



Onondaga Civic Development Corporation

Financial Statements

December 31, 2011 and 2010

Onondaga Civic Development Corporation
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Onondaga Civic Development Corporation

We have audited the accompanying financial statements of the business-type activities of the Onondaga Civic Development Corporation as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Onondaga Civic Development Corporations management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Onondaga Civic Development Corporation, as of December 31, 2011, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2012, on our consideration of the Onondaga Civic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 3 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.

Green & Seifter CPAs

Syracuse, New York
February 16, 2012

Onondaga Civic Development Corporation
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010 (unaudited)

As management of the Onondaga Civic Development Corporation ("OCDC"), we offer readers of this Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal years ended December 31, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

FINANCIAL HIGHLIGHTS

- OCDC primarily receives revenues from project and application fees. During 2011, the Corporation received one new application and received project fees from two projects totaling \$430,000. OCDC had two new applications and received project fees from three projects totaling \$1,199,500 in 2010.
- The Corporation assisted with two projects during 2011, whereby a total amount of \$43,000,000 of debt was issued on behalf of such projects whereby the Corporation received a 1% fee of such bond amounts. This debt is considered conduit debt and is not recorded on the financial statements of the Corporation since the bonds are not obligations of the Corporation and the Corporation has no obligation to pay such bonds, even in default.
- The Corporations net assets increased by \$120,681 and \$1,103,009 in 2011 and 2010, respectively, primarily due to the amount of project fees that the Corporation collected in 2011 and 2010. During 2011, the Corporation distributed \$120,722 under service contracts to various not-for-profit organizations throughout Onondaga County.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The Statement of Activities presents information showing how the Corporation's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Both of the government-wide financial statements report only business-type (proprietary) activities, since none of the Corporation's activities are considered to be governmental activities supported primarily by taxes.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other component units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Corporation does not have any finance-related legal requirements for funds, as such maintains its books and records consistent with other proprietary funds, which is on a basis consistent with business-type activities. The Corporation's financial statements are considered a proprietary fund (enterprise fund) which is the same information as presented within the Statements of Financial Position and Statements of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 7 through 12 of this report.

Onondaga Civic Development Corporation
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010 (unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Corporation's financial position. In the case of the OCDC, assets exceeded liabilities by \$1,213,163 and \$1,092,482 as of December 31, 2011 and 2010, respectively. This entire net asset balance represents cash and cash equivalents which may be used by the Corporation for future economic development needs as more fully described in the Corporation's mission statement.

The Corporation's only fund is treated as a proprietary (business-type) fund. The following are summarized versions of the government-wide financial statements for 2011 and 2010:

Net Assets		
	2011	2010
Cash and cash equivalents	\$ 1,182,889	\$ 1,093,908
Total assets	\$ 1,182,889	\$ 1,093,908
Due to Onondaga Economic Development	\$ 19,171	\$ -
Accounts payable	5,039	1,426
Total liabilities	\$ 24,210	\$ 1,426
Unrestricted net assets	\$ 1,213,163	\$ 1,092,482

Change in Net Assets		
	2011	2010
Revenue and other support:		
Project fees	\$ 430,000	\$ 1,199,500
Application fees	500	1,000
Interest income	3,161	1,475
Total revenue and other support	433,661	1,201,975
Expenses:		
Service contracts	\$ 120,722	\$ -
Onondaga County Office of Economic Development	81,495	75,000
Rent, parking, utilities	66,172	-
Professional services	21,786	21,122
Marketing	10,082	-
Insurance	3,601	1,126
Depreciation	3,430	-
Sponsorship	2,500	-
Travel, meetings and conferences	1,294	910
Office expenses	1,898	793
Miscellaneous	-	15
Total expenses	312,980	98,966
Change in unrestricted net assets	120,681	1,103,009
Unrestricted net assets at beginning of year	1,092,482	(10,527)
Unrestricted net assets at end of year	\$ 1,213,163	\$ 1,092,482

REQUEST FOR INFORMATION

This financial report is designed to provide readers with a general overview of the Corporation's finances. If you have questions about this report or need additional information, contact the Corporation's board at the Onondaga Civic Development Corporation, 333 W. Washington Street, Suite 130, Syracuse, NY 13202.

Onondaga Civic Development Corporation

Statements of Financial Position

ASSETS	2011	2010
	<u> </u>	<u> </u>
Current assets:		
Cash and cash equivalents	\$ 1,182,889	\$ 1,093,908
Accounts receivable	410	-
Prepaid rent	9,478	-
Total current assets	<u>1,192,777</u>	<u>1,093,908</u>
Furniture and equipment, net of accumulated depreciation	<u>44,596</u>	<u>-</u>
	<u>\$ 1,237,373</u>	<u>\$ 1,093,908</u>
 LIABILITIES AND NET ASSETS 		
Current liabilities:		
Due to Onondaga Economic Development	\$ 19,171	\$ -
Accounts payable	5,039	1,426
	<u>24,210</u>	<u>1,426</u>
Unrestricted net assets	<u>1,213,163</u>	<u>1,092,482</u>
	<u>\$ 1,237,373</u>	<u>\$ 1,093,908</u>

The accompanying notes are an integral part of the financial statements

Onondaga Civic Development Corporation

Statements of Activities

	Years ended December 31,	
	2011	2010
Revenue and other support:		
Project fees	\$ 430,000	\$ 1,199,500
Application fees	500	1,000
Interest income	3,161	1,475
Total revenue and other support	433,661	1,201,975
 Expenses:		
Service contracts	120,722	-
Onondaga County Office of Economic Development	81,495	75,000
Rent, parking, utilities	66,172	-
Professional services	21,786	21,122
Marketing	10,082	-
Insurance	3,601	1,126
Depreciation	3,430	-
Sponsorship	2,500	-
Travel, meetings and conferences	1,294	910
Office expenses	1,898	793
Miscellaneous	-	15
Total expenses	312,980	98,966
 Change in unrestricted net assets	120,681	1,103,009
 Unrestricted net assets at beginning of year	1,092,482	(10,527)
 Unrestricted net assets at end of year	\$ 1,213,163	\$ 1,092,482

The accompanying notes are an integral part of the financial statements

Onondaga Civic Development Corporation
Statements of Cash Flows – Proprietary fund

	Years ended December 31,	
	2011	2010
Cash flows from operating activities:		
Inflows -		
Project fees	\$ 430,000	\$ 1,199,500
Application fees	500	1,000
Interest received	3,161	1,475
Outflows -		
Service contracts	(120,722)	-
Onondaga County Office of Economic Development	(62,324)	(75,000)
Rent, parking, utilities	(75,650)	-
Professional services	(20,486)	(31,723)
Other services	(17,472)	(2,844)
Net cash provided by operating activities*	<u>137,007</u>	<u>1,092,408</u>
Cash flows from capital activities:		
Outflows -		
Acquisition of capital assets	(48,026)	-
Net cash used in capital activities	<u>(48,026)</u>	<u>-</u>
Net increase in cash and cash equivalents	88,981	1,092,408
Cash - Beginning of year	<u>1,093,908</u>	1,500
Cash - end of year	<u><u>\$ 1,182,889</u></u>	<u><u>\$ 1,093,908</u></u>
*Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets:	\$ 120,681	\$ 1,103,009
Depreciation	3,430	\$ -
Changes in operating assets and liabilities:		
Accounts receivable	(410)	
Prepaid rent	(9,478)	-
Due to Onondaga Economic Development	19,171	-
Accounts payable	3,613	(10,601)
Net cash provided by operating activities	<u>\$ 137,007</u>	<u>\$ 1,092,408</u>

The accompanying notes are an integral part of the financial statements

Onondaga Civic Development Corporation

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

The Onondaga Civic Development Corporation (“OCDC” / “Corporation”) was organized to stimulate economic growth and/or lessen the burdens of government through facilitating investments that will promote job creation/retention, improve the quality of life of Onondaga County citizens, generate prosperity, and/or encourage economic vibrancy for Onondaga County as a whole, by using available incentives including the issuance of negotiable bonds for Onondaga County’s non-profit organizations as set forth more fully in Section 1411(a) of the Not-for-Profit Laws of the State of New York.

OCDC is considered a public authority and is subject to rules and regulations of the New York State Public Authorities Act of 2009. The Corporation must provide various reports to New York State officials on a frequent basis. Failure to follow public authority regulations or to provide accurate and timely information to the New York State officials could impair the ability for the Corporation to act under the public authority laws of the State of New York.

Basis of Presentation

OCDC is considered a governmental entity for accounting and financial reporting purposes. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 34, the Corporation’s financial statements apply all applicable GASB pronouncements as well as FASB statements and interpretations, APB opinions, and ARBs of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. In addition, in accordance with GASB 34, the Corporation has elected to apply all FASB statements and interpretations issued after November 30, 1989, except for those that pronouncements conflict with or contradict GASB pronouncements.

Governance

OCDC is managed by a Board of Directors which establishes the general policies governing the organization. The Board of Directors is comprised of seven voting directors whereby three are appointed by the chairman of the Onondaga County Legislature, three are appointed by the Onondaga County Executive and one additional director jointly appointed by the Onondaga County Legislature and County Executive all subject to confirmation by the Onondaga County Legislature.

Annual Budgets

OCDC is required to provide to the New York State authorities budget office an annual budget on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year. This budget is submitted to the authority’s budget office and can be found on the Corporation’s website at <http://www.syracusecentral.com/Economic-Development-Services-Civic-Development-Corporation.aspx>.

Onondaga Civic Development Corporation

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to concentration of credit risk consist principally of cash and cash equivalents. The Corporation places its temporary cash investments with limited financial institutions and at various times these investments exceed the Federal Deposit Insurance Corporation limits.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

All deposits of the Corporation, including certificates of deposit and special time deposits in excess of the amount insured under the Federal Deposit Insurance Act (FDIC) shall be secured by eligible collateral. Eligible collateral is defined as consisting of any one, or combination, of the following: (a) pledge of eligible securities with an aggregate market value as provided by General Municipal Law equal to the aggregate amount of deposits or (b) by an eligible surety bond payable to the Corporation for an amount equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations. The Corporation has an excess amount of \$919,297 and \$836,140 held in single bank in excess of the FDIC insured amounts as of December 31, 2011 and 2010, respectively. This excess amount is collateralized by securities held by the pledging financial institution.

Property and Equipment

Property is recorded at cost at the date of acquisition if purchased or fair market value at the date of donation in the case of gifts. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets.

Income Taxes and Uncertain Tax Positions

The Corporation is a not-for-profit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a) of the Code. The Corporation also believes that none of its activities are subject to unrelated business income tax, therefore no provision for such income tax has been made in the financial statements for the years ended December 31, 2011 and 2010.

In accordance with the disclosure provisions of FASB ASC Sub-Topic 740-19 which addresses accounting for uncertainties in income taxes, as of and for the years ended December 31, 2011 and 2010, the Corporation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Corporations' Form 990's are still open for IRS possible examination.

Onondaga Civic Development Corporation

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Corporation recognizes project fee revenue related to a bond closing at the time of the bond closing. All project fees are considered to be operating revenues.

Use of 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 and for the reporting period and as of the financial statement date. Actual results may differ from these estimates.

Risks and Uncertainties

Investment securities (including cash equivalents) are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the Statements of Financial Position and the Statements of Activities.

2. Capital assets

Capital asset balances and activity for the year ended December 31, 2011 were as follows:

Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets that are depreciated:				
Furniture and equipment	\$ -	\$ 48,026	\$ -	\$ 48,026
Total depreciable historical cost	-	48,026	-	48,026
Less accumulated depreciation:				
Furniture and equipment	-	(3,430)	-	(3,430)
Total accumulated depreciation	-	(3,430)	-	(3,430)
Total historical cost, net	\$ -	\$ 44,596	\$ -	\$ 44,596

Onondaga Civic Development Corporation

Notes to Financial Statements

3. Investments

The Corporation has a written investment policy. This investment policy allows the Corporation to invest in a variety of appropriate investment vehicles, including but not limited to special time deposits, certificates of deposits, obligations of the United States of America, obligations guaranteed by agencies of the United States of America and obligations of the State of New York. All investments held on behalf of the Corporation shall be held in the custody of a bank or trust company and shall be held pursuant to a written custodial agreement. As of December 31, 2011 and 2010, all of the assets of the Corporation are invested within either a general checking account or a money market account which are considered cash and cash equivalents for financial statement reporting.

The Corporation has adopted the Financial Accounting Standards Board Accounting Standards Codification Topic 820 (ASC 820), which requires enhanced disclosures about financial instruments carried at fair value. Although not considered investments, all cash and cash equivalents are stated at fair value and are considered “level one” inputs, which is defined by ASC 820 hierarchy as financial instruments whose fair values are based upon quoted market prices reported on the last day of the fiscal year.

Fair Value Measurement

In accordance with the FASB ASC Topic 820 which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

- Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access. All cash and cash equivalents are considered level 1 for financial reporting purposes.
- Level 2** Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Onondaga Civic Development Corporation

Notes to Financial Statements

3. Investments (continued)

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

While the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

4. Conduit Debt Obligations

OCDC has the ability to issue bonds which are deemed to be limited obligations of the Corporation. These bonds are considered to be limited obligations as the payments for such bonds are pledged from a source outside the Corporation which has the obligation to pay the principal and interest of such bonds. These bonds are paid solely from the net revenues and other funds of the Corporation pledged under terms of each individual bond indenture agreement. Since the Corporation does not have any obligation to repay the principal and interest of such bonds, the bonds are not reflected on the statement of net assets as long-term debt. As of December 31, 2011 and 2010, the Corporation has issued bonds with an aggregate principal amount outstanding of \$151,950,000 and \$119,950,000, respectively.

5. Related Party Transactions

The Corporation has entered into an agreement with Onondaga County to provide staffing and other support costs for all of the Corporation's activities. The contract totaled \$81,495 and \$75,000 in 2011 and 2010, respectively. This contract is all-inclusive for employee salaries and related fringe benefits, as such no salaries or benefits are recorded individually on the financial statements of the Corporation. Under terms of the contract, Onondaga County is the legally responsible entity to make such fringe benefit and salary payments. It is expected that Onondaga County will renew such contract for fiscal year 2012.

6. Lease Commitments

The Corporation entered into an agreement leasing office space in June 2011. The terms of the lease require monthly payments of \$10,004. The lease agreement expires June 2021 with the option to extend the term for two successive periods of five years each. The first renewal term requires monthly payments of \$10,421 while the second renewal term requires monthly payments of \$10,838. The Corporation must exercise its option to renew at least 12 months prior to the expiration of the current lease term. Rent expense was approximately \$66,000 as of December 31, 2011.

Onondaga Civic Development Corporation

Notes to Financial Statements

6. Lease Commitments (continued)

Total future minimum lease commitments are as follows:

Year ending December 31,	Amount
2012	\$ 120,048
2013	120,048
2014	120,048
2015	120,048
2016	120,048
Thereafter	540,216
Total	<u>\$ 1,140,456</u>

The Corporation has a one-time option to terminate the lease as of the end of the 5th through 9th year of the lease term. The Corporation may elect this one-time option by notifying the lessor 6 months prior to the effective termination date and by paying a termination fee of \$106,125 at the time of the election. The above minimum lease commitment schedule assumes the Corporation will not elect the option to terminate the lease early.

7. Subsequent Events

In preparing financial statements, management of the Corporation has evaluated events and transactions for potential recognition or disclosure through February 16, 2012, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.