



**To:** SEDCO Board of Directors  
**From:** Eric Ennis  
**Date:** May 12, 2021  
**Re:** SEDCO Board of Directors Meeting Agenda – May 13, 2021

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The Syracuse Economic Development Corporation **Board of Directors Meeting on Thursday, May 13, 2021 at 3:30 PM**  
via **WEBEX:** <https://syrgov.webex.com/syrgov/j.php?MTID=m0905e2750c9a6fe271decd9b182b9af1>

**I. Call Meeting to Order**

**II. Roll Call – 1** (*Welcome Patrick Lannon*)

**III. Proof of Notice - 2**

**IV. Minutes – 3**

Approval of minutes from the February 18, 2021 Board meeting.

**V. New Business –**

**2020 Financial Audit – 4**

Presentation and review from SEDCO Auditor of the 2020 financial statements.

*Attachment:*

1. *2020 Audited Financial Statements*

**ACCESS Global Enterprises LLC – 5**

Loan request to SEDCO for \$125,000 for leasehold improvements to establish a startup dental laboratory.

*Attachment:*

1. *Summary memo to Board of Directors*

**Covid-19 Grant + Loan Program Updates – 6**

Progress report on financial programs to provide small business support over the past year.

**Dey's Plaza LLC | Refinance Status Update – 7**

Progress report on efforts to refinance Dey's Plaza LLC and restructure its existing debt to the corporation.

**American Rescue Plan Act (ARPA) – 8**

Provide initial overview of discussions being held regarding ARPA funds that may impact the corporation.

**VI. Adjourn**



PLEASE POST

PLEASE POST

PLEASE POST

**PUBLIC MEETING NOTICE**

**THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**

**HAS SCHEDULED**

**A**

**BOARD OF DIRECTORS MEETING**

**ON**

**THURSDAY MAY 13, 2021**

**AT 3:30 PM.**

**VIA WEBEX**

**Meeting Link:**

<https://syrgov.webex.com/syrgov/j.php?MTID=m0905e2750c9a6fe271decd9b182b9af1>

**VIA Phone**

**+1-408-418-9388**

**Access Code: 173 978 4792**

**For more information, please contact Eric Ennis at [EEnnis@syrgov.net](mailto:EEnnis@syrgov.net)**

**Minutes**  
Syracuse Economic Development Corporation  
Board of Directors Meeting  
Thursday, February 18, 2021  
3:30 – 4:30 PM

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Meeting was held via Webex  
Syracuse NY 13202

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**Board Members Present:** Jennifer Tifft, Ashanti Dickerson, Sheena Solomon, Steve Gross, Richard Driscoll.

**Board Members Excused:** David Mankiewicz, Hon. Michael Greene, Nick Petragnani, and Michael Quigley.

**Staff Present:** Eric Ennis, John Vavonese, Fred Marty, Esq.

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**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 David Mankiewicz, Michael Greene, Nick Petragnani, and Michael Quigley were and excused.

**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 December 1, 2020 Board meeting.

Mr. Gross made the motion. Mr. Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MEETING MINUTES FROM DECEMBER 1, 2020.**

**V. New Business**

**Community Development Block Grant CARES Act (CDBG-CV) Funding Proposal**

Mr. Ennis provided an overview of the discussions held during the grant review committee meetings for Round II of the SEDCO Covid-19 Small Business Grant program, being made available with \$350,000 from the City of Syracuse Community Development Block Grant (CDBG) allocation of CARES Act Funding.

The committees discussed at length the funding applications from the neighborhood business associations, which came from four different entities within the city of Syracuse: the Crouse-Marshall Business Improvement District, the Downtown Syracuse Foundation, the East Genesee Regent Association (EGRA), and the Northeast Hawley Development Association (NEHDA). Each of the applicants sought funding for marketing and business promotional services for those within their geographic boundaries.

Mr. Ennis noted that additional information was sought from these applicants since they are eligible for a higher amount than individual business applicants. He referred to the supplemental applications that were submitted.

The board stated that an amount of \$20,000 would be an appropriate amount for each of these applicants, with the exception of the East Genesee Regent Association which also included banners which was not deemed to be an eligible use of the funding. The EGRA grant would be in the amount of \$15,000.

Mr. Gross inquired about the manner in which the funds would be used and how the business promotion and marketing would be achieved.

Mr. Ennis stated in speaking with the applicants, most planned to pursue contracts with media outlets in radio, print, and broadcasters in order to draw in visitors and new clientele that otherwise may not traditionally support area businesses.

Mr. Driscoll inquired about the boundary areas of these organizations, including the City's eastside between the EGRA and the Crouse Marshall organizations which are in close proximity.

Mr. Ennis confirmed these boundary areas will be confirmed with each of the applicants so the corporation can have a solid understanding of the specific geographic areas from the promotional efforts.

In addition to the neighborhood business associations, Mr. Ennis provided a summary of one individual business application that was not reviewed by the grant review committee for Gypsy Freedom LLC. The business is a retailer located within downtown Syracuse, and did submit the necessary documents prior to the application deadline.

The board was supportive of including this request to be funded based on the eligibility criteria for the purpose of the grant program.

Ms. Tiffet asked for a motion to approve grant requests provided to a total of 35 individual businesses and 4 neighborhood business associations as part of the Covid-19 Grant Program for small businesses. Mr. Dickerson made the motion. Mr. Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT APPROVED THE RECOMMENDED GRANT FUNDING AMOUNTS TOTALING \$350,000 AS PART OF THE COVID-19 GRANT PROGRAM FOR SMALL BUSINESSES.**

**VI. Adjourn**

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

The meeting adjourned at 4:35 PM.

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**

**Consolidated Financial Statements**

**December 31, 2020 and 2019**

**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 Financial Statements**

We have audited the accompanying basic financial statements of Syracuse Economic Development Corporation (SEDCO), a component unit of the City of Syracuse, New York as of December 31, 2020 and 2019, and for the years then ended, 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.

### ***Management's Responsibility for the Financial Statements***

The Syracuse Economic Development Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Syracuse Economic Development Corporation as of December 31, 2020 and 2019 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Syracuse Economic Development Corporation's basic financial statements. The Consolidating Statement of Net Position and Consolidating Statement of Activities and Changes in Net Position on pages 17 and 18 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 is 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 also issued our report dated May 13, 2021 on our consideration of 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 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 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 Syracuse Economic Development Corporation's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Grossman St Aman CPAs". The signature is written in a cursive, flowing style.

Syracuse, New York  
May 13, 2021

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Management's Discussion and Analysis - unaudited**  
**For the Year Ended December 31, 2020**

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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, 2020. 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 2020, interest payments of \$95,805 were received (no principal payments were due). The outstanding note receivable was \$4,790,185 as of December 31, 2020.
- SEDCO's total liabilities and total net position was \$170,850 and \$10,547,244, respectively, at the end of 2020.
- SEDCO's total net position increased by \$94,053 for the 2020 fiscal year. This was primarily due to both mortgage interest income of \$95,805 and loan interest income of \$94,717, offset by expenses of the Corporation totaling \$96,349
- SEDCO was approved to receive \$150,000 of federal grant monies from the City of Syracuse for its COVID-19 relief activities. SEDCO utilized \$100,434 of these grant monies as of December 31, 2020.
- SEDCO approved three new direct loans totaling \$233,000 and thirty loans under SEDCO's COVID-19 Emergency loan program totaling \$455,217, totaling \$688,217 of new loans. From all loans and notes outstanding, SEDCO received \$348,574 of principal payments and \$190,522 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, 2020**

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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.

The entity-wide financial statements can be found on pages 8 through 10 of this report. The notes to the financial statements can be found on pages 11 through 17 of this report.

**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 \$4,790,185 and with other loans outstanding totaling \$4,770,383.

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 \$95,805 in 2020.

SEDCO provides low cost, fixed asset financing for commercial businesses operating in the City of Syracuse. Total loans outstanding was \$4,770,383 as of December 31, 2020. During fiscal year 2020, SEDCO issued new loans totaling \$688,217 throughout the City of Syracuse.

SEDCO's revenues are primarily from interest earnings on outstanding loans. Interest earnings totaled \$190,522 for the year ended December 31, 2020. Expenses totaling \$196,903, including \$100,434 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, 2020**

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

**Statements of Net Position**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash and Cash equivalents	\$ 1,006,818	\$ 1,315,134	\$ 1,305,261
Restricted cash	708	7,753	7,753
Other receivable	150,000		
Loans and other receivables	4,770,383	4,430,740	4,200,671
Notes receivable	4,790,185	4,790,185	4,790,185
Total assets	<u>\$ 10,718,094</u>	<u>\$ 10,543,812</u>	<u>\$ 10,303,870</u>
Escrows and accounts payable	\$ 121,283	\$ 90,621	\$ 56,047
Deferred income	49,567		
Total liabilities	<u>\$ 170,850</u>	<u>\$ 90,621</u>	<u>\$ 56,047</u>
Net Position	<u>\$ 10,547,244</u>	<u>\$ 10,453,191</u>	<u>\$ 10,247,823</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Revenue and other support:</b>			
Grant income	\$ 100,434	\$ -	\$ 40,900
Interest income	94,717	101,628	77,112
Mortgage interest income	95,805	143,708	143,708
Miscellaneous income	-	-	29,593
Forgiveness of loan payables	-	-	8,619,955
All other income	-	2,464	3,640
Total revenue and other support	<u>290,956</u>	<u>247,800</u>	<u>8,914,908</u>
<b>Expenses:</b>			
Interest expense - SIDA	-	-	83,830
Loan settlement payment	-	-	371,593
Salaries and outside services	42,108	29,929	14,554
Grant program - Covid 19	100,434	-	-
Development expenses	7,045	7,400	-
Loan losses, net	-	(33,305)	-
All other expenses	47,316	38,408	38,774
Total expenses	<u>196,903</u>	<u>42,432</u>	<u>508,751</u>
Change in net position	<u>94,053</u>	<u>205,368</u>	<u>8,406,157</u>
Net position - beginning of year	<u>10,453,191</u>	<u>10,247,823</u>	<u>1,841,666</u>
Net position - end of year	<u>\$ 10,547,244</u>	<u>\$ 10,453,191</u>	<u>\$ 10,247,823</u>

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Management's Discussion and Analysis - unaudited**  
**For the Year Ended December 31, 2020**

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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**

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,006,818	\$ 1,315,134
Restricted cash	708	7,753
Other receivable	150,000	-
Loans receivable	301,575	305,099
Total current assets	1,459,101	1,627,986
Loans receivable	4,468,808	4,125,641
Notes receivable	4,790,185	4,790,185
	\$10,718,094	\$ 10,543,812
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
Escrows and accounts payable	\$ 121,283	\$ 90,621
Deferred income - CDBG Covid 19 grant	49,567	-
Total current liabilities	170,850	90,621
Net Position:		
Unrestricted	10,297,244	10,203,191
Restricted - Grow America Fund	250,000	250,000
Total Net Position	10,547,244	10,453,191
	\$10,718,094	\$ 10,543,812

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>2020</b>	<b>2019</b>
<b>REVENUE</b>		
Grant and contribution revenue	\$ 100,434	\$ -
Mortgage interest income	95,805	143,708
Interest income	94,717	101,628
Other income	-	2,464
Total revenue	<u>290,956</u>	<u>247,800</u>
<b>EXPENSES</b>		
Professional fees	21,538	23,158
Grant program - Covid 19	100,434	-
Development expenses	7,045	7,400
Salaries and outside services	42,108	29,929
Benefits expenses	20,719	10,694
Bad debts (recovery)	-	(33,305)
Other expenses	5,059	4,556
Total expenses	<u>196,903</u>	<u>42,432</u>
Change in net position	<u>94,053</u>	<u>205,368</u>
Net position at beginning of year	<u>10,453,191</u>	<u>10,247,823</u>
Net position at end of year	<u>\$ 10,547,244</u>	<u>\$ 10,453,191</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>2020</b>	<b>2019</b>
Cash flows from operating activities		
Inflows		
Loan payments - interest	\$ 94,717	\$ 101,628
Loan payments - principal	348,574	203,336
Note payments - interest	95,805	143,708
Note payments - principal	-	-
Fees, grants and other income	(100,433)	2,464
Outflows		
Services and employees	(65,807)	(41,163)
New loans issued	(688,217)	(400,100)
Net cash provided by (used in) operating activities	<u>(315,361)</u>	<u>9,873</u>
Cash at beginning of year	<u>1,322,887</u>	<u>1,313,014</u>
Cash at end of year	<u>\$ 1,007,526</u>	<u>\$ 1,322,887</u>
Reconciliation of change in net position to cash provided by operating activities		
Change in net position	\$ 94,053	\$ 205,368
Forgiven payables		-
Changes in operating assets and liabilities:		
Loans receivables	(339,643)	(230,069)
Other receivable	(150,000)	-
Accounts payable and commitment fees	30,662	34,574
Deferred income	49,567	-
Net cash provided by (used in) operating activities	<u>\$ (315,361)</u>	<u>\$ 9,873</u>

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.

**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 2020, the City's approved \$150,000 of federal monies to establish a Covid-19 emergency relief fund program at SEDCO. As of December 31, 2020, SEDCO's federal grant expenditures totaled \$100,434. 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 and \$660,000, as of December 31, 2020 and 2019, respectively, of Grow America Fund program loans have been made with \$25,000 of lending capacity remaining. There were no contributions made by SEDCO in 2020 or 2019.

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

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**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, 2020 and 2019, SEDCO's uninsured cash and cash equivalents balances totaled approximately \$302,000 and \$843,000 respectively.

**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, 2020 and 2019, SEDCO issued new loans totaling \$688,217 and \$400,100, 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, 2020 and 2019, no allowance is deemed necessary.

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

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

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	2020		2019	
A	\$ 2,229,342	55%	\$ 2,258,358	51%
B	354,000	8%	359,000	8%
C	244,688	7%	271,669	6%
All others	1,942,353	30%	1,541,713	35%
Total	\$ 4,770,383	100%	\$ 4,430,740	100%

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 is secured by a mortgage on the borrower's property.

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.

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

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

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 \$4,770,383 and \$4,430,740 of loans outstanding as of December 31, 2020 and 2019, respectively.

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

Borrower/Grantee	2020		2019	
A	\$ 664,476	65%	\$ 715,590	66%
B	40,000	4%	50,000	5%
All others	312,181	31%	316,181	29%
	\$ 1,016,657	100%	\$ 1,081,771	100%

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

1/1/2020	New	Reclassified	Deductions	12/31/2020
Beginning	Issuances	from Loans		Ending
\$ 1,081,771	\$ -	\$ -	\$ (65,114)	\$ 1,016,657

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, 2020, cumulative principal of \$357,798 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, 2020, cumulative principal of \$120,000 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.

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

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**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, 2020 and 2019, SEDCO received \$95,805 and \$143,708 in interest income, respectively. The board of directors authorized interest only payments on both notes and deferring principal payments, until further action by the Board of Directors. In addition, in 2020, the Board of Directors authorized a forbearance on required interest payments due to the ongoing Covid-19 Pandemic. The remaining terms of the notes continue to be in force.

The amount due on the notes is as follows:

Year Ended	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	-	143,708	143,708
2022	-	143,708	143,708
2023	-	143,708	143,708
2024	-	143,708	143,708
2025	4,790,185	191,611	4,981,796
	<u>\$4,790,185</u>	<u>\$ 766,443</u>	<u>\$5,556,628</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 \$120 and \$27,778 as of December 31, 2020 and 2019, respectively.

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

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**6. 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, 2020 and 2019. 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.

**7. 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 \$62,827 and \$40,623, respectively for the years ended December 31, 2020 and 2019. Amounts due to or from the City of Syracuse are ordinarily settled in the current fiscal year.

**8. Subsequent Events**

In preparing the financial statements, management of SEDCO has evaluated events and transactions for potential recognition or disclosure through May 13, 2021, 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 March 2021, the City of Syracuse approved an additional CDBG-CV grant totaling \$350,000 for Covid-19 relief programs. Note 1 describes the grant activities pertaining to this grant.



## **SUPPLEMENTAL INFORMATION**

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION**  
**Consolidating Statement of Net Position**  
**December 31, 2020**

<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	\$ 793,911	\$ 126,747	\$ 86,160	\$ -	\$ 1,006,818
Restricted cash	708	-	-	-	708
Other receivable	150,000	-	-	-	150,000
Loans receivable	301,575	-	-	-	301,575
Total current assets	<u>1,246,194</u>	<u>126,747</u>	<u>86,160</u>	<u>-</u>	<u>1,459,101</u>
Loans receivable, net	4,468,808	-	-	-	4,468,808
Notes receivable	4,790,185	2,612,828	2,177,357	(4,790,185)	4,790,185
	<u>\$ 10,505,187</u>	<u>\$ 2,739,575</u>	<u>\$ 2,263,517</u>	<u>\$ (4,790,185)</u>	<u>\$ 10,718,094</u>
<b>LIABILITIES AND NET POSITION</b>					
Current Liabilities:					
Escrows and accounts payable	\$ 121,283	\$ -	\$ -	\$ -	\$ 121,283
Deferred income - CDBG Covid 19 grant	49,567	-	-	-	49,567
(Receivable) / Payable to Syracuse Economic Development Corporation	(191,611)	109,957	81,654	-	-
Total current liabilities	<u>(20,761)</u>	<u>109,957</u>	<u>81,654</u>	<u>-</u>	<u>170,850</u>
Long-term liabilities:					
Payable to Syracuse Economic Development Corporation	-	2,612,828	2,177,357	(4,790,185)	-
Total long-term liabilities	<u>-</u>	<u>2,612,828</u>	<u>2,177,357</u>	<u>(4,790,185)</u>	<u>-</u>
Total liabilities	<u>(20,761)</u>	<u>2,722,785</u>	<u>2,259,011</u>	<u>(4,790,185)</u>	<u>170,850</u>
Net Position:					
Unrestricted	10,275,948	16,790	4,506	-	10,297,244
Restricted - Grow America Fund	250,000	-	-	-	250,000
Total Net Position	<u>10,525,948</u>	<u>16,790</u>	<u>4,506</u>	<u>-</u>	<u>10,547,244</u>
	<u>\$ 10,505,187</u>	<u>\$ 2,739,575</u>	<u>\$ 2,263,517</u>	<u>\$ (4,790,185)</u>	<u>\$ 10,718,094</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, 2020**

	Syracuse Economic Development Corporation	Dey's Centennial Plaza Limited	Dey's Centennial Plaza Inc.	Intercompany Eliminations	Consolidated Total
<b>REVENUE</b>					
Mortgage interest income	\$ 95,805	\$ 57,700	\$ 38,105	\$ (95,805)	\$ 95,805
Interest income	94,717	-	-	-	94,717
Grant income	100,434	-	-	-	100,434
Total revenue	<u>290,956</u>	<u>57,700</u>	<u>38,105</u>	<u>(95,805)</u>	<u>290,956</u>
<b>EXPENSES</b>					
Interest expense- SEDCO	-	57,700	38,105	(95,805)	-
Professional fees	21,488	25	25	-	21,538
Salaries and outside services	42,108	-	-	-	42,108
Grant program - Covid 19	100,434	-	-	-	100,434
Development expenses	7,045	-	-	-	7,045
Benefits expenses	20,719	-	-	-	20,719
Other expenses	4,919	70	70	-	5,059
Total expenses	<u>196,713</u>	<u>57,795</u>	<u>38,200</u>	<u>(95,805)</u>	<u>196,903</u>
Change in net position	94,243	(95)	(95)	-	94,053
Net position at beginning of year	10,431,705	16,885	4,601	-	10,453,191
Net position at end of year	<u>\$ 10,525,948</u>	<u>\$ 16,790</u>	<u>\$ 4,506</u>	<u>\$ -</u>	<u>\$ 10,547,244</u>

The accompanying notes are an integral part of these financial statements



May 12, 2021

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: ACCESS Global Enterprises LLC
SEDCO Direct Loan Request – \$125,000.00

BACKGROUND:

ACCESS Global Enterprises LLC dba ACCESS Dental Laboratories is a new business involving the first black-owned dental laboratory in Syracuse. The business will specialize in the manufacturing and creation of dental restoration products, such as crowns, implants, night guards, and dentures. The entity is owned by a couple based in Central New York, Todd Reid and Dr. Shanelle Benson-Reid, who have over 25 years in prior dental industry experience and are now looking to launch their own operation. The business seeks to employ from within the Southside neighborhood, and has secured several funding from multiple economic development grant programs to assist with startup and operational costs. This includes the New York State Regional Economic Development Council (REDC) and the Onondaga County Alliance for Economic Inclusion (AEI). For the last several years, the applicant has been working to develop a space to operate, previously proposed as a tenant to a new real estate development on Syracuse’s Southside (Salina 1st) before seeking to purchase and redevelop a vacant property owned by the Syracuse Land Bank (2520 South Salina Street). After careful evaluation and weighing project costs, the applicant has stepped back from these development projects and now intends to lease space that would allow them to launch the manufacturing operation and begin product sales. The applicant is a certified minority-owned business enterprise (MBE).

PROPOSED PROJECT:

The project will involve the renovation/buildout, furnishing, and equipping of approximately 4,164 square feet that is being leased from the Syracuse Community Health Center (SCHC) located in their current primary facility at 819 South Salina Street. ACCESS Global Enterprises has executed a five year lease, and plans to begin renovations soon as they seek to open the new facility and begin manufacturing operations this summer. At the time of opening, the project will immediately create 5 to 7 new full time positions. Within the first year, the applicant plans to grow this number to 20 new full time positions, with additional hiring in future years as the business is able to scale and achieve growth. The business will provide direct training for employees to become skilled in dental modeling and manufacturing in order to create the dental products that will be assembled and sold.

LOAN REQUEST:

ACCESS Global Enterprises LLC is requesting \$125,000 from SEDCO to assist with the cost of interior renovations/buildout of the leased office and manufacturing space at 819 South Salina Street. As noted in the sources & uses, the SEDCO financing would be used in partnership with other lenders involved with the project. PathFinder Bank will serve as the primary lender for the project, and is offering bridge loan financing for multiple grant awards made to the project. Additionally, the applicant is seeking a loan from the Central New York Regional Planning & Development Board (CNY RPDB) in the amount of \$250,000. SEDCO would intend to subordinate its loan behind these other lenders. PathFinder has signaled a strong preference to not be the sole lender involved with the project, and their final loan offering is likely to be amended prior to closing.

SOURCES & USES:

Project Budget:

Table with 2 columns: Item description and Amount. Rows include: a. Building renovation and leasehold improvements (\$ 150,000), b. Machinery and Equipment (\$ 750,000), c. Furniture and Fixtures (\$ 218,400), d. Soft costs (\$ 78,600), e. Working Capital (\$ 203,000), f. Lease / Operations (\$ 35,133), and a total of \$ 1,435,133.

Project Financing Sources:

a. PathFinder Bank Term Loan	\$ 630,113*
b. PathFinder Bank Bridge Loan(s)	\$ 430,000*
c. CNY Regional Planning & Development Board	\$ 250,000
d. <u>SEDCO Loan</u>	\$ 125,000
	\$ 1,435,113

*\*Note: The loan approval from PathFinder Bank issued in early May 2021 included a proposed maximum term loan amount of up to \$970,000, with additional bridge loan offerings for the New York State REDC and Excelsior Tax Credits awards. In discussions with the applicant and based on the various lenders involved with the project, a partnership structure is proposed with CNY RPDB and SEDCO funding specific elements of the project. Therefore, the final loan amounts executed between the applicant and PathFinder may be subject to change.*

**BORROWER:**

Todd Reid and Dr. Shanelle Benson-Reid are the owners of ACCESS Global Enterprises LLC. 2019 tax returns submitted by the applicants show total household income of approximately \$160,000. Personal financial statements for each individual were provided and used for underwriting purposes by PathFinder Bank. The statement shows assets made up of real estate (personal home), life insurance, and cash reserves, resulting in total assets of approximately \$370,000. The most significant liabilities show mortgage debt on the real estate, and student loan debt totaling almost the same amount as total assets.

Mr. Reid is already working full time to lead the business and prepare the facility for its opening, serving as the Chief Executive Operator of the business, while Dr. Benson-Reid will serve as the Chief Administration Officer. As previously noted, Mr. Reid has over 25 years of experience in the dental industry and is a trained ceramist with the education on how to develop and manufacture dental products. Dr. Benson-Reid works in the education and consulting sectors, and will serve as Chief Administrative Officer.

**BUSINESS PLAN AND FINANCIAL PROJECTIONS:**

The applicant has worked diligently with a project team including a financial accountant team at Danible & McKee, legal advisement by MacKenzie Hughes LLP, and Insurance guidance through Sterling Casualty to develop financial projections for the business in order to launch the operation and scale growth. The business has identified multiple clients ranging from private dental offices, corporate firms including Aspen Dental, and public organizations including multiple correctional facilities in Central New York. By the end of Year 1, the business plans to have 20 total employees on staff. Operations would continue to grow in future years during the term of the lease at the SCHC facility.

**COLLATERAL:**

SEDCO would seek to execute a UCC-1 filing on the furniture and any other items used to outfit and complete the new space. SEDCO will also execute a personal guarantee on the loan from Todd Reid and Dr. Shanelle Benson-Reid.

**RECOMMENDATION:**

The loan committee met with the applicant to consider the project, and is recommending approval of this financing request. The board would be asked to consider the following loan terms: \$125,000 in financing from SEDCO with a rate of 3% interest for a period of 5 years (60 months). Staff is also recommending an interest-only period for the first year (12 months), with principal and interest amortized and collected for the remainder of the term. The loan may include contingencies requiring the securing and closing of remaining financing required for the project.

The ACCESS Global Laboratories project has been a long-anticipated project on Syracuse's Southside, first announced well before the Covid-19 pandemic. Over time, the project has changed scope and shifted from larger scale developments to a more achievable and appropriate plan that will allow the business to launch, begin manufacturing products, and generate sales/revenue. The vision of the project team and commitment to provide job creation to the surrounding neighborhood has led the project to the support from several community economic development partners, and will result in a new black-owned manufacturing operation in a high-poverty area of the city of Syracuse in need of new investment. As the business is able to begin operations and seeks to scale growth over time, the opportunity for future investment and real estate development within the Southside may occur, leading to expansion and further job creation. The lease agreement with SCHC is designed to get the business up and running, and seek out a permanent manufacturing space in the future. SEDCO would be providing the initial startup capital to retrofit and complete this leased space, begin their operations and hiring, and support this new venture in coming out of the economic hardship experienced locally over the past year.