCE REPORT

Permitted Investments (continued)

- (g) obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments; (h) certificates of participation (COPs) issued pursuant to General Municipal Law §109-b; and (i) Obligations of this local government, but only with any moneys in a reserve fund established pursuant to General Municipal Law §§ 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-i, or 6-n.

Management's Assertion:

The Corporation complied with the requirement as of December 31, 2021.

VI) Authorized Financial Institutions and Dealers

The Corporation shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments, which can be made with each financial institution or dealer. All financial institutions with which the local government conducts business must be credit worthy.

Investments in time deposits and certificates of deposits are to be made with banks or trust companies. Their annual reports shall be reviewed by the Corporation Treasurer as Chief Fiscal Officer to determine financial strength.

Management's Assertion:

The Corporation complied with the requirement as of December 31, 2021.

VII) Purchase of Investments

The Corporation Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, is authorized to contract for the purchase of investments accordance to policy.

Management's Assertion:

The Corporation complied with the requirement as of December 31, 2021.

VIII) Operations, Audit and Reporting

The Corporation treasurer, as Chief Fiscal Officer, for the City of Syracuse or his/her designee, having custody of money, shall authorize the purchase and sale of all securities and execute contracts for repurchase agreements and certificates of deposit on behalf of the Corporation. Oral directions concerning the purchase, transaction, or sale of securities shall be confirmed in writing. The Corporation shall pay for purchased securities upon deliver or book entry thereof.

The Corporation Board shall review and approve the Corporation's investment policy on an annual basis.

Management's Assertion:

The Corporation complied with the requirement as of December 31, 2021.



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CERTIFIED PUBLIC ACCOUNTANTS PLLC

**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**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
Syracuse Economic Development Corporation
Syracuse, New York

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 business-type activities of Syracuse Economic Development Corporation (SEDCO) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise SEDCO's basic financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SEDCO's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SEDCO's internal control. Accordingly, we do not express an opinion on the effectiveness of SEDCO'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 entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 SEDCO's financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Syracuse, New York
April 21, 2022