

**GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT
CORPORATION**

**(A Blended Component Unit of the County of Onondaga,
New York)**

**Financial Statements as of
December 31, 2019 and 2018
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

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INDEPENDENT AUDITOR'S REPORT

March 30, 2020

To the Board of Directors of
Greater Syracuse Soundstage Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Syracuse Soundstage Development Corporation (the Corporation), a blended component unit of the County of Onondaga, New York (the County), which comprise the statement of net position for the years ended December 31, 2019 and 2018, and the related statements of revenues, expenses, and change in net position, cashflows, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2019 and 2018, and the respective change in its financial position and its cashflows 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, 2020 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.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018

This section of the Greater Syracuse Soundstage Development Corporation (the Corporation) annual financial report presents discussion and analysis of the Corporation's financial performance during the fiscal year ending December 31, 2019. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

GENERAL INFORMATION

The Greater Syracuse Soundstage Development Corporation is registered under nonprofit corporation law. The purposes for which the Corporation operates are exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, to advance the film industry in the Central New York Region.

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 Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position, the Statement 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 Statement of Net Position includes all of the Corporation's assets and liabilities, using the accrual basis of accounting. The Statement of Revenues, Expenses and Change in Net Position report includes all of the revenues and expenses during the time period indicated. The Statement of Cash Flows reports the cash provided and used by operating activities.

FINANCIAL HIGHLIGHTS

The Corporation's total net position at December 31, 2019 is \$7,758,700

- Total current assets at December 31, 2019 are \$264,381 and at December 31, 2018 are \$31,732. Current assets are primarily comprised of cash and accounts receivable.
- Total current liabilities at December 31, 2019 are \$702,619 and at December 31, 2018 are \$144,357.
- Operating revenues in 2019 consist of grant revenue and rental revenue. Operating revenues in 2018 consist of grant revenue, rental revenue, discounts received, and in-kind revenue.
- Operating expenses at December 31, 2019 were approximately \$488,000. Operating expenses at December 31, 2018 were approximately \$326,000.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018

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

Summary of Assets, Liabilities, and Net Position

	<u>2019</u>	<u>2018</u>
Current Assets	\$ 264,381	\$ 31,732
Noncurrent Assets	8,196,938	8,096,027
Total Assets	<u>8,461,319</u>	<u>8,127,759</u>
Current Liabilities	<u>702,619</u>	<u>144,357</u>
Total Net Position:		
Net investment in capital assets	7,927,749	7,986,808
Unrestricted	<u>(169,049)</u>	<u>(3,406)</u>
	<u>\$ 7,758,700</u>	<u>\$ 7,983,402</u>

CURRENT ASSETS

Current assets at December 31, 2019 and 2018 were primarily comprised of cash and accounts receivable.

NONCURRENT ASSETS

Noncurrent assets at December 31, 2019 and 2018 were comprised of capital assets.

CURRENT LIABILITIES

Current liabilities at December 31, 2019 and 2018 are \$702,619 and \$144,357, respectively, which consist of accounts payable, accrued expenses and a loan payable. Although current liabilities far exceed current assets as of December 31, 2019, management fully expects to earn and record the remaining \$1,500,000 of grant revenue of the \$1,700,000 award received from the New York State Empire State Development Corporation in 2020. As fully described in the Notes to the financial statements, the line of credit is used for cashflow purposes as the grant is run on a reimbursement basis.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018

Summary of Revenues, Expenses, and Change in Net Position

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES:		
Grant revenue - Onondaga County	\$ -	\$ 65,306
Grant revenue - Empire State Development Corporation	200,000	-
Grant revenue	-	67,500
Rental revenue	88,281	25,130
Discounts received	-	2,615
In-kind revenue	-	81,836
	<u>288,281</u>	<u>242,387</u>
OPERATING EXPENSES:		
Professional services	49,795	12,292
Office supplies & software	36,276	14,963
Repairs & maintenance	46,938	4,127
Office supplies & software	38,921	19,942
Utilities	21,990	13,507
Telephone & internet	4,208	1,209
Equipment rental	2,435	8,718
Regrant expense	-	67,500
Travel	-	3,000
Soundstage management services	45,796	3,500
Other business expense	1,768	507
Other expense	18,965	555
Depreciation	193,814	94,034
Architectural and engineering expense	23,679	-
Property tax expense	3,169	-
In-kind expense	-	81,836
	<u>487,754</u>	<u>325,690</u>
OPERATING INCOME (LOSS)	<u>(199,473)</u>	<u>(83,303)</u>
NON-OPERATING EXPENSE	<u>25,229</u>	<u>-</u>
CONTRIBUTIONS		
Land	-	1,184,000
Building	-	6,816,000
Various assets	-	66,705
	<u>-</u>	<u>8,066,705</u>
CHANGE IN NET POSITION	(224,702)	7,983,402
NET POSITION - beginning of year	<u>7,983,402</u>	<u>-</u>
NET POSITION - end of year	<u>\$ 7,758,700</u>	<u>\$ 7,983,402</u>

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018

OPERATING REVENUES

Operating revenue consists of grant revenue and rental revenue in 2019. Operating revenues consist of grant revenue, rental revenue, discounts received and in-kind in 2018. The \$200,000 of grant revenue part of a \$1,700,000 grant award from NYS ESD. Management expects to recognize the remaining \$1,500,000 in 2020.

OPERATING EXPENSES

Operating expenses in 2019 are comprised of grant expense, utilities, office supplies and software, insurance, and professional services, and other administrative costs. Operating expenses in 2018 are consistent with this.

OPERATING RESULTS

The Corporation had an operating loss of \$199,473 at December 31, 2019 and \$83,303 at December 31, 2018.

CONTRIBUTIONS

During 2018, the Corporation received contributions of land, a building, and other various assets in the amount of \$8,066,705. No similar contributions existed in 2019.

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 Greater Syracuse Soundstage Development Corporation – 24 Aspen Park Boulevard, East Syracuse, NY 13057.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Statements of Net Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 139,987	\$ 24,310
Grants receivable	100,000	\$ -
Accounts receivable	22,394	5,422
Other asset	<u>2,000</u>	<u>2,000</u>
Total current assets	<u>264,381</u>	<u>31,732</u>
NONCURRENT ASSETS:		
Nondepreciable capital assets	1,184,000	1,184,000
Depreciable capital assets, net	<u>7,012,938</u>	<u>6,912,027</u>
Total noncurrent assets	<u>8,196,938</u>	<u>8,096,027</u>
Total assets	<u>8,461,319</u>	<u>8,127,759</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	40,406	16,402
Accrued expenses	2,588	2,955
Accrued financing charges	11,000	-
Accrued interest expense	14,229	-
Loan payable	<u>634,396</u>	<u>125,000</u>
Total current liabilities	<u>702,619</u>	<u>144,357</u>
Total liabilities	<u>702,619</u>	<u>144,357</u>
NET POSITION		
Net investment in capital assets	7,927,749	7,986,808
Unrestricted	<u>(169,049)</u>	<u>(3,406)</u>
Total net position	<u>\$ 7,758,700</u>	<u>\$ 7,983,402</u>

The accompanying notes are an integral part of these financial statements.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Statements of Revenues, Expenses and Change in Net Position
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES:		
Grant revenue - Empire State Development Corporation	\$ 200,000	\$ -
Grant revenue - Onondaga County	-	65,306
Grant revenue	-	67,500
Rental revenue	88,281	25,130
Discounts received	-	2,615
In-kind revenue	-	81,836
Total operating revenues	<u>288,281</u>	<u>242,387</u>
OPERATING EXPENSES:		
Professional services	49,795	12,292
Office supplies & software	36,276	14,963
Repairs & maintenance	46,938	4,127
Utilities	38,921	19,942
Insurance	21,990	13,507
Telephone & internet	4,208	1,209
Equipment rental	2,435	8,718
Regrant expense	-	67,500
Travel	-	3,000
Soundstage management services	45,796	3,500
Other business expense	1,768	507
Other expense	18,965	555
Depreciation	193,814	94,034
Architectural and engineering expense	23,679	-
Property tax expense	3,169	-
In-kind expense	-	81,836
Total operating expenses	<u>487,754</u>	<u>325,690</u>
OPERATING LOSS	<u>(199,473)</u>	<u>(83,303)</u>
NON-OPERATING EXPENSES:		
Interest expense	14,229	-
Financing expense	11,000	-
Total nonoperating expenses	<u>25,229</u>	<u>-</u>
CONTRIBUTIONS:		
Land	-	1,184,000
Building	-	6,816,000
Various assets	-	66,705
Total contributions	<u>-</u>	<u>8,066,705</u>
CHANGE IN NET POSITION	(224,702)	7,983,402
NET POSITION - beginning of year	<u>7,983,402</u>	<u>-</u>
NET POSITION - end of year	<u>\$ 7,758,700</u>	<u>\$ 7,983,402</u>

The accompanying notes are an integral part of these financial statements.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grant revenue	\$ 100,000	\$ 130,686
Cash received from rental revenue	71,309	21,828
Cash paid for grant expense	-	(67,500)
Cash paid for professional services	(49,795)	(12,292)
Cash paid for supplies and general operations	<u>(220,508)</u>	<u>(48,056)</u>
Net cash from operating activities	<u>(98,994)</u>	<u>24,666</u>
CASH FLOWS CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from loan payable	634,396	125,000
Cash paid for amounts due for loan payable	(125,000)	-
Cash paid for capital assets	(294,725)	(123,356)
Cash paid for other assets	-	(2,000)
Net cash from capital and related financing activities	<u>214,671</u>	<u>(356)</u>
CHANGE IN CASH	115,677	24,310
CASH - beginning of year	<u>24,310</u>	<u>-</u>
CASH - end of year	<u><u>139,987</u></u>	<u><u>24,310</u></u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS		
FROM OPERATING ACTIVITIES:		
Operating loss	(199,473)	(83,303)
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation	193,814	94,034
Changes in:		
Grants receivable	(100,000)	-
Accounts receivable	(16,972)	(5,422)
Accounts payable and accrued liabilities	<u>23,637</u>	<u>19,357</u>
Net cash from operating activities	<u><u>(98,994)</u></u>	<u><u>24,666</u></u>
NONCASH ACTIVITIES		
Land contributions	-	1,184,000
Building contributions	-	6,816,000
Various asset contributions	-	66,705
	<u>\$ -</u>	<u>\$ 8,066,705</u>

As part of a purchase agreement between the Corporation and Fort Schuyler in 2018, the Corporation received contributions in the form of small office supplies and equipment that did not meet the Corporation's capitalization policy. These transactions are reflected as in-kind operating revenue and operating expense in the amount of \$81,386. No similar transaction existed in 2019. In addition, the Corporation was charged financing fees and interest related fees that were not yet paid but rather accrued as of fiscal year ending December 31, 2019. These accruals are \$11,000 and \$14,229, respectively.

The accompanying notes are an integral part of these financial statements.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Notes to Basic Financial Statements
December 31, 2019 and 2018

1. ORGANIZATION

The Greater Syracuse Soundstage Development Corporation (the Corporation), a blended component unit of the County of Onondaga, New York (the County, or Primary Government), is a local development corporation, registered under nonprofit law Section 501(c)(3) of the Internal Revenue Code. The Corporation was formed in 2018 for charitable purposes with a mission to advance the film industry in the Central New York Region.

In accordance with the Governmental Accounting Standards Board (GASB) pronouncements, the Corporation is considered a blended component unit of the County based upon the fact that the County is the sole member of the Corporation, per the Corporation’s bylaws.

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 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 and liabilities (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.

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 SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Notes to Basic Financial Statements
December 31, 2019 and 2018

Capital Assets

Capital assets include land, building and building improvements, furniture and equipment. Capital assets are defined by the Corporation as assets with an initial individual cost of more than \$5,000 and having an estimated useful life in excess of two years. Assets will be depreciated using the straight-line method. Building and building improvements will be assigned an estimated useful life of 39 years, while all other assets will have an estimated useful life of 10.

Grant Revenue

The Corporation applied for grant funding through an Economic Growth Fund in October 2018 on behalf of a third party film developer. Upon receipt and revenue recognition of the grant award in the amount of \$67,500, the full amount was subsequently passed through to the third party film developer and a re-grant expense was recorded in the amount of \$67,500 for the fiscal year ending December 31, 2018.

The Corporation holds an agreement with New York State Empire State Development (NYS ESD) to receive grant funding in the amount of \$1,700,000 as part of an upstate revitalization initiative of which \$200,000 is to be used for working capital expenses (such as general and administrative), and \$1,500,000 is to be used for capital expenses (such as purchases of property, equipment, and construction services). In 2019, the Corporation entered into a line of credit with M&T Bank which allows the Corporation to borrow up to the remaining amount that the Corporation expects to receive from the grant. As of the date of the agreement, the Corporation had received the first of two disbursements of the working capital portion of the grant in the amount of \$100,000. Therefore, the line of credit available to the Corporation began at \$1,600,000.

As of December 31, 2019, the Corporation has earned \$200,000 in grant revenue from NYS ESD as part of the working capital grant. The period of availability on this portion of the award is through December 31, 2019. During 2019, an initial \$100,000 was advanced to the Corporation with the remaining \$100,000 due to the Corporation and recorded as grants receivable as of December 31, 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 comprised of grants and rental revenues. Operating expenses generally result from the general and administrative expenses in accordance with the Corporation's mission and repairs and maintenance. Non-operating expense at December 31, 2019 consists of interest expense of \$14,229 and financing expense of \$11,000. There were no non-operating revenues and expenses at December 31, 2018.

Revenue Recognition

Rental revenue is recognized when earned. In the case of grant revenue, the revenue is considered earned when the Corporation meets all requirements the Corporation is to fulfill for the purpose of those funds in accordance with the grant agreement.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
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Notes to Basic Financial Statements
December 31, 2019 and 2018

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. The Corporation has net investment in capital assets of \$7,927,749 at December 31, 2019 and \$7,986,808 at December 31, 2018.
- 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 did not have restricted net position at December 31, 2019 and 2018.
- 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 those charged with governance.

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.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
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Notes to Basic Financial Statements
December 31, 2019 and 2018

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 a financial institution insured by the FDIC up to \$250,000, for interest bearing and non-interest bearing accounts. At December 31, 2019 and 2018, the Corporation's deposits were \$149,483 and \$27,150, respectively, and were insured in full by FDIC.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Notes to Basic Financial Statements
December 31, 2019 and 2018

4. CAPITAL ASSETS

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

	Balance at January 1	Additions	Deletions	Balance at December 31
Nondepreciable Assets:				
Land	\$ 1,184,000	\$ -	\$ -	\$ 1,184,000
Total Nondepreciable Assets	<u>1,184,000</u>	<u>-</u>	<u>-</u>	<u>1,184,000</u>
Depreciable Assets:				
Building	6,816,000	-	-	6,816,000
Building improvements	14,137	195,157	-	209,294
Furniture	38,316	-	-	38,316
Soundstage lighting equipment	53,317	48,824	-	102,141
Other equipment	28,389	744	-	29,133
Vehicles	55,902	50,000	-	105,902
Total Depreciable Assets	<u>7,006,061</u>	<u>294,725</u>	<u>-</u>	<u>7,300,786</u>
Accumulated Depreciation				
Building	(87,385)	(174,769)	-	(262,154)
Building improvements	(60)	(362)	-	(422)
Furniture	(2,299)	(4,599)	-	(6,898)
Soundstage lighting equipment	(1,777)	-	-	(1,777)
Other equipment	(1,581)	(8,494)	-	(10,075)
Vehicles	(932)	(5,590)	-	(6,522)
Total	<u>(94,034)</u>	<u>(193,814)</u>	<u>-</u>	<u>(287,848)</u>
Capital assets, net	<u>\$ 8,096,027</u>	<u>\$ 100,911</u>	<u>\$ -</u>	<u>\$ 8,196,938</u>

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Notes to Basic Financial Statements
December 31, 2019 and 2018

The Corporation's capital assets activity for the year ended December 31, 2018 was as follows:

	Balance at January 1	Additions	Deletions	Balance at December 31
Nondepreciable Assets:				
Land	\$ -	\$ 1,184,000	\$ -	\$ 1,184,000
Total Nondepreciable Assets	-	1,184,000	-	1,184,000
Depreciable Assets:				
Building	-	6,816,000	-	6,816,000
Building improvements	-	14,137	-	14,137
Furniture	-	38,316	-	38,316
Soundstage lighting equipment	-	53,317	-	53,317
Other equipment	-	28,389	-	28,389
Vehicles	-	55,902	-	55,902
Total Depreciable Assets	-	7,006,061	-	7,006,061
Accumulated Depreciation				
Building	-	(87,385)	-	(87,385)
Building improvements	-	(60)	-	(60)
Furniture	-	(2,299)	-	(2,299)
Soundstage lighting equipment	-	(1,777)	-	(1,777)
Other equipment	-	(1,581)	-	(1,581)
Vehicles	-	(932)	-	(932)
Total	-	(94,034)	-	(94,034)
Capital assets, net	\$ -	\$ 8,096,027	\$ -	\$ 8,096,027

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Notes to Basic Financial Statements
December 31, 2019 and 2018

5. LOAN PAYABLE

In October 2018, the Onondaga Civic Development Corporation (the Lender) entered into a loan agreement with Corporation (the Borrower) in the amount of \$125,000 at 0% interest. This loan was paid in full in January 2019. Also in 2019, the Corporation obtained a line of credit up to the remaining amount anticipated to be received from the New York State Empire State Development Grant of \$1,600,000 at 4.562% interest. At December 31, 2019, the balance of this loan was \$634,396. The amount available left for the Corporation to draw on this line of credit is \$965,604.

As of December 31, 2019, the Corporation has accrued amounts to be paid for interest expense and financing expenses of \$14,229 and \$11,000, respectively related to this borrowing.

The purpose of the note is for the purchase of capital equipment and the funding of working capital to support the Corporation’s operations. Due to the stipulations of the line of credit, amounts to be due within one year are not estimable as the amounts to be paid back are dependent upon the date that funding is received from the New York State Economic Development Grant. Upon receipt, amounts are to be paid on the loan.

Activity for the year ended December 31, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loan Payable:	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ -
Direct Borrowing - Line of Credit:	-	634,396	-	634,396	634,396
	<u>\$ 125,000</u>	<u>\$ 634,396</u>	<u>\$ 125,000</u>	<u>\$ 634,396</u>	<u>\$ 634,396</u>

Activity for the year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loan Payable:	\$ -	\$ 125,000	\$ -	\$ 125,000	\$ 125,000

6. TRANSACTIONS WITH THE PRIMARY GOVERNMENT

The Corporation has entered into a management agreement with the County in connection with the operations of the Corporation. The scope of these services includes obtaining funds, and accounting services provided by the County Office of Management and Budget. For December 31, 2019, a total expense of \$2,290 is recognized for services provided by the County. All of this amount represents accounting services provided. For the year ended December 31, 2018, a total expense of \$1,970 is recognized for services provided by the County. Of this, \$1,839 represents accounting services provided.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Notes to Basic Financial Statements
December 31, 2019 and 2018

During 2018 the Corporation was the recipient of the funds remaining from a grant awarded to Fort Schuyler Management Corporation (FSMC) by the County in 2016. Said funds were to be used to support film production and to promote Onondaga County and Central New York as a location for film and television production. Such uses include purchasing equipment and making improvements to the facility, as well as paying for the goods and/or services provided by individuals or companies that improve and/or promote the facility. The Corporation received \$65,306 which is reflected as grant revenue in 2018 in the Statement of Revenues, Expenses and Change in Net Position and was considered unrestricted in nature. No similar transaction existed during 2019.

7. TRANSACTION WITH FORT SCHUYLER MANAGEMENT CORPORATION (FSMC)

In June of 2018 the Corporation (the Buyer) entered into a purchase agreement with FSMC (the Seller). As part of this agreement, the Seller would transfer the land and building located at 24 Aspen Park Boulevard, DeWitt, New York for the purchase price of \$1. As part of this transfer the Buyer would have ownership and rights to the building, land and various contents within the building.

As part of this purchase agreement, capital assets and contributions were recorded in the Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position, respectively, for the land, building and building contents in an aggregate amount of \$8,066,705 as of, and for the year ending December 31, 2018.

In addition, there building contents obtained as part of this purchase agreement that did not qualify as capital assets. The estimated value of these items were \$81,836 and recorded as in-kind revenue and in-kind expense in the Statement of Revenues, Expenses and Change in Net Position for the year ending December 31, 2018.

8. OTHER BUSINESS MATTERS

As of December 31, 2019, the Corporation had no available positive unrestricted net position and had current assets of \$264,381 and current liabilities of \$702,619. The majority of the current liabilities are comprised of amounts due and payable associated with the loan payable (line of credit) as fully described in Note 5. The Corporation has secured a \$1,700,000 grant of which only \$200,000 has been recognized, although expenses far exceed that amount. Because not all compliance requirements were met as of December 31, 2019, an additional grant revenue and a grant receivable was not recorded. Management fully expects to receive this entire award amount in 2020.

8. SUBSEQUENT EVENTS

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 are not presently determinable.

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, 2020

To the Board of Directors of
Greater Syracuse Soundstage Development Corporation:

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 Soundstage Development Corporation (the Corporation), a blended component unit of the County of Onondaga, New York (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2020.

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 described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 did identify a deficiency in internal control, which is described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a significant deficiency.

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*.

Greater Syracuse Soundstage Development Corporation's Response to Finding

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

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.

**Schedule of Findings and Responses
For the Year Ended December 31, 2019**

Reference Number: 2019-001

Criteria:

Internal controls over financial reporting should be properly designed, documented and implemented to ensure all material transactions are recorded properly in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP). In addition, management should identify and document all grant related transactions as incurred, to ensure proper cutoff of related revenues.

Cause/Condition:

The Corporation did not identify a complete listing of expenses incurred during and as of the December 31, 2019 fiscal year that were intended to be funded by the \$200,000 working capital grant portion of the \$1,700,000 award from the Empire State Development Corporation.

Effect:

A material audit adjustment was recorded to increase grants receivable and grants revenue in the amount of \$100,000 for the year ending December 31, 2019.

Recommendation:

We recommend the Corporation and those charged with governance consider the Corporation's current controls and staff composition and develop and document policies and procedures to ensure financial records are being maintained in accordance with the U.S. GAAP. Consideration should be given to how members of the Corporation's primary government (Onondaga County) can assist with the financial close process at year end.

Management's Response:

Management agrees to the proposed audit adjustment to obtain proper cutoff of grants revenue as of December 31, 2019. It is expected that this grant will conclude during the 2020 fiscal year therefore reducing risk associated with cutoff of grant revenue in the future.

Reference Number: 2019-002

Criteria:

Adequate internal controls over the authorization, record keeping and custody of assets.

Cause/Condition:

Currently the General Manager has the authority to initiate and record transactions as well as serve as an authorized check signer causing a lack of segregation of duties.

Effect:

There is an increased risk that error and/or fraud could occur and not be corrected in a timely manner.

Recommendation:

We recommend that the General Manager not serve as an authorized check signer, or that management and the governing body consider requiring dual signature on checks.

Management's Response:

It is expected that lease arrangements will be put in place during the 2020 fiscal year. As a result, much of the administrative oversight and daily operations will involve a third party. Management expects risk associated with a lack of segregation of duties to be mitigated.