



To: SEDCO Board of Directors
From: Vaughn Davis
Date: April 18, 2024
Re: SEDCO Board of Directors Meeting Agenda – April 19, 2024

The Syracuse Economic Development Corporation **Board of Directors Meeting on Friday, April 19TH, 2024 AT 3:30 PM via Microsoft Teams.**

I. Call Meeting to Order

II. Roll Call – 1

III. Proof of Notice - 2

IV. Minutes – 3

Approval of minutes from the February 1, 2024, Board meeting.

VI. New Business

SEDCO FY 2023 Audit Overview - 4

Presented by Michael Lisson of Grossman St. Amour

ARPA Community Impact Fund Requests - 5

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

1. One Ten Main, LLC

VII. Adjourn



PLEASE POST

PLEASE POST

PLEASE POST

PUBLIC MEETING NOTICE

THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

HAS SCHEDULED

A

BOARD OF DIRECTORS MEETING

ON

FRIDAY, APRIL 19TH, 2024

AT 3:30 PM

VIA Microsoft Teams

Meeting Link:

[Join the meeting now](#)

Meeting ID: 285 725 038 327

Passcode: 32ZTHh

VIA Phone

[+1 469-998-7292,,34116359#](tel:+1469998729234116359) United States, Dallas

[Find a local number](#)

Phone conference ID: 341 163 59#

For more information, please contact Vaughntorrien Davis at VDavis@syrgov.net

Minutes

Syracuse Economic Development Corporation
Board of Directors Meeting
Thursday February 1, 2024
3:30 – 4:30 PM

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

Board Members Present: Eric Ennis, Andrew Fish, Sheena Solomon, Richard Driscoll,
Patrick Lannon, Calvin corridors Jr, Rita Paniagua, Steve Gross

Board Members Excused: Mark Barbee, Karolina Marcinkowski, Ashanti Dickerson

Staff Present: Vaughn Davis, Brionca Hill

I. Call Meeting to Order

Mr. Ennis called the meeting to order at 3:35 PM.

II. Roll Call

Mr. Ennis acknowledged that all Board Members were present except for Mark Barbee, Karolina Marcinkowski, Ashanti Dickerson

III. Proof of Notice

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

IV. Minutes

Mr. Ennis reviewed the meeting minutes from the December 15, 2023, Board meeting. No further discussion was held regarding the minutes and the board members present recommended for approval.

Mr. Corridors Jr. made the motion to approve the request. Ms. Paniagua seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED.**

V. New Business

American Rescue Plan Act (ARPA) Micro-Enterprise Fund:

1. Inclusive 360, LLC

Mr. Davis provided an overview of the request for assistance from Inclusive 360, LLC to provide financing in the amount of \$5,000 for a term of two (2) years (24 months) at 2.0% interest. The funding was requested to provide funding to assist with capital enhancements and improvements to the store front and.

Staff recommended that the Board approve the applicant in the amount of \$5,000 for a term of two (2) years (24 months) and a 2.0% interest rate.

Mr. Gross made the motion to approve the request. Ms. Solomon seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED.**

American Rescue Plan Act (ARPA) Community Impact Fund:

1. KB Nutrition

Mr. Davis provided an overview of the request for assistance from KB Nutrition to provide financing in the amount of \$22,040.56 for a term of (5) years (60 months) at 2.5% interest. The requested funding was requested to assist with the buildout of the firm's storefront.

Staff recommended that the Board approve the applicant in the amount of \$22,040.56 for a term of five (5) years (60 months) and 2.5% interest rate.

Ms. Solomon made the motion to approve the request. Ms. Paniagua seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED.**

American Rescue Plan Act (ARPA) Community Impact Fund:

1. CNY Pizza, LLC

Mr. Davis provided an overview of the additional funding request from CNY Pizza, LLC to provide the local food chain with additional financing in the amount of \$60,000 with the same terms as the original loan. The requested funding was to cover the cost of unexpected expenses to complete the renovation of the two locations.

Staff recommended that the Board approve the applicant additional financing in the amount of \$60,000, at 5.0%, a term of ten years (120 months) with an interest only period remaining at three (3) months. After discussion the Board recommended Mr. Hon should contribute a portion of the new expensed and approved the request for additional financing in the amount of \$50,000 and keeping the terms as presented the initial award.

Mr. Fish made the motion to approve the request. Mr. Gross seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED.**

VI. Adjourn

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

The meeting adjourned at 4:34 PM.



Syracuse Economic Development Corporation

Mike Lisson, CPA, CITP
Bryan Czarnecki, CPA
April 12, 2024

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



Syracuse Economic Development Corporation

Mike Lisson, CPA, CITP
Bryan Czarnecki, CPA
April 12, 2024

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



Syracuse Economic Development Corporation

Mike Lisson, CPA, CITP
Bryan Czarnecki, CPA
April 12, 2024

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

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 March 12, 2024
 - 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 12, 2024
- **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>2023</u>	<u>2022</u>	<u>2021</u>
Cash and Cash equivalents	\$ 1,026,398	\$ 1,114,354	\$ 1,369,251
Restricted cash	3,429,080	5,603,621	582,459
Other receivable	360,620	360,620	360,620
Loans and other receivables	7,276,626	5,722,472	6,146,330
Notes receivable	4,290,185	4,290,185	4,290,185
Total assets	<u>\$ 16,382,909</u>	<u>\$ 17,091,252</u>	<u>\$ 12,748,845</u>
Escrows and accounts payable	\$ 717,622	\$ 566,548	\$ 197,075
Deferred income	1,237,859	3,161,799	1,879,066
Total liabilities	<u>\$ 1,955,481</u>	<u>\$ 3,728,347</u>	<u>\$ 2,076,141</u>
Net Position	<u>\$ 14,427,428</u>	<u>\$ 13,362,905</u>	<u>\$ 10,672,704</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue and other support:			
Grant income	\$ 34,000	\$ 28,200	\$ 320,501
ARPA income	1,889,940	2,689,067	-
Interest income	215,332	115,266	104,530
Mortgage interest income	-	42,900	95,806
All other income	-	20	-
Total revenue and other support	<u>2,139,272</u>	<u>2,875,453</u>	<u>520,837</u>
Expenses:			
Salaries and outside services	138,296	80,757	28,075
Grant program - Covid 19	34,000	28,200	320,501
Development expenses	-	-	970
Allowance for credit losses	500,000	-	-
Loan / grant conversion	312,973	-	-
All other expenses	89,480	76,295	45,831
Total expenses	<u>1,074,749</u>	<u>185,252</u>	<u>395,377</u>
Change in net position	<u>1,064,523</u>	<u>2,690,201</u>	<u>125,460</u>
Net position - beginning of year	<u>13,362,905</u>	<u>10,672,704</u>	<u>10,547,244</u>
Net position - end of year	<u>\$ 14,427,428</u>	<u>\$ 13,362,905</u>	<u>\$ 10,672,704</u>

Summary of Significant Financial Activities

- ❑ **Cash decreased \$2,262,497 to \$4,455,478**
 - **Cash used in operations of \$2,262,497**
 - **\$2,485,696 of loans issued**
 - **\$215,332 of interest revenue from loan receivables (\$0 from Dey's)**

 - **Loans issued**
 - **29 new loans, ranging from \$3,000 to \$650,000**
 - **9 loans - \$5,000 or less**
 - **11 loans - \$5,001 to \$99,999**
 - **9 loans - \$100,000 or greater**

 - **\$195,678 of principal payments received on loan receivables**
 - **\$32,231 – Jefferson Clinton Commons**
 - **\$38,240 – Tops Market**

 - **\$312,973 of Loan / grant conversion (no cash impact)**
 - **\$150,000 Tops Market**
 - **\$162,973 ARPA program (each \$5,000 or less)**

 - **SURA fees (payroll/benefits) - \$189,150**

Annual Other Reporting

- Single Audit Reporting package
 - Required as federal expenditures (\$1,923,940) 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**



April 19, 2024

Memorandum To: **SEDCO Board of Directors**
 From: Vaughn Davis
 Re: One Ten Main, LLC | SEDCO Community Impact Fund Request
 Staff Recommendation: **\$190,000.00**

Borrower:

One Ten Main, LLC better known as “The Toast” was founded in May of 2015 who for the last four years has been a popular retail and wholesale Bakery located in Cazenovia, NY.

In the wake of Cazenovia College’s closing the bakery has suffered an economic hardship, and in June of this year the bakery plans to relocate to the Deys Plaza Building, 401 South Salina Street in Downtown Syracuse. Mother- daughter owners/bakers Tonya Duffy and Kylie Ginnup believe that rebranding the business to “Sugar Grove” and relocating to the city, to occupy a space that has high foot traffic and near a multitude of businesses will provide an opportunity for the business to keep its doors open. They currently sell baked goods to Recess Coffee in Syracuse, Sky Top Coffee in Manlius and Cafe Bing in Cicero.

Proposed Project:

One Ten Main, LLC’s project is requesting funding to support the completion of the buildout of their new Downtown location. This will include new lighting, fixtures, equipment, storage, prep/worktables, booth, tables, and chairs.

SEDCO Loan Request: \$200,000.00

SOURCES & USES:

Project Budget:

a. Hallway Linear Fixture	\$6,336.00
b. Furniture	\$20,402.24
c. Equipment	\$111,148.93
d. Architect Fees	\$5,687.50
e. Plumbing	\$20,000.00
f. Electrical	\$20,000.00
g. Materials	\$40,000.00
h. Permits/Attorney Fees	\$5,000.00
i. <u>Contingency</u>	<u>\$6,425.33</u>
TOTAL INVESTMENT	\$235,000.00

Project Sources:

a. ARPA Community Impact Fund	\$190,000.00
b. <u>Owner Equity</u>	<u>\$45,000.00</u>
TOTAL INVESTMENT	\$235,000.00

Collateral:

SEDCO would seek a UCC filing on all the furniture, fixtures and equipment purchased with the funds for capital upgrades. SEDCO will also secure a personal guarantee from T. Duffy and K. Ginnup as the founders and operators of the applicant entity.

Recommendation:

After consulting with the Loan Review Committee, staff's recommendation is the SEDCO Board of Directors approve One Ten Main, LLC for funding in the amount of \$190,000, opposed to the full amount request. The project has a budget of \$183,574.67 and a \$6,425.33 contingency providing a buffer for upfront attorney fees (\$1,500) and unexpected costs. The project would contribute to the City's efforts to revitalize South Salina Street and fill vacant space within the Dey's Plaza Building.

Based on the maximum terms available as part of the Community Impact Fund, SEDCO would structure the interest rate at 4.3% for this loan, with a term of ten (10) years (120 months). The first eight (8) months would be an interest-only period to allow time for the completion of the project and time for the business to become established and generate revenue.

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 2021/22?	<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 2023	FY 2024 (Interim)	The following documents were submitted with the request:	
Total Sales	\$	\$	Completed Application	
Total Income (Loss)	\$	\$	2023 Corporate Tax Returns	
Total Expenses	\$	\$	2023 Personal Tax Returns	
Net Profit (Loss)	\$	\$	2024 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	\$	\$
\$			Eligible for Forgiveness?	Y <input type="checkbox"/> N	
\$			Staff Recommendation:	\$	
\$					

Other Notes

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

Consolidated Financial Statements

December 31, 2023 and 2022

Draft

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Required Supplementary Information:	
Management's Discussion and Analysis for the Year Ended December 31, 2023	4-7
Basic Financial Statements –	
Consolidated Statements of Net Position	8
Consolidated Statements of Activities and Changes in Net Position	9
Consolidated Statements of Cash Flows	10
Notes to the Consolidated Financial Statements	11-18
Supplementary Information:	
Consolidating Statement of Net Position.....	19
Consolidating Statement of Activities and Changes in Net Position.....	20
Schedule of Expenditures of Federal Awards.....	21

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, 2023 and 2022, 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, 2023 and 2022, and the respective changes in 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated April 12, 2024 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 12, 2024

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Management's Discussion and Analysis - unaudited
For the Year Ended December 31, 2023

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, 2023. Please read it in conjunction with SEDCO's financial statements.

FINANCIAL HIGHLIGHTS

- SEDCO's total liabilities and total net position was \$1,955,481 and \$14,427,428, respectively, at the end of 2023.
- SEDCO's total net position increased by \$1,064,523 for the 2023 fiscal year. This was primarily due to ARPA income of \$1,889,940 being recognized in 2023.
- SEDCO approved 25 new loans and disbursed \$1,889,940 in loans in 2023. From all loans and notes outstanding, SEDCO received \$195,678 of principal payments and \$215,332 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, 2023

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 \$14,427,428 as of December 31, 2023. 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 \$7,276,626.

The majority of SEDCO's assets are from notes receivable with one developer for the Dey's building project totaling \$4,290,185. The terms of the original note have been modified to interest only payments in 2023 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 \$7,276,626 as of December 31, 2023. During fiscal year 2023, SEDCO disbursed new loans totaling \$1,889,940 throughout the City of Syracuse.

SEDCO's revenues are primarily from ARPA income and interest earnings on outstanding loans. ARPA revenue and interest earnings totaled \$1,889,940 and \$215,332, respectively for the year ended December 31, 2023. Expenses totaling \$1,074,749, included \$500,000 for an allowance for credit losses, \$312,973 for loans that have been written off due to the terms being satisfied throughout 2023 and \$34,000 of grants distributed for COVID relief. These expenses primarily relate to 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, 2023

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

Statements of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash and Cash equivalents	\$ 1,026,398	\$ 1,114,354	\$ 1,369,251
Restricted cash	3,429,080	5,603,621	582,459
Other receivable	360,620	360,620	360,620
Loans and other receivables	7,276,626	5,722,472	6,146,330
Notes receivable	4,290,185	4,290,185	4,290,185
Total assets	<u>\$ 16,382,909</u>	<u>\$ 17,091,252</u>	<u>\$ 12,748,845</u>
Escrows and accounts payable	\$ 717,622	\$ 566,548	\$ 197,075
Deferred income	1,237,859	3,161,799	1,879,066
Total liabilities	<u>\$ 1,955,481</u>	<u>\$ 3,728,347</u>	<u>\$ 2,076,141</u>
Net Position	<u>\$ 14,427,428</u>	<u>\$ 13,362,905</u>	<u>\$ 10,672,704</u>

Statements of Activities and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue and other support:			
Grant income	\$ 34,000	\$ 28,200	\$ 320,501
ARPA income	1,889,940	2,689,067	-
Interest income	215,332	115,266	104,530
Mortgage interest income	-	42,900	95,806
All other income	-	20	-
Total revenue and other support	<u>2,139,272</u>	<u>2,875,453</u>	<u>520,837</u>
Expenses:			
Salaries and outside services	138,296	80,757	28,075
Grant program - Covid 19	34,000	28,200	320,501
Development expenses	-	-	970
Allowance for credit losses	500,000	-	-
Loan / grant conversion	312,973	-	-
All other expenses	89,480	76,295	45,831
Total expenses	<u>1,074,749</u>	<u>185,252</u>	<u>395,377</u>
Change in net position	<u>1,064,523</u>	<u>2,690,201</u>	<u>125,460</u>
Net position - beginning of year	<u>13,362,905</u>	<u>10,672,704</u>	<u>10,547,244</u>
Net position - end of year	<u>\$ 14,427,428</u>	<u>\$ 13,362,905</u>	<u>\$ 10,672,704</u>

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Management's Discussion and Analysis - unaudited
For the Year Ended December 31, 2023

REQUEST FOR INFORMATION

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

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Consolidated Statements of Net Position

		December 31,	
		2023	2022
ASSETS			
Current Assets:			
Cash and cash equivalents		\$ 1,026,398	\$ 1,114,354
Restricted cash		3,429,080	5,603,621
Other receivable		360,620	360,620
Loans receivable		1,441,936	818,772
Total current assets		6,258,034	7,897,367
Loans receivable, net		5,834,690	4,903,700
Notes receivable		4,290,185	4,290,185
		\$ 16,382,909	\$ 17,091,252
LIABILITIES AND NET POSITION			
Current Liabilities:			
Escrows and accounts payable		\$ 717,622	\$ 566,548
Deferred income - CDBG Covid 19 grant		16,866	50,866
Deferred income - American Rescue Plan Act agreement		1,220,993	3,110,933
Total current liabilities		1,955,481	3,728,347
Net Position:			
Unrestricted		8,573,807	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		14,427,428	13,362,905
		\$ 16,382,909	\$ 17,091,252

The accompanying notes are an integral part of these financial statements

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

	Year Ended December 31,	
	2023	2022
REVENUE		
Grant and contribution revenue	\$ 34,000	\$ 28,200
ARPA income	1,889,940	2,689,067
Mortgage interest income	-	42,900
Interest income	215,332	115,266
Other income	-	20
Total revenue	<u>2,139,272</u>	<u>2,875,453</u>
EXPENSES		
Professional fees	28,544	32,492
Grant program - Covid 19	34,000	28,200
Salaries and outside services	138,296	80,757
Benefits expenses	50,854	32,936
Other expenses	10,082	10,867
Allowance for credit losses	500,000	-
Loan / grant conversion	312,973	-
Total expenses	<u>1,074,749</u>	<u>185,252</u>
Change in net position	<u>1,064,523</u>	<u>2,690,201</u>
Net position at beginning of year	<u>13,362,905</u>	<u>10,672,704</u>
Net position at end of year	<u>\$ 14,427,428</u>	<u>\$ 13,362,905</u>

The accompanying notes are an integral part of these financial statements

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities		
Inflows		
Loan payments - interest	\$ 215,332	\$ 115,266
Loan payments - principal	195,678	1,908,426
Note payments - interest	-	42,900
Proceeds from American Rescue Plan Act agreement	-	4,000,000
Outflows		
Services and employees	(187,811)	(135,585)
Loans issued	(2,485,696)	(1,164,742)
Net cash provided by (used in) operating activities	<u>(2,262,497)</u>	<u>4,766,265</u>
Cash at beginning of year	<u>6,717,975</u>	<u>1,951,710</u>
Cash at end of year	<u>\$ 4,455,478</u>	<u>\$ 6,717,975</u>
Reconciliation of change in net position to cash provided by operating activities		
Change in net position	\$ 1,064,523	\$ 2,690,201
Allowance for credit losses	500,000	-
Deferred income	(1,923,940)	1,282,733
Changes in operating assets and liabilities:		
Loans receivables	(2,054,154)	423,858
Accounts payable and commitment fees	151,074	369,473
Net cash provided by (used in) operating activities	<u>\$ (2,262,497)</u>	<u>\$ 4,766,265</u>

The accompanying notes are an integral part of these financial statements

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Notes to the Consolidated Financial Statements

1. Nature of the Organization and Significant Accounting Policies

Nature of the Organization

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

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

Principles of Consolidation

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

Basis of Presentation

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

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

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

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Notes to the Consolidated Financial Statements

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

Use of Estimates

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

Lending Activities

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

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, 2023 and 2022, of Grow America Fund program loans have been made with \$25,000 of lending capacity remaining. There were no contributions made by SEDCO in 2023 or 2022.

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, 2023 and 2022, SEDCO's uninsured cash and cash equivalents balances totaled approximately \$3,771,300 and \$5,990,200 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, 2023 and 2022, SEDCO issued new loans totaling \$2,562,805 and \$1,164,742, respectively.

3. Loans Receivable and Allowance for Credit Losses

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 credit 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 credit losses 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 year ended December 31, 2023 an allowance for credit losses of \$500,000 was recorded. For the year ended December 31, 2022, no allowance was 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	2023		2022	
	Amount	Percentage	Amount	Percentage
A	\$ 2,135,961	27%	\$ 2,168,192	38%
B	268,000	3%	268,000	5%
C	-	0%	188,240	3%
D	650,000	8%	-	0%
All others	4,722,665	61%	3,098,040	54%
Total	<u>\$ 7,776,626</u>	<u>100%</u>	<u>\$ 5,722,472</u>	<u>100%</u>

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. The borrower failed to make principal payment in accordance with the agreement. The Organization is currently working with the borrower to receive payment.

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. For the year ended December 31, 2023, the terms of the loan have been met and the \$150,000 was written off.

Borrower D – This loan was for \$650,000 and has an annual interest rate of 3%. 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 Dormitory Authority of the State of New York, or May 1, 2024.

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 \$7,776,626 and \$5,722,472 of loans outstanding as of December 31, 2023 and 2022, respectively.

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

Borrower/Grantee	2023		2022	
A	\$ 511,134	65%	\$ 562,248	67%
B	10,000	1%	20,000	2%
All others	262,181	33%	262,181	31%
	\$ 783,315	100%	\$ 844,429	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:

1/1/2023	New	Reclassified from	Deductions	12/31/2023
<u>Beginning</u>	<u>Issuances</u>	<u>Loans</u>	<u></u>	<u>Ending</u>
\$ 844,429	\$ -	\$ -	\$ (61,114)	\$ 783,315

Borrower A – The loan was for \$1,022,274 and bears interest of 2.4%. Annual payments of principal and interest are due each February 28th for 20 years, beginning February 28, 2014. Payments are only required if the borrower has sufficient cash flow from the property based on terms and conditions of the loan. The amount of principal to forgive is \$51,114 each year. As of December 31, 2023, cumulative principal of \$511,140 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, 2023, cumulative principal of \$150,000 has been forgiven in accordance with the terms and conditions of the loan.

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

4. Notes Receivable

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

In December 2009, the Deys Centennial Plaza Project was sold to developers. Two notes totaling \$5,500,000, both which bear interest at 3% were issued to the developers. For the years ended December 31, 2023 and 2022 SEDCO did not receive interest income and no principal payments were made on the note.

In September 2021, the notes receivables were restructured into one note in the amount of \$4,290,185 and reissued by SEDCO. 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.

The borrower failed to make principal and interest payments in accordance with the restructured terms. The Organization is currently working with the borrower to receive payment.

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
Notes to the Consolidated Financial Statements

4. Notes Receivable (continued)

The amount due on the notes is as follows:

Year Ended	Principal	Interest	Total
2024	\$ 500,000	\$ 37,902	\$ 537,902
2025	-	37,902	37,902
2026	-	37,902	37,902
2027	-	37,902	37,902
2028	-	37,902	37,902
Thereafter	3,790,185	107,389	3,897,574
	<u>\$ 4,290,185</u>	<u>\$ 296,899</u>	<u>\$ 4,587,084</u>

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 \$622,865 and \$545,756 as of December 31, 2023 and 2022, 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, 2023 SEDCO's cumulative eligible and allowable costs totaled \$483,134. As of December 31, 2023 and 2022, SEDCO incurred eligible and allowable costs of \$34,000 and \$22,800, 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

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, 2023 and 2022. 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

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 \$189,150 and \$113,693, respectively for the years ended December 31, 2023 and 2022. 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 12, 2024, 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, 2023

ASSETS	Syracuse Economic Development Corporation	Dey's Centennial Plaza Limited	Dey's Centennial Plaza Inc.	Intercompany Eliminations	Consolidated Total
Current Assets:					
Cash and cash equivalents	\$ 718,268	\$ 178,713	\$ 129,417	\$ -	\$ 1,026,398
Restricted cash	3,429,080	-	-	-	3,429,080
Other receivable	360,620	-	-	-	360,620
Loans receivable	1,441,936	-	-	-	1,441,936
Total current assets	<u>5,949,904</u>	<u>178,713</u>	<u>129,417</u>	<u>-</u>	<u>6,258,034</u>
Loans receivable, net	5,834,690	-	-	-	5,834,690
Notes receivable	4,290,185	-	-	-	4,290,185
	<u>\$ 16,074,779</u>	<u>\$ 178,713</u>	<u>\$ 129,417</u>	<u>\$ -</u>	<u>\$ 16,382,909</u>
LIABILITIES AND NET POSITION					
Current Liabilities:					
Escrows and accounts payable	\$ 717,622	\$ -	\$ -	\$ -	\$ 717,622
Deferred income - CDBG Covid 19 grant	16,866	-	-	-	16,866
Deferred income - American Rescue Plan Act agreement	1,220,993	-	-	-	1,220,993
(Receivable) / Payable to Syracuse Economic Development Corporation	(287,416)	162,239	125,177	-	-
Total current liabilities	<u>1,668,065</u>	<u>162,239</u>	<u>125,177</u>	<u>-</u>	<u>1,955,481</u>
Total liabilities	<u>1,668,065</u>	<u>162,239</u>	<u>125,177</u>	<u>-</u>	<u>1,955,481</u>
Net Position:					
Unrestricted	8,553,093	16,474	4,240	-	8,573,807
Restricted - Grow America Fund	250,000	-	-	-	250,000
Restricted - American Rescue Plan Act Funds	5,603,621	-	-	-	5,603,621
Total Net Position	<u>14,406,714</u>	<u>16,474</u>	<u>4,240</u>	<u>-</u>	<u>14,427,428</u>
	<u>\$ 16,074,779</u>	<u>\$ 178,713</u>	<u>\$ 129,417</u>	<u>\$ -</u>	<u>\$ 16,382,909</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, 2023

	Syracuse Economic Development Corporation	Dey's Centennial Plaza Limited	Dey's Centennial Plaza Inc.	Intercompany Eliminations	Consolidated Total
REVENUE					
Interest income	\$ 215,332	\$ -	\$ -	\$ -	\$ 215,332
Grant income	34,000	-	-	-	34,000
ARPA income	1,889,940	-	-	-	1,889,940
Other income	-	-	-	-	-
Total revenue	<u>2,139,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,139,272</u>
EXPENSES					
Interest expense- SEDCO	-	-	-	-	-
Professional fees	28,494	50	-	-	28,544
Salaries and outside services	138,296	-	-	-	138,296
Grant program - Covid 19	34,000	-	-	-	34,000
Benefits expenses	50,854	-	-	-	50,854
Other expenses	9,938	72	72	-	10,082
Allowance for credit losses	500,000	-	-	-	500,000
Loan / grant conversion	312,973	-	-	-	312,973
Total expenses	<u>1,074,555</u>	<u>122</u>	<u>72</u>	<u>-</u>	<u>1,074,749</u>
Change in net position	1,064,717	(122)	(72)	-	1,064,523
Net position at beginning of year	13,341,997	16,596	4,312	-	13,362,905
Net position at end of year	<u>\$ 14,406,714</u>	<u>\$ 16,474</u>	<u>\$ 4,240</u>	<u>\$ -</u>	<u>\$ 14,427,428</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, 2023

<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>
U.S. Department of Housing and Urban Development			
Passed through City of Syracuse:			
<u>Entitlement Grants Cluster</u>			
Community Development Block Grants/Entitlement Grants (CDBG-CV)	14.218	CDBG-CV3	<u>\$ 34,000</u>
U.S. Department of the Treasury			
Passed through City of Syracuse:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	<u>1,889,940</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,923,940</u></u>

The accompanying notes are an integral part of these financial statements

**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, 2023, and the related notes to the financial statements, which collectively comprise SEDCO's basic financial statements, and have issued our report thereon dated April 12, 2024.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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.

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

Syracuse, New York
April 12, 2024

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

POSITIVE ASSURANCE REPORT OVER INVESTMENT PRACTICES

December 31, 2023

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, 2023. 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, 2023.

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.



Syracuse, New York
April 12, 2024

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
POSITIVE ASSURANCE REPORT**

I) Diversification

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

Management's Assertion:

The Corporation complied with the requirement as of December 31, 2023.

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, 2023.

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, 2023.

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, 2023.

V) Permitted Investments

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

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
POSITIVE ASSURANCE REPORT

Permitted Investments (continued)

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

Management's Assertion:

The Corporation complied with the requirement as of December 31, 2023.

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, 2023.

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, 2023.

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, 2023.