

**GREATER SYRACUSE PROPERTY DEVELOPMENT
CORPORATION D/B/A GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of
Syracuse, New York)**

**Financial Statements as of
December 31, 2020 and 2019
Together with Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

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INDEPENDENT AUDITOR'S REPORT

March 30, 2021

To the Board of Directors of the

Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the Corporation), a discretely presented component unit of the City of Syracuse, New York (the City), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 an opinion on these financial statements based on our audits. We conducted our audits 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 opinion.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 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 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021 on our consideration of the 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 solely 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 the effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.

Other Reporting Required by New York State General Municipal Law

In accordance with New York State General Municipal Law, we have also issued our report dated March 30, 2021, on our consideration of the Corporation's compliance with Section 2925(3)(f) of the New York State (NYS) Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe the Corporation failed to comply with the Corporation's Investment Guidelines, the NYS Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines).

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the Corporation or Land Bank), a discretely presented component unit of the City of Syracuse, New York (the City) annual financial report presents discussion and analysis of the Corporation's financial performance during the fiscal years ending December 31, 2020 showing 2019 and 2018 for comparison. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

Overview of the Financial Statements

This annual financial report consists of two parts: this section, the Management's Discussion and Analysis (MD&A) and the basic financial statements. The Corporation is a self-supporting entity and follows business-type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activity statements offer short-term and long-term financial information about the activities and operations of the Corporation. This annual report consists of the financial statements and notes to those statements. The Statements of Net Position, Statements of Revenues, Expenses and Change in Net Position, the Statements of Cash Flows and related notes provide a detailed look at the specific financial activities of the Corporation and generally provide an indication of the Company's financial health. The Statements of Net Position include all of the Corporation's assets and liabilities, using the accrual basis of accounting. The Statements of Revenues, Expenses and Change in Net Position report all of the revenues and expenses during the time period indicated. The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for debt.

FINANCIAL HIGHLIGHTS

- Below are the Corporation's total net position, total current assets, total current liabilities, and current ratio at December 31, 2020, December 31, 2019, and December 31, 2018, respectively:

	2020	2019	2018
Total Net Position	\$ 2,994,716	\$ 3,835,443	\$ 3,945,709
Total Current Assets	\$ 3,393,275	\$ 4,865,196	\$ 4,985,577
Total Current Liabilities	\$ 398,559	\$ 1,029,753	\$ 1,047,805
Current Ratio	8.5	4.7	4.8

The current ratio provides an idea as to the Corporation's ability to pay back its short-term liabilities. The higher the current ratio, the healthier the company. This ratio indicates the Corporation is more than able to meet and pay its current liabilities.

- Below are the Corporation's operating revenues, operating expenses, and operating income at December 31, 2020, December 31, 2019, and December 31, 2018, respectively:

	2020	2019	2018
Operating Revenues	\$ 3,685,924	\$ 4,925,720	\$ 2,501,405
Operating Expenses	\$ 4,600,375	\$ 5,299,030	\$ 3,717,423
Operating Loss	\$ (914,451)	\$ (373,310)	\$ (1,216,018)

- Revenues – Budget to Actual:** The Land Bank's 2020 budget anticipated revenues of about \$3,470,000 and our actual revenues were \$3,685,924, a variance of \$215,924. This excess revenue stems from grant deliverables completed ahead of schedule (income is booked at the time the expense is incurred), as well as the value of donated real estate, cash donated with that real estate, and in-kind donations, which we typically do not anticipate or budget for.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

- **Expenses – Budget to Actual:** The Land Bank's 2020 budget anticipated approximately \$4.5 million in expenses and our actual expenses totaled approximately \$4.6 million, a variance of \$72,707 or about 1.6% over budget.

Below is an analysis of the assets, liabilities, revenues and expenses of the Corporation.

Summary of Assets, Liabilities, and Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets	\$ 3,390,747	\$ 4,860,289	\$ 4,985,577
Capital assets	<u>2,528</u>	<u>4,907</u>	<u>7,937</u>
Total assets	<u>3,393,275</u>	<u>4,865,196</u>	<u>4,993,514</u>
Current liabilities	<u>398,559</u>	<u>1,029,753</u>	<u>1,047,805</u>
Net position:			
Net investment in capital assets	2,528	4,907	7,937
Unrestricted	<u>2,992,188</u>	<u>3,830,536</u>	<u>3,937,772</u>
Total net position	<u>\$ 2,994,716</u>	<u>\$ 3,835,443</u>	<u>\$ 3,945,709</u>

CURRENT ASSETS

Current assets at December 31, 2020 were comprised mostly of cash, restricted grant funds, and inventory. Cash on hand less any liabilities and plus contract receivables at the end of 2020 totaled \$2,159,974, sufficient to cover more than nine (9) months of operating expenses (not inclusive of demolitions or other expenses such as renovations and stabilization that are typically only undertaken using restricted grant funds).

INVENTORY

The fair market value of real estate held as inventory by the Corporation is not generally reflected in the Corporation's financial statements until it is sold. Generally Accepted Accounting Principles require inventory be booked at cost or fair market value, whichever is less. Costs, not considered period costs or routine maintenance which are expensed when incurred, are only booked as expenses once a property has been sold. Since the Greater Syracuse Land Bank acquires most properties for \$151 each, subsequent to municipal foreclosure, costs will in most cases be less than fair market value.

In 2020, the Land Bank acquired 42 properties via the City of Syracuse foreclosure proceedings (down from 174 properties in 2019 and 261 in 2018); additional acquisitions include four (4) purchases, six (6) vacant lots previously owned by the City of Syracuse, and six (6) private donations. For donated properties, which are acquired at no cost, an estimated fair market value is booked to inventory at the time of acquisition.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CAPITAL ASSETS

Capital assets at December 31, 2020, December 31, 2019 and December 31, 2018, were comprised of property, furniture and equipment that was purchased and capitalized during the years in accordance with the Corporation's capitalization policy.

CURRENT LIABILITIES

Current liabilities are comprised of current obligations (both accounts payable and accrued liabilities) that are due currently, or in the next 12 months as well as advances of grant and government subsidy revenue that have not yet been earned.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Summary of Revenues, Expenses, and Change in Net Position

	<u>2020</u>	<u>% of Total</u>	<u>2019</u>	<u>% of Total</u>	<u>2018</u>	<u>% of Total</u>
OPERATING REVENUES:						
Grant and government subsidy revenue	\$ 2,435,358	66.07%	\$ 3,290,826	66.43%	\$ 1,416,526	56.63%
Sale of property	1,035,660	28.10%	1,559,798	31.49%	1,014,853	40.57%
Rental revenue	30,450	0.83%	47,662	0.96%	61,486	2.46%
Other revenue	28,868	0.78%	44,045	0.89%	8,540	0.34%
Project extension fees	53,878	1.46%	11,310	0.23%	-	0.00%
PPP forgiveness	<u>101,710</u>	2.76%	<u>-</u>	0.00%	<u>-</u>	0.00%
Total operating revenues	<u>3,685,924</u>		<u>4,953,641</u>		<u>2,501,405</u>	
OPERATING EXPENSES:						
Cost of sales	2,741,621	59.60%	3,762,431	71.00%	2,194,969	59.05%
Unrealized loss on inventory	447,542	9.73%	383,871	7.24%	501,338	13.49%
Relocation assistance	26,210	0.57%	37,834	0.71%	39,021	1.05%
Special assessment	21,370	0.46%	13,381	0.25%	25,364	0.68%
General & admin expenses	42,300	0.92%	46,670	0.88%	37,104	1.00%
Professional services	346,066	7.52%	148,561	2.80%	162,917	4.38%
Salaries, wages and related expenses	619,453	13.47%	498,581	9.41%	422,765	11.37%
Advertising	11,100	0.24%	3,507	0.07%	10,702	0.29%
Bad debts	-	0.00%	1,637	0.03%	2,967	0.08%
Insurance	303,767	6.60%	356,106	6.72%	280,963	7.56%
Rent	30,862	0.67%	31,115	0.59%	26,326	0.71%
Travel	7,705	0.17%	12,306	0.23%	8,615	0.23%
Depreciation	<u>2,379</u>	0.05%	<u>3,030</u>	0.06%	<u>4,372</u>	0.12%
Total operating expenses	<u>4,600,375</u>		<u>5,299,030</u>		<u>3,717,423</u>	
OPERATING LOSS	<u>(914,451)</u>		<u>(345,389)</u>		<u>(1,216,018)</u>	
NON-OPERATING INCOME (EXPENSES):						
Miscellaneous	<u>1,734</u>		<u>(127)</u>		<u>8,459</u>	
CONTRIBUTIONS	<u>71,990</u>		<u>235,250</u>		<u>400,942</u>	
CHANGE IN NET POSITION	<u>\$ (840,727)</u>		<u>\$ (110,266)</u>		<u>\$ (806,617)</u>	

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OPERATING REVENUES

Operating revenue is mostly comprised of grant and government subsidies awarded to the Corporation to aid in meeting the objectives of the Corporation and revenue from the sale of property.

OPERATING EXPENSES

Operating expenses in 2020 are mostly comprised of cost of sales, salaries and wages, insurance, and professional services.

Cost of sales includes property acquisition and stabilization costs as well as the ongoing expenses associated with property maintenance. The number of staff remained steady at nine (9) full-time staff members in 2020.

OPERATING RESULTS

Below are the Corporation's operating loss, non-operating income(loss), contributions, change in net position, and net position at December 31, 2020, December 31, 2019, and December 31, 2018, respectively:

	2020	2019	2018
Operating Loss	\$ (914,451)	\$ (345,389)	\$ (1,216,018)
Non-operating Income(Loss)	\$ 1,734	\$ (127)	\$ 8,459
Contributions	\$ 71,990	\$ 235,250	\$ 400,942
Change in Net Position	\$ (840,727)	\$ (110,266)	\$ (806,617)
Net Position	\$ 2,994,716	\$ 3,835,443	\$ 3,945,709

CAPITAL ASSET ADMINISTRATION

Below are the Corporation's investment in capital assets (net of accumulated depreciation) at December 31, 2020, December 31, 2019, and December 31, 2018, respectively. This investment includes furniture, equipment, computer hardware, and small amounts of software.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Depreciable capital assets:			
Furniture and equipment	\$ 2,528	\$ 4,907	\$ 7,937
Total depreciable capital assets	<u>\$ 2,528</u>	<u>\$ 4,907</u>	<u>\$ 7,937</u>

FUTURE FACTORS

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID - 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position is not presently determinable.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

REQUEST FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Corporation's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Executive Director, 431 E Fayette Street, Suite 375, Syracuse, NY 13202.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,066,826	\$ 2,960,914
Accounts receivable	5,250	-
Grant and government subsidy receivable	271,719	371,210
Note receivable	86,833	-
Inventory	680,906	878,942
Prepaid expenses	59,225	90,331
Restricted cash	<u>219,988</u>	<u>558,892</u>
Total current assets	3,390,747	4,860,289
NONCURRENT ASSETS:		
Capital assets, net	<u>2,528</u>	<u>4,907</u>
Total assets	<u>3,393,275</u>	<u>4,865,196</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	94,539	375,058
Accrued expenses	46,613	62,132
Grant and government subsidy revenue advance	219,988	558,892
Other liabilities	<u>37,419</u>	<u>33,671</u>
Total current liabilities	<u>398,559</u>	<u>1,029,753</u>
NET POSITION		
Net investment in capital assets	2,528	4,907
Unrestricted	<u>2,992,188</u>	<u>3,830,536</u>
Total net position	<u>\$ 2,994,716</u>	<u>\$ 3,835,443</u>

The accompanying notes are an integral part of these statements.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Statements of Revenues, Expenses and Change in Net Position
For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
Grant and government subsidy revenue	\$ 2,435,358	\$ 3,290,826
Sale of property	1,035,660	1,559,798
Rent revenue	30,450	47,662
Project extension fees	53,878	11,310
Paycheck Protection Program forgiveness	101,710	-
Other revenue	<u>28,868</u>	<u>44,045</u>
Total operating revenues	<u>3,685,924</u>	<u>4,953,641</u>
OPERATING EXPENSES:		
Cost of sales	2,741,621	3,762,431
Unrealized loss on inventory	447,542	383,871
Relocation assistance	26,210	37,834
Special assessment	21,370	13,381
Salaries, wages and related expenses	619,453	498,581
Insurance	303,767	356,106
Professional services	346,066	148,561
General and administrative expenses	42,300	46,670
Rent	30,862	31,115
Advertising	11,100	3,507
Depreciation	2,379	3,030
Bad debts	-	1,637
Travel	<u>7,705</u>	<u>12,306</u>
Total operating expenses	<u>4,600,375</u>	<u>5,299,030</u>
OPERATING LOSS	<u>(914,451)</u>	<u>(345,389)</u>
NON-OPERATING INCOME:		
Miscellaneous income (expense)	<u>1,734</u>	<u>(127)</u>
LOSS BEFORE CONTRIBUTIONS	<u>(912,717)</u>	<u>(345,516)</u>
CONTRIBUTIONS:		
Cash contributions	19,485	-
Demolition contributions	25,000	225,000
Inventory contributions	<u>27,505</u>	<u>10,250</u>
Total contributions	<u>71,990</u>	<u>235,250</u>
CHANGE IN NET POSITION	(840,727)	(110,266)
NET POSITION - beginning of year	<u>3,835,443</u>	<u>3,945,709</u>
NET POSITION - end of year	<u>\$ 2,994,716</u>	<u>\$ 3,835,443</u>

The accompanying notes are an integral part of these statements.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
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(A Discretely Presented Component Unit of the City of Syracuse, New York)

Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grant and government subsidies	\$ 2,195,945	\$ 2,892,081
Cash received from property sales	948,827	1,559,798
Cash received from rent	25,200	47,662
Cash received from other revenue	28,868	42,543
Cash received from project extensions	53,878	11,310
Cash received from PPP loan forgiveness	101,710	-
Cash paid for inventory	(3,272,962)	(3,420,716)
Cash paid for general and administrative expenses	(26,583)	(57,369)
Cash paid for professional services	(317,753)	(151,026)
Cash paid for salaries, wages and related expenses	(621,432)	(497,856)
Cash paid for advertising	(11,100)	(3,507)
Cash paid for insurance	(272,662)	(318,301)
Cash paid for rent	(30,862)	(31,115)
Cash paid for relocation assistance and special assessment	(47,580)	(51,215)
Cash paid for travel	(7,705)	(12,306)
	<u>(1,254,211)</u>	<u>9,983</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from cash contributions	<u>19,485</u>	<u>-</u>
	<u>19,485</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net miscellaneous income (expense)	<u>1,734</u>	<u>(127)</u>
	<u>1,734</u>	<u>(127)</u>
CHANGE IN CASH	(1,232,992)	9,856
CASH - beginning of year	<u>3,519,806</u>	<u>3,509,950</u>
CASH - end of year	<u>\$ 2,286,814</u>	<u>\$ 3,519,806</u>
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:		
Cash	\$ 2,066,826	\$ 2,960,914
Restricted cash	<u>219,988</u>	<u>558,892</u>
Total	<u>\$ 2,286,814</u>	<u>\$ 3,519,806</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (914,451)	\$ (345,389)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation	2,379	3,030
Unrealized loss on inventory	447,542	383,871
Bad debts	-	1,637
Inventory and demolition contributions	52,505	235,250
Changes in:		
Accounts receivable	(5,250)	(1,502)
Grant and government subsidy receivable	99,491	(264,675)
Note receivable	(86,833)	-
Inventory	(249,506)	(21,992)
Prepaid expenses	31,106	37,805
Accounts payable	(280,519)	60,776
Accrued expenses	(15,519)	39,650
Grant and government subsidy revenue advance	(338,904)	(134,070)
Other liabilities	<u>3,748</u>	<u>15,592</u>
Net cash from operating activities	<u>\$ (1,254,211)</u>	<u>\$ 9,983</u>
NONCASH ACTIVITIES:		
Inventory and demolition contributions	<u>52,505</u>	<u>\$ 235,250</u>
Total noncash activities	<u>\$ 52,505</u>	<u>\$ 235,250</u>

The accompanying notes are an integral part of these statements.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

1. ORGANIZATION

The Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the Corporation), was formed in 2012 to address the problems of vacant, abandoned, or tax delinquent property in the City of Syracuse, New York (the City or primary government) and County of Onondaga, New York (the County) in a coordinated manner through the acquisition of real property. The mission of the Corporation is to return that property to productive use in order to strengthen the economy, improve the quality of life, and improve the financial condition of the municipalities, through the use of the powers and tools granted to land banks by New York State (NYS).

The Corporation is considered a discretely presented component unit of the City based upon the fact that the Corporation is fiscally dependent on the primary government and there is a financial benefit/burden relationship between the primary government and the Corporation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial principles.

Measurement Focus and Basis of Accounting

The Corporation operates as a proprietary fund. Proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

The Corporation utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 these estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

Income Tax Status

The Corporation was organized as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
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Notes to Basic Financial Statements
December 31, 2020 and 2019

Cash and Restricted Cash

Cash consists primarily of demand deposits. Certain amounts of cash are classified as restricted because their use is restricted by grant agreements. Restricted cash balances have been offset by grant and government subsidy revenue advances at December 31, 2020 and 2019.

Grant and government subsidy receivable

Grant and government subsidy receivable represents funds earned but not yet received by the Corporation related to grant and government subsidy revenue. Management does not believe a reserve for uncollectible receivables is necessary at December 31, 2020 and 2019.

Note receivable

The Corporation holds a note receivable related to a property sale. See footnote 5 for more information. Management does not believe an allowance for doubtful accounts is necessary.

Inventory

Inventory consists of vacant, abandoned, or tax delinquent property in the City and County purchased by the Corporation. Inventory is valued at the lower of cost or market. Market value is defined as ½ the assessed value of the property except for vacant lots which are valued at \$151 and properties listed for sale, which are valued at listing price. Cost includes but is not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services.

Prepaid Expenses

Prepaid expenses consist primarily of amounts paid for the portion of insurance policies that provide coverage for the following fiscal year.

Capital Assets

Capital assets include property, furniture and equipment and rental properties. Capital assets other than rental properties are defined by the Corporation as assets with an initial individual cost of more than \$1,000 and having an estimated useful life in excess of one year. Rental properties are defined by the Corporation as all costs associated with the purchase of the rental property and having an estimated useful life in excess of one year. Assets will be depreciated using the straight-line method.

Grant and Government Subsidy Revenue Advance

In certain instances, the Corporation receives grant and government subsidy revenue prior to meeting the definition of earned. Such amounts are reflected as a liability, grant and government subsidy revenue advances, until amounts are deemed earned and then recognized as revenue.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

Operating and Non-operating Revenues and Expenses

As a business-type activity, the Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues are mostly comprised of grant and government subsidy revenue resulting from exchange transactions associated with the principal activities of the Corporation. Other sources of operating revenues include sales of property and rental revenue. Operating expenses generally result from the acquisition, demolition and renovation of properties, and general and administrative expenses in accordance with the Corporation's mission. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Unrealized Loss on Inventory

Deterioration, damage, changing prices and other factors have caused certain inventory's cost to exceed its market value. In accordance with GAAP, inventory has been reduced to market value and an unrealized loss has been recognized in both December 31, 2020 and 2019.

Contributions

The Corporation received contributions of property, donated demolition and cash during the fiscal year ending December 31, 2020 and 2019. These amounts are reflected in the statements of revenues, expenses and change in net position.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Corporation does not have restricted net position at December 31, 2020 and 2019.
- c. Unrestricted net position - all other net position that does not meet the definition of net investment in capital assets or restricted net position.

It is the Corporation's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
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Notes to Basic Financial Statements
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Monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in New York State (NYS). Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in NYS General Municipal Law, Section 10 and outlined in the NYS Comptroller's Financial Management Guide.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Corporation's investment and deposit policy, 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 (FDIA) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits.

The Corporation restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations partially insured or guaranteed by an agency of the United States of America;
- Obligations issued or fully insured or guaranteed by NYS;
- Obligations issued by a municipal corporation, school district or district corporation of NYS;
- Obligations issued by states (other than NYS) of the United States of America rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

The Corporation maintained cash balances with financial institutions insured by the FDIC up to \$250,000, per bank, for interest bearing and non-interest bearing accounts. At December 31, 2020 and 2019 the Corporation's deposits consisted of approximately \$2,273,828 and \$3,480,222, respectively, in cash and were insured each year by FDIC in the amount of \$250,000. The remaining balance of approximately \$2,023,828 and \$3,230,222 at December 31, 2020 and 2019, respectively, was collateralized by a third party in accordance with NYS General Municipal Law, Section 10 and the Corporation's policies.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

4. CAPITAL ASSETS

The Corporation's capital assets activity for the year ended December 31, 2020 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Furniture and equipment	\$ 32,831	\$ -	\$ -	\$ 32,831
Total	32,831	-	-	32,831
Accumulated depreciation:				
Furniture and equipment	(27,924)	(2,379)	-	(30,303)
Total	(27,924)	(2,379)	-	(30,303)
Capital assets, net	<u>\$ 4,907</u>	<u>\$ (2,379)</u>	<u>\$ -</u>	<u>\$ 2,528</u>

The Corporation's capital assets activity for the year ended December 31, 2019 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Furniture and equipment	\$ 32,831	\$ -	\$ -	\$ 32,831
Total	32,831	-	-	32,831
Accumulated depreciation:				
Furniture and equipment	(24,894)	(3,030)	-	(27,924)
Total	(24,894)	(3,030)	-	(27,924)
Capital assets, net	<u>\$ 7,937</u>	<u>\$ (3,030)</u>	<u>\$ -</u>	<u>\$ 4,907</u>

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

5. NOTE RECEIVABLE

On November 1, 2020, the Corporation entered into a note receivable agreement for \$87,000 to be paid back in monthly installments of \$675, including interest at 7% through November 1, 2040. At December 31, 2020, the receivable balance is \$86,833.

Maturities of the note receivable at December 31, 2020 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,082	\$ 6,012	\$ 8,094
2022	2,232	5,862	8,094
2023	2,394	5,700	8,094
2024	2,567	5,527	8,094
2025	2,752	5,342	8,094
2026-2030	17,049	23,423	40,472
2031-2035	24,169	16,302	40,471
2036-2040	<u>33,588</u>	<u>6,208</u>	<u>39,796</u>
Total	<u>\$ 86,833</u>	<u>\$ 74,376</u>	<u>\$ 161,209</u>

6. INTERMUNICIPAL AGREEMENT

Within the parameters of the New York Land Bank Act of Article 16 of the New York Not-for-Profit Corporation Law, any one or more foreclosing governmental units are permitted to enter into an intergovernmental cooperation agreement to establish a land bank. In 2012, the County and the City entered into an intermunicipal agreement for the creation of the Corporation to exercise the powers, duties, functions, and responsibilities of a land bank under the Land Bank Act.

7. TRANSACTIONS WITH PRIMARY GOVERNMENT

The Corporation and the City entered into agreements in 2019 and 2020, whereas the City was to assist in the operations of the Corporation pursuant to Not-For-Profit Corporation Section 1610(a). The Corporation recognized \$902,626 and \$689,926 of grant and government revenue for the years ended December 31, 2020 and 2019, respectively. Related to these agreements, \$217,552 and \$314,926 was due from the City to the Corporation at December 31, 2020 and 2019, respectively. These amounts are included in grant and government subsidy receivable on the statements of net position.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

8. LOAN GUARANTEE PROGRAM

The Corporation entered into an agreement with Home HeadQuarters, Inc. for a Loan Guarantee Program to encourage the purchase and rehabilitation of properties within the City of Syracuse owned by the Corporation. Under the program, Home HeadQuarters, Inc. provided \$1,500,000 into mortgages, of which the Corporation provided a guarantee up to \$150,000. The Corporation is under obligation for 10 years after the last loan is issued. The last loan was issued on October 14, 2016.

9. PAYCHECK PROTECTION PROGRAM ARRANGEMENT

In April 2020, the Corporation entered into a promissory note payable to M&T Bank in the amount of \$101,710. The note was entered into as part of the U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The PPP provides for this borrowing, or a portion of the borrowing to be forgiven to the extent the Corporation meets defined requirements related to expenditure of the funds and management of the personnel complement. During the year ended December 31, 2020, the Land Bank satisfied all requirements and obtained a notice of forgiveness for the PPP loan from the bank. As a result, the amount of \$101,710 is recognized in revenue and no liability remains for the year ended December 31, 2020.

10. COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID - 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position is not presently determinable.

11. RECLASSIFICATIONS

Certain amounts in the 2019 financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The reclassifications did not have any effect on total net position or change in net position as previously reported.

INDEPENDENT AUDITOR'S 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

March 30, 2021

To the Board of Directors of
Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank

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 Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the Corporation), a discretely presented component unit of the City of Syracuse, New York, (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item number 2020-001 to be a material weakness.

INDEPENDENT AUDITOR'S 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

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Corporation's Response to Finding

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Schedule of Findings and Responses
For the year ended December 31, 2020

Reference Number: 2020-001

Criteria:

Inventory is required to be valued at the lower of cost or market value, as prescribed by U.S. GAAP. Market value should be applied consistently in accordance with the Corporation's accounting policies.

Condition/Cause:

The accumulation of significant renovation costs was used as a basis for market value on certain properties, which did not comply with the Corporation's accounting policies.

Effect:

As a result, inventory was materially overstated. An audit adjustment to increase impairment expense and decrease inventory by \$176,756 was required to properly state financial statements in accordance with U.S. GAAP.

Recommendation:

We recommend that the Corporation review accounting policies for estimating market value and apply consistently to all properties in inventory to identify potential impairment.

Management's Response:

Inventory is valued at the lower of cost or fair market value. Inventorial costs accumulate over the course of the year and at the end of each year, we compare inventorial values for all properties to fair market value. In cases where inventory has come to exceed fair market value, we write off the excess as an impairment loss. For vacant lots and demolition candidates we assume fair market value to be \$151. For improved buildings that are not demolition candidates, we assume fair market value to be ½ of assessed value. In cases where the Land Bank has made improvements or renovations to the property, we assume the list price of the renovated property is fair market value.

In this case, we still held in inventory five properties that were partially renovated using a blend of County funds and CNY Community Foundation funds and inadvertently booked the cost of the renovations as the inventorial value, instead of their list price. Since the list price was less than the value of the renovations made, this overvalued the inventory. In the future, we will be sure to consult this policy as a refresher when doing the annual inventorial write-down.

**REPORT ON SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES
LAW**

March 30, 2021

To the Board of Directors of
Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land
Bank

We have audited, in accordance with the 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 Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the Corporation), a discretely presented component unit of the City of Syracuse, New York (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 30, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with the Corporation's Investment Guidelines, The New York State (NYS) Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines), which is the responsibility of the Corporation's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines. However, our audit was not directed primarily towards obtaining knowledge of noncompliance with such Investment Guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Corporation's noncompliance with the

This report is intended solely for the information and use of management of the Corporation, the Board of Directors of the Corporation, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these specified parties.

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