



**To:** SEDCO Board of Directors  
**From:** Vaughn Davis  
**Date:** April 5, 2023  
**Re:** SEDCO Board of Directors Meeting Agenda – April 6, 2023

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The Syracuse Economic Development Corporation **Board of Directors Meeting on Thursday April 6, 2023 at 3:30 PM held in person in the iLab Conference Room in City Hall, 233 East Washington Street, Syracuse, NY 13202.**

**I. Call Meeting to Order**

**II. Roll Call – 1**

- Welcome new Board members.

**III. Proof of Notice - 2**

**IV. Minutes – 3**

Approval of minutes from the March 9, 2023, Board meeting.

**VI. New Business –**

**SEDCO FY 2022 Audit Overview - 4**

Presented by Michael Lisson of Grossman St. Amour

**ARPA Micro-Enterprise Assistance Fund Request – 5**

Review and discussion of the loan financing requests submitted as part of the American Rescue Plan Act (ARPA) Micro-Enterprise Assistance Fund for consideration.

1. All Money Spends

**ARPA Small Business Assistance Fund – 6**

Review and discussion of the loan financing requests submitted as part of the American Rescue Plan Act (ARPA) Small Business Assistance Fund for consideration.

2. Finessin' Barber Lounge

**ARPA Lending Programs Community Impact Fund Requests – 7**

Review and discussion of the loan financing requests submitted as part of the American Rescue Plan Act (ARPA) Community Impact Fund for consideration.

3. NY Craft Concessions, LLC (Whiskey Coop)
  - *Attachment: Memo to the SEDCO Board of Directors*

**African & Caribbean Central Market - 8**

- *Attachment: Memo to the SEDCO Board of Directors*

**VII. Adjourn**



PLEASE POST

PLEASE POST

PLEASE POST

**PUBLIC MEETING NOTICE**

**THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**

**HAS SCHEDULED**

**A**

**BOARD OF DIRECTORS MEETING**

**ON**

**THURSDAY April 6, 2023**

**AT 3:30 PM**

**IN THE INNOVATION LAB (iLAB) CONFERENCE ROOM**

**LOCATED AT**

**SYRACUSE CITY HALL**

**233 E. WASHINGTON STREET, SYRACUSE, NY 13202**

**For more information, please contact Vaughntorrien Davis at [VDavis@syrgov.net](mailto:VDavis@syrgov.net)**

## Minutes

Syracuse Economic Development Corporation  
Board of Directors Meeting  
Thursday, March 9, 2023  
3:30 – 4:30 PM

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Meeting was held in-person at:  
The iLab at City Hall  
233 E. Washington Street  
Syracuse, NY 13202

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**Board Members Present:** Richard Driscoll, Stephen Gross, Andrew Fish, Eric Ennis, Michael Greene, Ashanti Dickerson

**Board Members Excused:** Karolina Marcinkowski, Nick Petragnani, Mark Barbee, Sheena Solomon, Patrick Lannon

**Staff Present:** Vaughn Davis, Suzanne Macpherson, Fred Marty

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### I. Call Meeting to Order

Mr. Ennis called the meeting to order at 3:34 PM.

### II. Roll Call

Mr. Ennis acknowledged that all Board Members were present except for Karolina Marcinkowski, Nick Petragnani, Mark Barbee, Sheena Solomon, Patrick Lannon

### III. Proof of Notice

Mr. Ennis made note acknowledging proof of notice was sent out in a timely manner.

### IV. Minutes

Mr. Ennis reviewed the meeting minutes from the February 2, 2023, Board meeting + electronic correspondence, and asked for a motion for approval.

Mr. Greene made the motion. Mr. Dickerson seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MEETING MINUTES FROM FEBRUARY 2, 2023.**

**V. New Business**

**1. ARPA Micro-Enterprise Assistance Fund Request:**

- Mason Marriage & Family Therapy

Mr. Davis provided an overview of the request from Mason Marriage & Family Therapy seeking \$5,000 for a period of two (2) year and 2% interest. The funding was requested for capital upgrades to the owner's office and capital enhancements to her online presence.

Mr. Gross made the motion. Mr. Dickerson seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED.**

**2. ARPA Community Impact Fund Request:**

Mr. Davis provided an overview of the request from the Syracuse Area Landmark Theatre seeking \$650,000 for a period of one (1) year and 3% interest. The funding was requested to provide a bridge loan for a DASNY award.

Mr. Fish made the motion. Mr. Greene seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED.**

**VI. Adjourn**

Mr. Gross made a motion to adjourn the meeting. Mr. Dickerson seconded the motion. **ALL BOARD MEMBERS PRESENT VOTED IN FAVOR TO ADJOURN THE MEETING.**

The meeting was adjourned at 4:00 PM.



# Syracuse Economic Development Corporation

Mike Lisson, CPA, CITP Partner  
April 6, 2023

110 West Fayette Street, Suite 900  
Syracuse, New York 13202  
315.424.1120 • [www.gsacpas.com](http://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 December 2, 2022
    - 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, pgs 16-17)
  - 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 6, 2023
- **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)**
  - Report on required supplementary information (RSI)
  - Other information
    - **Includes reference to Schedule of Expenditures of Federal Awards (SEFA)**
- 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 11-18)
- **Supplemental Schedules**
  - Consolidating Statement of Net Position (pg 19)
  - Consolidating Statement of Activities and Changes in Net Position (pg 20)
  - **Schedule of Expenditures of Federal Awards (SEFA) (pg 21)**

# Consolidated Statements of Net Position (page 8)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash and Cash equivalents	\$ 1,114,354	\$ 1,369,251	\$ 1,006,818
Restricted cash	5,603,621	582,459	708
Other receivable	360,620	360,620	150,000
Loans and other receivables	5,722,472	6,146,330	4,770,383
Notes receivable	4,290,185	4,290,185	4,790,185
Total assets	<u>\$ 17,091,252</u>	<u>\$ 12,748,845</u>	<u>\$ 10,718,094</u>
Escrows and accounts payable	\$ 566,548	\$ 197,075	\$ 121,283
Deferred income	3,161,799	1,879,066	49,567
Total liabilities	<u>\$ 3,728,347</u>	<u>\$ 2,076,141</u>	<u>\$ 170,850</u>
Net Position	<u>\$ 13,362,905</u>	<u>\$ 10,672,704</u>	<u>\$ 10,547,244</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Revenue and other support:</b>			
Grant income	\$ 28,200	\$ 320,501	\$ 100,434
ARPA income	2,689,067	-	-
Interest income	158,166	104,530	94,717
Mortgage interest income	-	95,806	95,805
All other income	20	-	-
Total revenue and other support	<u>2,875,453</u>	<u>520,837</u>	<u>290,956</u>
<b>Expenses:</b>			
Salaries and outside services	80,757	28,075	42,108
Grant program - Covid 19	28,200	320,501	100,434
Development expenses	-	970	7,045
All other expenses	76,295	45,831	47,316
Total expenses	<u>185,252</u>	<u>395,377</u>	<u>196,903</u>
Change in net position	<u>2,690,201</u>	<u>125,460</u>	<u>94,053</u>
Net position - beginning of year	<u>10,672,704</u>	<u>10,547,244</u>	<u>10,453,191</u>
Net position - end of year	<u>\$ 13,362,905</u>	<u>\$ 10,672,704</u>	<u>\$ 10,547,244</u>

# Summary of Significant Financial Activities

- ❑ **Cash increased \$4,766,265 to \$6,717,975 (\$1,951,710 in prior year)**
  - **Cash from operations of \$4,766,265**
    - **\$4,000,000** of new ARPA grant revenue, prior year of \$1,800,000
    - **\$158,166** of interest revenue from loan receivables (\$42,900 from Dey's)
    - **Loans issued**
      - **66 new loans, ranging from \$2,800 to \$268,000**
        - **35 loans - \$5,000 or less**
        - **26 loans - \$5,001 to \$99,999**
        - **5 loans - \$100,000 or greater**
    - **\$1,908,426** of principal payments received on loan receivables
      - **\$1,698,225 – Landmark Theatre**
      - **\$63,427 – Syracuse City Center**
      - **\$26,292– Tops Market**
    - **SURA fees (payroll/benefits) - \$113,693**



# Annual Other Reporting

- Single Audit Reporting package
  - Required as federal expenditure awards exceeded \$750,000
  - Federal grant compliance requirements
  - **No identified non-compliance matters pertaining to ARPA awards**
- 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**

**SEDCO ARPA Lending Programs Application Summary**  
**Financial Request Analysis**  
**Fund Type:** \_\_\_\_\_



PART I: APPLICANT INFORMATION					
Business Name	Business Address	Business/Industry Category:	Year Founded	Current # of employees	Total Amount Requested
					\$

PART II: BUSINESS LOCATION			
Neighborhood Location:		Located within ARPA-designated Census Tract?	<input type="checkbox"/> Y <input type="checkbox"/> N

PART III: BUSINESS OWNERSHIP					
Owner Name(s)	Residential Address:	% Owner	Credit Score	Total Covid-19 Assistance Received?	\$
				Previously Assisted by SEDCO/SIDA Covid Programs?	<input type="checkbox"/> Y <input type="checkbox"/> N
				Did the business experience a decline in 2020/21?	<input type="checkbox"/> Y <input type="checkbox"/> N

PART IV: USE OF ARPA FUNDS:		
Summary of the Requested Use of Funds:	Impact of Covid-19:	Efforts Taken Since March 2020:

PART V: BUSINESS FINANCIALS				
Business Financials			Supporting Documents Submitted	
	FY 2021	FY 2022 (Interim)	The following documents were submitted with the request:	
Total Sales	\$	\$	Completed Application	
Total Income (Loss)	\$	\$	2020 Corporate Tax Returns	
Total Expenses	\$	\$	2020 Personal Tax Returns	
Net Profit (Loss)	\$	\$	2021 Interim Financials	
			Personal Financial Statement	
			NYS-45 Form	

PART VI: PROPOSED BUDGET + PERSONAL FINANCIALS					
Proposed SEDCO ARPA Budget			Personal Financial Statement		
Amount	Expense/Item	Purpose		Owner #1	Owner #2
\$			Total Assets	\$	\$
\$			Total Liabilities	\$	\$
\$			Net Worth	\$	\$
\$			<b>Eligible for Forgiveness?</b>		Y <input type="checkbox"/> N
\$			<b>Staff Recommendation:</b>		\$
\$					

**Other Notes**



**SEDCO ARPA Lending Programs Application Summary**  
**Financial Request Analysis**  
**Fund Type:** \_\_\_\_\_



PART I: APPLICANT INFORMATION					
Business Name	Business Address	Business/Industry Category:	Year Founded	Current # of employees	Total Amount Requested
					\$
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\$			Total Assets	\$	\$
\$			Total Liabilities	\$	\$
\$			Net Worth	\$	\$
\$			<b>Eligible for Forgiveness?</b>		Y <input type="checkbox"/> N
\$			<b>Staff Recommendation:</b>		\$
\$					
<b>Other Notes</b>					



April 6, 2023

Memorandum To: **SEDCO Board of Directors**  
 From: Vaughntorrien Davis  
 Re: NY Craft Concessions, LLC (Whiskey Coop) | ARPA Community Impact Fund  
 Staff Recommendation: **\$60,000.00** in SEDCO ARPA loan Financing

**Borrower:**

NY Craft Concessions, LLC was founded in 2018 and is in the process of building out a new restaurant where Empire Brewing was once located at 120 Walton St, in the heart of Armory Square. They have two other restaurants; “The Hop Spot” also located on Walton Street in Armory Square and another Whiskey Coop in Sackets Harbor.

The applicants believe that their project will not only do well at it’s location but will also help breath new life into Armory Square; so much so that they took out a traditional bank loan to complete phase 1 and are now looking to the City to fill the gap in funds needed to complete Phase 2 so that they are able to open their doors, provide a popular place for city residents to eat, and socialize and to contribute to the revitalization of downtown Syracuse.

**Proposed Project:**

The funds requested are for a project that has already begun Phase 1 of the build out and is requesting ARPA funding to complete Phase 2. The applicants have leased a space and are building out a whiskey bar/ restaurant in the space that Empire Brewing once occupied.

The funds they're requesting will go towards:

- The Renovation and site work that includes the installation a new Bar and a second flight of stairs located inside of the building providing a safer entrance into the restaurant.
- Purchasing new light fixtures and furniture.
- Purchasing new kitchen and bar equipment.

**Requested Loan amount (from applicant)** – \$185,000.00

**Usage of Funds:**

The funds received from SEDCO will be used to complete Phase 2 of their build out.

**SOURCES & USES (PHASE 2 ONLY):**

Project Budget:

a. Building Construction & Renovation	\$115,000.00
b. Equipment	\$75,000.00
c. Furniture & Fixtures	\$70,000.00
d. Architect Fees	\$10,000.00
e. Legal Fees	\$5,000.00
f. <u>Permitting Fees</u>	<u>\$5,000.00</u>
<b>TOTAL INVESTMENT</b>	<b>\$280,000.00</b>

Project Sources:

a. SEDCO Community Impact financing	\$60,000.00
b. Bank Loan	\$200,000.00
c. <u>Owner Equity</u>	<u>\$20,000.00</u>
<b>TOTAL INVESTMENT</b>	<b>\$280,000.00</b>

**Recommendation:**

After reviewing this loan and with the Loan Committee's support staff recommends that the Board approve the loan amount of \$60,000. The applicant has secured funding through a local lender who has approved the applicant for SBA financing for up to \$350,000 in funds and is providing \$20,000 of their own equity.

It would be Beneficial for SEDCO to invest in this project as it will contribute to the revitalization of Armory Square, and provide more job opportunities within the community.

Based on the maximum terms available as part of the Community Impact Fund, SEDCO would structure the interest rate at 5.0% for this loan, with a term of Eight (8) years (96 months) to reflect the term of the lease. The first six (6) months would be an interest-only period giving the applicant time to begin generating revenue.

**Collateral:**

SEDCO would seek to hold a subordinate lien through a UCC filing on all the furniture, fixtures and equipment purchased with the funds for capital upgrades. SEDCO will also secure a corporate guarantee from Whiskey Coop, LLC, personal guarantees from C. Chalf, M. Bartleson and S. Goodrich as the founders and directors of the applicant entity.

**Impact of Covid-19:**

COVID-19 has caused the applicant a loss in revenue totaling up to approximately \$1.7million dollars and the loss of 2/3 of their staff.

The applicant has used this opportunity to raise the base pay for all employees, implemented a paid sick leave for staff as well as a Benefit package in hopes of attracting employees.



April 6, 2023

Memorandum To: **SEDCO Board of Directors**  
From: Vaughntorrien Davis  
Re: African and Caribbean Central Market | ARPA Community Impact Fund  
Staff Recommendation: **\$30,000.00** in SEDCO ARPA loan Financing

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**Borrower:**

African & Caribbean Central Market is longtime retail market and food store that has been an anchor on the North Salina business corridor. The business was founded by Roselinda Abbey, who immigrated to Syracuse from Ghana and is now based in the Syracuse area. The applicant purchased a new commercial building located at 706 North Salina Street to relocate the market business and accommodate new growth by having a larger space. The building was purchased in 2020, in the midst of the Covid-19 pandemic.

**Proposed Project:**

The funds requested are for a project that has already began Phase 1 of the build out and is requesting ARPA. Since the acquisition, the applicant has been working on renovations to the ground floor space in order to combine two separate retail spaces into one central storefront on the ground floor. The applicant has been working to complete these renovations, already completing Phase I with assistance from an architect (Daniel Manning) as well as assistance from a general contractor (Rich & Gardner). Phase I of the renovations is now complete, and the project is now seeking the financing necessary to move into the second phase. The applicant has been working closely with CenterState CEO and Northside UP to receive technical assistance in order to facilitate the renovation and relocation.

The request for assistance related to the project is known as Phase II, and will include the installation of doors and windows, all finishes for the retail storefront, as well as the repair and testing of an elevator required to access the upper floors of the building. The financing being sought through SEDCO will ensure the store can complete its relocation and allow it to open later this summer.

**UPDATE:** Due to inflation and unforeseen expenses and the rising cost of materials the applicants project budget increased from \$554,500 to \$589,000. This has prompted the applicant to submit a request to the SEDCO Board for an additional \$30k added to their award so they're able to complete Phase II of the project that includes, elevator maintenance and to cover the cost of emergency roof repairs that needed addressing and was paid for from the \$170k award balance.

ACCM is also receiving additional assistance from Syracuse Urban Partnership's (SYRUP) AEI Vacant Property Fund in the amount of \$4,500.00 to aid with filling the gap as the additional \$30k is the maximum we can provide through the Community Impact Fund.

**SEDCO Loan Request** – \$30,000.00

**SOURCES & USES:**

Project Budget:

a. Property acquisition	\$ 260,000
b. Architectural & Design Fees	\$ 6,600
c. Site work / demolition	\$ 83,500
d. Building construction & renovation (Phase I)	\$ 36,463
e. Building construction & renovation (Phase II)	\$ 149,000
f. Asbestos abatement	\$ 8,937
g. <u>Elevator repair and testing</u>	<u>\$ 44,500</u>
<b>TOTAL INVESTMENT</b>	<b>\$ 589,000</b>

Project Sources:

a. Owner Equity	\$69,500
b. Loan Financing   NDC Grow American Fund	\$315,000
c. SEDCO Loan Financing	\$200,000
d. <u>Syracuse Urban Partnership</u>	<u>\$4,500</u>
<b>TOTAL INVESTMENT</b>	<b>\$589,000</b>

**Recommendation:**

Staff recommends the Loan Committee approve this requested additional funding as presented. ACCM and SEDCO have a great relationship and is being assisted by Centerstate CEO who is invested in the completion of this project and the development Salina Street. The applicant is currently completing phase 2 and it would be a detriment to the business's ability to serve the community and generate revenue if this project is delayed.

The loan terms will keep the same structure that was previously approved by the SEDCO Board of Directors with an interest rate of 2.0%, a term of fifteen (15) years (180 months) with an interest only period of an additional 3months.

**Collateral:**

SEDCO would seek to hold a subordinate mortgage lien on the 706 North Salina Street property in the amount of the updated loan amount. An updated personal guarantee from Roselinda Abbey would also be secured as the owner of the borrowing entity.

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**

**Consolidated Financial Statements**

**December 31, 2022 and 2021**

**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, 2022 and 2021, 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, 2022 and 2021, 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, Consolidating Statement of Activities and Changes in Net Position and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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, Changes in Net Position and Schedule of Expenditures of Federal Awards are 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, Changes in Net Position are fairly stated and Schedule of Expenditures of Federal Awards, 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 6, 2023 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 6, 2023

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Management's Discussion and Analysis - unaudited**  
**For the Year Ended December 31, 2022**

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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, 2022. Please read it in conjunction with SEDCO's financial statements.

**FINANCIAL HIGHLIGHTS**

- SEDCO's total liabilities and total net position was \$3,728,347 and \$13,362,905, respectively, at the end of 2022.
- SEDCO received \$4,000,000 of ARPA funds in 2022 to establish a Small Business & Micro-Enterprise Assistance Fund to support small businesses.
- SEDCO's total net position increased by \$2,690,201 for the 2022 fiscal year. This was primarily due to ARPA income of \$2,689,067 being recognized in 2022.
- SEDCO approved 66 new loans and disbursed \$1,146,742 in loans in 2022. From all loans and notes outstanding, SEDCO received \$1,908,426 of principal payments and \$158,166 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.

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.

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Management's Discussion and Analysis - unaudited**  
**For the Year Ended December 31, 2022**

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**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 \$13,362,905 as of December 31, 2022. 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 \$5,722,472.

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 in 2022 as the building owners are currently renovating the building to convert underutilized commercial space into residential space.

SEDCO provides low cost, fixed asset financing for commercial businesses operating in the City of Syracuse. Total loans outstanding was \$5,722,472 as of December 31, 2022. During fiscal year 2022, SEDCO disbursed new loans totaling \$1,164,742 throughout the City of Syracuse.

SEDCO's revenues are primarily from interest earnings on outstanding loans. Interest earnings totaled \$158,166 for the year ended December 31, 2022. Expenses totaling \$185,252, including \$28,200 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, 2022**

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

**Statements of Net Position**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash and Cash equivalents	\$ 1,114,354	\$ 1,369,251	\$ 1,006,818
Restricted cash	5,603,621	582,459	708
Other receivable	360,620	360,620	150,000
Loans and other receivables	5,722,472	6,146,330	4,770,383
Notes receivable	4,290,185	4,290,185	4,790,185
Total assets	<u>\$ 17,091,252</u>	<u>\$ 12,748,845</u>	<u>\$ 10,718,094</u>
Escrows and accounts payable	\$ 566,548	\$ 197,075	\$ 121,283
Deferred income	3,161,799	1,879,066	49,567
Total liabilities	<u>\$ 3,728,347</u>	<u>\$ 2,076,141</u>	<u>\$ 170,850</u>
Net Position	<u>\$ 13,362,905</u>	<u>\$ 10,672,704</u>	<u>\$ 10,547,244</u>

**Statements of Activities and Changes in Net Position**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Revenue and other support:</b>			
Grant income	\$ 28,200	\$ 320,501	\$ 100,434
ARPA income	2,689,067	-	-
Interest income	115,266	104,530	94,717
Mortgage interest income	42,900	95,806	95,805
All other income	20	-	-
Total revenue and other support	<u>2,875,453</u>	<u>520,837</u>	<u>290,956</u>
<b>Expenses:</b>			
Salaries and outside services	80,757	28,075	42,108
Grant program - Covid 19	28,200	320,501	100,434
Development expenses	-	970	7,045
All other expenses	76,295	45,831	47,316
Total expenses	<u>185,252</u>	<u>395,377</u>	<u>196,903</u>
Change in net position	<u>2,690,201</u>	<u>125,460</u>	<u>94,053</u>
Net position - beginning of year	<u>10,672,704</u>	<u>10,547,244</u>	<u>10,453,191</u>
Net position - end of year	<u>\$ 13,362,905</u>	<u>\$ 10,672,704</u>	<u>\$ 10,547,244</u>

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Management's Discussion and Analysis - unaudited**  
**For the Year Ended December 31, 2022**

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**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](http://www.syr.gov.net/SEDCO_Home.aspx)

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Consolidated Statements of Net Position**

	December 31,	
	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,114,354	\$ 1,369,251
Restricted cash	5,603,621	582,459
Other receivable	360,620	360,620
Loans receivable	818,772	2,075,330
Total current assets	7,897,367	4,387,660
Loans receivable	4,903,700	4,071,000
Notes receivable	4,290,185	4,290,185
	\$ 17,091,252	\$ 12,748,845
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
Escrows and accounts payable	\$ 566,548	\$ 197,075
Deferred income - CDBG Covid 19 grant	50,866	79,066
Deferred income - American Rescue Plan Act agreement	3,110,933	1,800,000
Total current liabilities	3,728,347	2,076,141
Net Position:		
Unrestricted	7,509,284	9,840,953
Restricted - Grow America Fund	250,000	250,000
Restricted - American Rescue Plan Act Funds	5,603,621	581,751
Total Net Position	13,362,905	10,672,704
	\$ 17,091,252	\$ 12,748,845

The accompanying notes are an integral part of these financial statements

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

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>REVENUE</b>		
Grant and contribution revenue	\$ 28,200	\$ 320,501
ARPA income	2,689,067	-
Mortgage interest income	42,900	95,806
Interest income	115,266	104,530
Other income	20	-
Total revenue	<u>2,875,453</u>	<u>520,837</u>
<b>EXPENSES</b>		
Professional fees	32,492	22,292
Grant program - Covid 19	28,200	320,501
Development expenses	-	970
Salaries and outside services	80,757	28,075
Benefits expenses	32,936	16,586
Other expenses	10,867	6,953
Total expenses	<u>185,252</u>	<u>395,377</u>
Change in net position	<u>2,690,201</u>	<u>125,460</u>
Net position at beginning of year	<u>10,672,704</u>	<u>10,547,244</u>
Net position at end of year	<u>\$ 13,362,905</u>	<u>\$ 10,672,704</u>

The accompanying notes are an integral part of these financial statements



**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Consolidated Statements of Cash Flows**

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Cash flows from operating activities		
Inflows		
Loan payments - interest	\$ 115,266	\$ 104,530
Loan payments - principal	1,908,426	549,053
Note payments - interest	42,900	95,806
Note payments - principal	-	500,000
Fees, grants and other income	-	(181,121)
Proceeds from American Rescue Plan Act agreement	4,000,000	1,800,000
Outflows		
Services and employees	(135,585)	916
New loans issued	(1,164,742)	(1,925,000)
Net cash provided by (used in) operating activities	<b>4,766,265</b>	<b>944,184</b>
Cash at beginning of year	<b>1,951,710</b>	<b>1,007,526</b>
Cash at end of year	<b>\$ 6,717,975</b>	<b>\$ 1,951,710</b>
Reconciliation of change in net position to cash provided by operating activities		
Change in net position	\$ 2,690,201	\$ 125,460
Changes in operating assets and liabilities:		
Loans receivables	423,858	(1,375,947)
Other receivable	-	(210,620)
Notes receivable	-	500,000
Accounts payable and commitment fees	369,473	75,792
Deferred income	1,282,733	1,829,499
Net cash provided by (used in) operating activities	<b>\$ 4,766,265</b>	<b>\$ 944,184</b>

The accompanying notes are an integral part of these financial statements

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Consolidated Financial Statements**

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**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**

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**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.

**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, 2022 and 2021, of Grow America Fund program loans have been made with \$25,000 of lending capacity remaining. There were no contributions made by SEDCO in 2022 or 2021.

**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, 2022 and 2021, SEDCO's uninsured cash and cash equivalents balances totaled approximately \$5,990,166 and \$1,144,000 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, 2022 and 2021, SEDCO issued new loans totaling \$1,164,742 and \$1,925,000, 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, 2022 and 2021, 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	2022		2021	
A	\$2,168,192	38%	\$2,199,302	36%
B	268,000	5%	-	0%
C	188,240	3%	214,532	3%
D	-	0%	1,800,000	29%
All others	3,098,040	54%	1,932,496	31%
Total	\$5,722,472	100%	\$6,146,330	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 \$268,000 and has an annual interest rate of 1.5%. The total amount of the loan is due on the earlier of ten days after the Borrower's receipt of the grant funds from the New York State as part of the Restore New York program through the City of Syracuse, or February 1, 2023. As of March 17, 2023 the funds have not been received.

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. This loan was paid in the amount of \$1,698,225 during the year ending December 31, 2022 as \$101,775 of the loan was not drew on.

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 \$5,692,472 and \$6,146,330 of loans outstanding as of December 31, 2022 and 2021, respectively.

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

Borrower/Grantee	2022		2021	
A	\$ 562,248	67%	\$ 664,476	69%
B	20,000	2%	30,000	3%
All others	262,181	31%	262,181	27%
	\$ 844,429	100%	\$ 956,657	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:

1/1/2022 Beginning	New Issuances	Reclassified from Loans	Deductions	12/31/2022 Ending
\$ 905,543	\$ -	\$ -	\$ (61,113)	\$ 844,430

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 28<sup>th</sup> 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, 2022, cumulative principal of \$460,026 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 \$140,000 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 year ended December 31, 2021, SEDCO received \$95,806 in interest income. For the year ended December 31, 2022 SEDCO did not receive interest income. For the year ended December 31, 2022, no principal payment was made on the note. For the year ended December 31, 2021, SEDCO received \$500,000 in principal payments.

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**

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**4. Notes Receivable (continued)**

The amount due on the notes is as follows:

Year Ended	Principal	Interest	Total
2023	500,000	39,569	539,569
2024	-	37,902	37,902
2025	-	37,902	37,902
2026	-	37,902	37,902
2027	-	37,902	37,902
Thereafter	3,790,185	145,291	3,935,476
	\$ 4,290,185	\$ 336,468	\$ 4,626,653

The loan is secured through a subordinate mortgage on the property and guarantees from the borrowers.

**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 \$545,756 and \$197,075 as of December 31, 2022 and 2021, respectively.

**6. Grants and Deferred Income**

SEDCO periodically receives monies from the City of Syracuse (the "City") for certain grant programs administered by SEDCO. These grants contain eligibility requirements for which SEDCO must meet. Monies received in advance of meeting these eligibility requirements are recorded as deferred revenue in these financial statements.

1) Community Development Block Grant (CDBG) Entitlement Program

This program is authorized under Title I of the Housing and Community Development Act (HCDA) of 1974, as amended. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided an emergency supplemental appropriation of CDBG funding for states, entitlement communities, and insular areas. This appropriation, referred to as CDBG-CV program funds, to distinguish it from the annual formula CDBG program, is to be used similarly as annual formula grants, but specifically to prevent, prepare for, and respond to the coronavirus. SEDCO received grants totaling \$500,000 from the City pertaining to the CDBG-CV program funds. As of December 31, 2022 SEDCO's cumulative eligible and allowable costs totaled \$449,134. As of December 31, 2022 and 2021, SEDCO incurred eligible and allowable costs of \$22,800 and \$320,501, respectively. The grant expenditures are subject to various federal regulations as required by the Department of Housing and Urban Development, under CFDA 14.218.

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Consolidated Financial Statements**

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**6. Grants and Deferred Income (continued)**

2) Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

A purpose of the CSLFRF was to provide direct payments to eligible entities to respond the public health emergency, COVID-19 or its negative economic impacts, including providing assistance to households, small businesses, nonprofits, and impacted industries. In accordance with U.S. Treasury regulations, SEDCO must obligate the funds by December 31, 2024 and expend such funds by December 31, 2026. Any funds not obligated or expended for eligible uses by these dates would require SEDCO to return the monies to the U.S. Treasury. These funds are subject to various federal regulations as required by the U.S. Treasury Department, under CFDA 21.027.

SEDCO received the following grants from the City, subject to CSLFRF regulations:

- A) A grant not to exceed \$2,000,000 to be used by SEDCO to provide a bridge loan to the Landmark Theatre in the City. The total loan was \$1,698,225 to the Landmark which was repaid to SEDCO in 2022.
- B) A grant totaling \$4,000,000 to be used by SEDCO to establish a series of loan programs designed to provide direct assistance to small business and economic development purposes. The program loans will vary from \$5,000 to \$200,000, with funds being used for purposes including working capital and adaptive business operations due to shifting marketing conditions, as well as real estate development, commercial district revitalization, and job creation opportunities. SEDCO's loan programs are as follows: (1) Microenterprise loans (up to \$5,000), (2) Small business loans (up to \$25,000) and (3) Community impact loans (up to \$200,000).

**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.

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.



**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Consolidated Financial Statements**

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**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 \$113,693 and \$44,661, respectively for the years ended December 31, 2022 and 2021. 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 6, 2023, 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.

## **SUPPLEMENTAL INFORMATION**

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Consolidating Statement of Net Position**  
**December 31, 2022**

<b>ASSETS</b>	Syracuse Economic Development Corporation	Dey's Centennial Plaza Limited	Dey's Centennial Plaza Inc.	Intercompany Eliminations	Consolidated Total
Current Assets:					
Cash and cash equivalents	\$ 806,030	\$ 178,810	\$ 129,514	\$ -	\$ 1,114,354
Restricted cash	5,603,621	-	-	-	5,603,621
Other receivable	360,620	-	-	-	360,620
Loans receivable	818,772	-	-	-	818,772
Total current assets	<u>7,589,043</u>	<u>178,810</u>	<u>129,514</u>	<u>-</u>	<u>7,897,367</u>
Loans receivable, net	4,903,700	-	-	-	4,903,700
Notes receivable	4,290,185	-	-	-	4,290,185
	<u>\$ 16,782,928</u>	<u>\$ 178,810</u>	<u>\$ 129,514</u>	<u>\$ -</u>	<u>\$ 17,091,252</u>
<b>LIABILITIES AND NET POSITION</b>					
Current Liabilities:					
Escrows and accounts payable	\$ 566,548	\$ -	\$ -	\$ -	\$ 566,548
Deferred income - CDBG Covid 19 grant	50,866	-	-	-	50,866
Deferred income - American Rescue Plan Act agreement	3,110,933	-	-	-	3,110,933
(Receivable) / Payable to Syracuse Economic Development Corp	(287,416)	162,214	125,202	-	-
Total current liabilities	<u>3,440,931</u>	<u>162,214</u>	<u>125,202</u>	<u>-</u>	<u>3,728,347</u>
Total liabilities	<u>3,440,931</u>	<u>162,214</u>	<u>125,202</u>	<u>-</u>	<u>3,728,347</u>
Net Position:					
Unrestricted	7,488,376	16,596	4,312	-	7,509,284
Restricted - Grow America Fund	250,000	-	-	-	250,000
Restricted - American Rescue Plan Act Funds	5,603,621	-	-	-	5,603,621
Total Net Position	<u>13,341,997</u>	<u>16,596</u>	<u>4,312</u>	<u>-</u>	<u>13,362,905</u>
	<u>\$ 16,782,928</u>	<u>\$ 178,810</u>	<u>\$ 129,514</u>	<u>\$ -</u>	<u>\$ 17,091,252</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, 2022**

	Syracuse Economic Development Corporation	Dey's Centennial Plaza Limited	Dey's Centennial Plaza Inc.	Intercompany Eliminations	Consolidated Total
<b>REVENUE</b>					
Mortgage interest income	\$ 42,900	\$ -	\$ -	\$ -	\$ 42,900
Interest income	115,266	-	-	-	115,266
Grant income	28,200	-	-	-	28,200
ARPA income	2,689,067	-	-	-	2,689,067
Other income	20	-	-	-	20
Total revenue	<u>2,875,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,875,453</u>
<b>EXPENSES</b>					
Interest expense- SEDCO	-	-	-	-	-
Professional fees	32,467	25	-	-	32,492
Salaries and outside services	80,757	-	-	-	80,757
Grant program - Covid 19	28,200	-	-	-	28,200
Development expenses	-	-	-	-	-
Benefits expenses	32,936	-	-	-	32,936
Other expenses	10,698	72	97	-	10,867
Total expenses	<u>185,058</u>	<u>97</u>	<u>97</u>	<u>-</u>	<u>185,252</u>
Change in net position	2,690,395	(97)	(97)	-	2,690,201
Net position at beginning of year	<u>10,651,602</u>	<u>16,693</u>	<u>4,409</u>	<u>-</u>	<u>10,672,704</u>
Net position at end of year	<u>\$ 13,341,997</u>	<u>\$ 16,596</u>	<u>\$ 4,312</u>	<u>\$ -</u>	<u>\$ 13,362,905</u>

The accompanying notes are an integral part of these financial statements

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2022**

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<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through City of Syracuse:			
<b><u>Entitlement Grants Cluster</u></b>			
Community Development Block Grants/Entitlement Grants (CDBG-CV)	14.218	CDBG-CV3	\$ 28,200
<b>U.S. Department of the Treasury</b>			
Passed through City of Syracuse:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	990,842
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,019,042</b>

The accompanying notes are an integral part of these financial statements



**grossman st. amour**

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, 2022, and the related notes to the financial statements, which collectively comprise SEDCO's basic financial statements, and have issued our report thereon dated April 6, 2023.

**Report on 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.



## Report on 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 financial statements. 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 6, 2023

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**

**POSITIVE ASSURANCE REPORT OVER INVESTMENT PRACTICES**

**December 31, 2022**





**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, 2022. 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, 2022.

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 6, 2023



**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION  
POSITIVE ASSURANCE REPORT**

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**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, 2022.

**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, 2022.

**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, 2022.

**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, 2022.

**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**

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**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, 2022.

**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, 2022.

**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, 2022.

**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, 2022.