

Annual Report 2006



Matthew T. Ryan, Mayor
Merry Harris, Executive Director

BLDC

Binghamton Local Development Corporation

September 20, 2007

I am pleased to present the 2006 Annual Report of the Binghamton Local Development Corporation, which highlights the activities of the Corporation in the 2006 calendar year.

The BLDC experienced a renaissance year. The Board of Directors and members recommended by Mayor Matthew T. Ryan blended years of experience and fresh new perspectives to produce an energized, dynamic organization. Attendance – and active participation - at meetings was exceptional by all accounts. I congratulate the members on their many achievements during the year.

An ad hoc Strategic Priorities committee undertook a complete review of all loan programs in the context of the current market and the economic climate in the City. The Board adopted the recommendations for new program guidelines aimed at replenishing loan funds while meeting fundamental needs.

The Governance Committee implemented the NYS Public Authorities Accountability Act of 2005, including attendance by Directors at required training to assure that they were well versed in their responsibilities. The committee sponsored a member retreat resulting in an updated mission including a commitment to “sustainable” development and an enriched understanding of the purpose and potential of the BLDC.

An Outreach Committee was formed to market the BLDC more broadly and effectively and to support the staff communications program.

The Loan Committee conducted a thorough review and analysis of each application. A special acknowledgement goes to Loan Committee Chair Deb Andrako, who provided exceptional support to the Board and staff during the transition in the Financial Analyst position.

All these efforts resulted in approval of twelve loans for a total of \$625,518. (Borrowers for two of the loans totaling \$32,000 subsequently withdrew their requests). The ten completed loans leveraged \$556,337 in private investment for a total economic impact of \$1,149,855. Four of these loans, two from the Revolving Fund and two from the Microenterprise program, used Community Development Block Grant (CDBG) monies. The \$271,331 loaned will require the creation of nine jobs within the next three years. Six Commercial Façade Improvement loans totaling \$512,331 improved the curb appeal and marketability of key properties in the downtown, east and west Binghamton commercial districts.

A Partner in the Greater Binghamton Coalition

4th Floor, City Hall, 38 Hawley Street, Binghamton, New York 13902-3776 607-772-7161

Merry Harris, Executive Director maharris@cityofbinghamton.com

The BLDC saw staff changes with the resignation of Economic Development Specialist – Financial Analyst Leslie Buell in June and the hiring of BU class of '06 graduate Philip Grommet in November. Phil has proved to be a great addition to the competent staff of the BLDC and Economic Development Office.

In November, City Council renewed the contract with the BLDC to perform economic development activities and operate the loan programs for the City for one year.

Promotion of the BLDC loan programs occurs in the context of location and siting assistance and participation in a variety of community promotion activities by the staff directly and via the website. The loan program is an important tool to attract and retain City and regional business while meeting the HUD objectives of creating new and improved job opportunities for people of low to moderate income.

Throughout the year the Executive Director participated in the Greater Binghamton Coalition's efforts to market the region in a unified, accessible manner. The GBC introduced a "virtual portal" website providing interested investors with a one-stop entrance to all the economic development programs available in Broome and Tioga Counties. While the BLDC has not relocated to the physical one-stop center housed with the Greater Binghamton Chamber in Metro Center, staff is just a call or e-mail away for immediate response to potential opportunities.

I remain awed by the quality of involvement and interest expressed by the BLDC members and directors. Thank you for the inspiration. My thanks too, to the BLDC-BEDO staff, Joel Boyd, Assistant Director, Maryellen Mauro, Economic Development Specialist – Business Development and Phil Grommet, Economic Development Specialist – Financial Analysis, for their dedication, innovation and good nature in keeping up with the welcome demands of the office and the intensity of the Executive Director.

With your continued support and that of Mayor Ryan, Corporation Counsel and the Department of Planning, Housing and Community Development, the BLDC staff looks forward to another year of promise and opportunity in the City of Binghamton.

Sincerely,

A handwritten signature in cursive script, appearing to read "Merry A. Harris".

Merry A. Harris, Executive Director
Binghamton Local Development Corporation

BINGHAMTON LOCAL DEVELOPMENT CORPORATION

**BOARD OF DIRECTORS AND MEMBERS
2006**

President	Timothy Grippen, <i>Opportunities for Broome Director</i>
Vice-President	Ron Sall, <i>Community Leader(3/06-8/06)</i>
Vice-President	Debra Andrako – NBT Bank (10/07- <i>present</i>)
Secretary	Beverly Majka, <i>Community Leader (3/06-9/06)</i>
Secretary	Don Bergin, <i>Community Leader (10/06- present)</i>
Treasurer	Nathaalie Maxwell, <i>Broome County Budget Director</i>
Director	Tarik Abdelazim, <i>Executive Assistant to the Mayor</i>
Director	Matthew Ryan <i>Mayor</i>
Director	Peter Newman, <i>M & T Bank</i>
Director	Jim Dessauer, <i>City of Binghamton Director of Planning, Housing & Community Development (7/06-present)</i>
Director	Mike Atchie, <i>Acting Director PHCD (3/06-7/06)</i>
Director	Patricia Cummings, <i>Lawyer</i>
Director	Ken Frank, <i>City of Binghamton Corporation Counsel</i>
Director	Chris Papastrat, <i>City Council Representative</i>
Director	Anthony Massar, <i>City Council Representative</i>
Director	Beverly Palmer, <i>City Comptroller</i>
Member	Sylvia Kerber, <i>Community Leader</i>
Member	Ron Sall, <i>Community Leader (8/06-present)</i>
Member	Lea Webb, <i>Community Leader</i>
Member	John Patterson, <i>Community Leader</i>
Member	Beverly Majka, <i>Community Leader (9/06-present)</i>

ADMINISTRATIVE STAFF

Office of Economic Development

Executive Director	Merry Harris
Assistant Director	Joel Boyd
Financial Analyst	Lesley Buell (left 6/06)
Financial Analyst	Philip Grommet (start 11/06)
Economic Dev. Specialist	Mary Ellen Mauro

LOAN COMMITTEE

NBT Bank	Debra Andrako
Corporation Counsel	Ken Frank
Director of Finance	Beverly Palmer
Br. Co. Budget Director	Nathaalie Maxwell
Opportunity For Broome	Timothy Grippen
Asst. Director of Planning, Housing & Community Development	Mike Atchie

ACTIVITY REPORT OF THE BLDC IN 2006



The Binghamton Local Development Corporation was founded in 1982 to promote and assist in the

establishment, growth and development of businesses in the City of Binghamton. The purpose of the BLDC is to encourage the location and expansion of manufacturing, commercial service, and professional firms, which will create, job opportunities for Binghamton residents.

The Mission of the Binghamton Local Development Corporation is to further sustainable development in the City of Binghamton by attracting new business, retaining and growing established business, building industrial and commercial capacity and promoting employment.

The BLDC loan program includes the Revolving and Microenterprise Loan Program Funds supported by Community Development Block Grant (CDBG) funds and the Commercial Façade Improvement Loan Program and Special Projects Funds, supported by the Urban Development Action Grant (UDAG) repayments.

In 2006 an ad hoc committee of the BLDC members conducted a complete review of the loan programs in the context of City development opportunities. The Board adopted the committee's recommendations for modification and improvement of the loan program guidelines in January 2007.

BLDC Supported Economic Development Projects – 2006

Cheryl Sunness Events, Inc.

60 Oak Street, Binghamton

Revolving and Façade Improvement



On May 18, 2006, the Board of Directors of the BLDC approved a Revolving Fund Loan to Cheryl Sunness sole proprietor of Cheryl Sunness Events dba Sixty Oak, in the amount of twenty four thousand seventeen dollars (\$24,017.00) in order to assist in the renovation costs and purchase of furniture, fixtures and equipment for her new business to be located at 60 Oak Street.

Cheryl Sunness purchased Najla's catering business to complement and cultivate an existing small business in event management. Web distributorship of the Gone Chunky cookie line to the local market was part of the acquisition. Cheryl Sunness Events provides a variety of special event resources including catering gourmet and ethnic cuisine, custom invitations and fine stationary as well as event planning and design. Approximately 20% of the existing business is in kosher catering and Ms. Sunness is currently the only caterer allowed to work in every kosher venue in the local market.

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The Board of Directors of the BLDC also approved a Commercial Façade Improvement Loan of \$4,416.00 from Cheryl Sunness of Cheryl Sunness Events dba Sixty Oak, for her commercial property on the corner of Oak and Leroy Streets. Improvements to the exterior of the building have added to the curb appeal of the busy neighborhood.



Bearcats Development Group, LLC
73-75 State Street, Binghamton

**Revolving and
Commercial Façade Improvement**



On June 15, 2006, the Board of Directors of the BLDC approved a Revolving Fund Loan of \$213,314.00 to Monarco J. DiFrancesco and Drew C. Peters of Bearcats Development Group, LLC to assist with the renovation and purchase of furniture, fixtures and equipment for the expansion of the successful Dillinger's lounge to a restaurant at 73-77 State Street. Along with the restaurant, wine bar, a stage for entertainment, and a canopied outdoor dining area have been added. The owners have a forty year combined experience in the food and beverage

business. In addition, Mr. DiFrancesco has decades of experience in high-end development and construction.



The Board of the BLDC also approved a Façade Loan for \$100,000.00 to Monarco J. DiFrancesco and Drew C. Peters of Bearcats Development Group, LLC for their commercial property and buildings located at 73-75 State Street.

The façade project produced a dramatic boost to the near corner property improving the marketability and streetscape.

Rebecca Gennett/Loftiness, LLC
72-74 Carroll Street, Binghamton

Commercial Façade Improvement



On May 4, 2006, the BLDC Board approved a Façade Loan for \$18,675.00 to Rebecca B. Gennett of Loftiness, LLC, for her commercial property and building located at 74 Carroll Street.

The historic property, a former City fire station, houses the Know Theater and upper story residential lofts.

Tom & Antoinette Dunn
76, 80 Robinson Street, Binghamton

Commercial Façade Improvement



On Thursday, June 1, 2006, the Board of directors of the BLDC approved a Façade Loan for \$24,366.00 to Thomas R. and Antoinette W. Dunn of Dunn Electric Supply Co., Inc., for their commercial property and building located at 76 and 80 Robinson Street.

Exterior improvements to this property removed a burned out building and helped to enhance one of the City's gateway corridors.

Wisteria House, LLC
51 Main Street

Commercial Façade Improvement



On Thursday, June 15, 2006, the Board of the BLDC approved a Façade Loan for \$100,000.00 for Wisteria House, LLC/Kelly Wagstaff for the commercial property and building located at 51 Main Street.

The project preserved an historic structure and improved the appearance and marketability of the property on the highly

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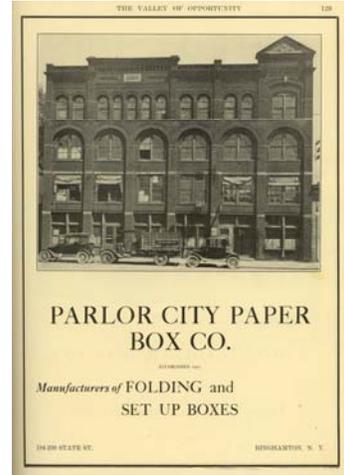
trafficked corner of Main and Oak Streets. Restoration of the exterior to its original character helped to rehabilitate a structure that was deteriorating and relieved its negative impact on the surrounding neighborhood.

Tom Haines Rental, LLC

196-200 State Street, Binghamton

On Tuesday, July 18, 2006 the Board of the BLDC approved a \$75,000.00 Façade loan to Thomas C. Haines for his commercial property and building located at 196-200 State Street.

The work preserves the building and paves the way for additional energy efficiency and aesthetic enhancements such as the installation of second story French windows. This is a significant property in an improving commercial district. It now houses The Night Eagle Café, a musical venue of national reputation and the Box Factory art gallery.



Judith Osburn d/b/a Osburn Law Office

133 Main Street, Binghamton

On May 4, 2006, the Board of the BLDC approved a \$20,000.00 Microenterprise loan to Judith Osburn d/b/a Osburn Law Office to assist in the equipment purchase, signage, advertising and operating capital expenses for her new business, Osburn Law Office, to be located at 133 Main Street.

Ms. Osburn has been practicing law since 1994 and recently set up her individual practice.

Microenterprise



Steve Shaffer d/b/a Pepe's

141 Washington Street, Binghamton



Microenterprise

On June 15, 2006, the Board of the BLDC approved a \$14,000.00 Microenterprise loan to Steven Shaffer of Pepe's BBQ to assist in the electrical and plumbing work, as well as, equipment expenses for relocation of Pepe's from 142 to 141 Washington Street.

Additional Activities

Business Visitation Program

In 2006, the BLDC continued the Business Visitation Program. This program provides the BLDC with the opportunity to learn about a firm's products and services, level of satisfaction with City services, and the various programs of the BLDC. Through our growing awareness of these businesses' products and services, we are able to promote their services to other businesses in the City of Binghamton and surrounding areas.

The BLDC also has been in touch with hundreds of prospective businesses over the past year. Through outreach to businesses in other cities and states the BLDC has brought dozens of businesses into the City. This outreach includes marketing vacant properties in the City and encouraging these businesses to take advantage of our low interest loan programs.

Fund Administration

The staff of the Office of Economic Development continues to administer the funds of the BLDC as well as City of Binghamton loans and Interim or Float Loans. The audit of the financial statements for the year ended on August 31, 2006. Piaker & Lyons issued a satisfactory opinion. Included in the administration function is maintaining an accurate record of operations such as receivables/expenditures, loan repayments, banking and monthly accounting. The Economic Development department has transferred bookkeeping to Quickbooks 2007 to maintain records more easily and accurately. The administration function also includes documentation and monitoring of insurance coverage, UCC continuations, and documentation of job creation/retention. Monthly reports are made to the BLDC Board of Directors who are responsible for protecting the integrity of the loan portfolio.

Broome County Empire Zone

In 2006, the BLDC again served as the grant administrator for the Broome County Empire Zone. The Empire Zones Program offers many powerful incentives from New York State in an effort to attract and encourage businesses to invest and create jobs in the state's most distressed areas, particularly, aging urban cores. The BLDC staff members contribute in-kind services to the Broome County Empire Zone office, which is funded by Empire State Development as well as local member municipalities. The Empire Zones Program has been an integral component to the rehabilitation of many of the City's abandoned, vacant and in-rem properties. The incentives of the Empire Zone continue to assist in raising interest and leveraging private investment in the City. During the past year six Binghamton businesses were certified. The total number of City businesses that are Empire Zone certified is 130.

Broome Enterprise Triad

In 2006, the BLDC resumed being the grant administrator for the New York State Entrepreneurial Assistance Program of Empire State Development Corporation. The prime contractor for this program is the Broome Enterprise Triad consisting of Broome Community College, The Broome County Urban League and the Broome-Tioga Workforce Development System. The Entrepreneurial Assistance Program provides general entrepreneurial training classes conducted by business faculty at Broome Community College and community volunteers to cover a range of topics including marketing, finance, and market analysis which results in a completed business plan. The program provides individualized and specific assistance to newly opened businesses, providing follow-up support.

Special Events

The BLDC and Office of Economic Development continued its assistance and participation in the **Columbus Day Parade** and **Italian Festival** in October. The office staff complemented the efforts of the Downtown Binghamton Business Association (DBBA) in organizing these annual downtown events. In addition, BEDO-BLDC supported the Gorgeous Washington Street Association's monthly **First Friday** events, the weekly Farmers' Market, Chris Thater Memorial Races and many other promotional events and activities.

Officers:
James J. Lewis, CPA/ABV, CVA*
Alan D. Piaker, CPA
Ronald L. Simons, CPA
Roy E. Fuller, CPA
John R. May, CPA*
Angelo J. Gallo, CPA
Richard A. Lynch, CPA

Principals:
Amy E. Brown, CPA**
Jansen E. Sutryk, CPA*
Sally J. Fulls, CPA

Members of:
American Institute of Certified Public Accountants
New York State Society of Certified Public Accountants



Piaker & Lyons
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Philip M. Piaker, CPA
(1921-2003)
Abraham L. Piaker, CPA
(1925-2005)

Of Counsel:
Alan R. Lyons, CPA
Kenneth L. Coleman, CPA

*Also Licensed in Pennsylvania
**Also Licensed in Maryland

Also Member of:
National Association of Certified Valuation Analysts

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Binghamton Local Development Corporation
Binghamton, New York

We have audited the accompanying statement of financial position of BINGHAMTON LOCAL DEVELOPMENT CORPORATION (a non-profit organization), a component unit of the City of Binghamton, as of August 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Binghamton Local Development Corporation as of August 31, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. We have previously examined the financial statements for the year ended August 31, 2005, on which we expressed an unqualified opinion. The data from that report has been included for the purpose of comparison.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 22, 2007, on our consideration of Binghamton Local Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or 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.

Piaker & Lyons, P.C.
PIAKER & LYONS, P.C.

Binghamton, New York
May 22, 2007

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2006
WITH COMPARATIVE TOTALS FOR 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2006</u>	<u>2005</u>
Current Assets				
Cash and Cash Equivalents	\$ 4,472	\$ 1,579,209	\$ 1,583,681	\$ 1,383,697
Current Portion of Loans Receivable	-	338,562	338,562	358,626
Total Current Assets	4,472	1,917,771	1,922,243	1,742,323
Loans Receivable, Net of Current Portion Less Allowance for Uncollectibles of \$254,000 in 2006 and 2005		972,233	972,233	1,387,731
Land		68,000	68,000	68,000
TOTAL ASSETS	\$ 4,472	\$ 2,958,004	\$ 2,962,476	\$ 3,198,054
Current Liabilities:				
Accounts Payable	\$ -	\$ 3,089	\$ 3,089	\$ 2,731
Total Liabilities	-	3,089	3,089	2,731
Net Assets:				
Unrestricted	4,472	-	4,472	2,634
Temporarily Restricted	-	2,954,915	2,954,915	3,192,689
Total Net Assets	4,472	2,954,915	2,959,387	3,195,323
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,472	 \$ 2,958,004	 \$ 2,962,476	 \$ 3,198,054

See the accompanying notes to financial statements.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2006
WITH COMPARATIVE TOTALS FOR 2005

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2006</u>	<u>2005</u>
Support and Revenue				
Donations	\$ 6,650	\$ -	\$ 6,650	\$ 6,200
City of Binghamton Grant				
UDAG Repayments		<u>99,842</u>	<u>99,842</u>	<u>97,605</u>
Interest Income				
CDBG Loan Interest		52,201	52,201	63,488
UDAG Loan Interest	-	16,243	16,243	20,899
Other Interest Income	<u>12</u>	<u>2,833</u>	<u>2,845</u>	<u>1,052</u>
Total Interest Income	<u>12</u>	<u>71,277</u>	<u>71,289</u>	<u>85,439</u>
Other Grants				
City of Binghamton - UDAG		-	-	2,190,000
Empire Zone		33,357	33,357	57,485
Other Revenue				
Application, Closing and Administrative Fees	1,734	4,093	5,827	2,229
Partnership Investment Gain (Loss) - Bing Realty Co.	-	-	-	(2,186,270)
Penalties Collected		<u>872</u>	<u>872</u>	<u>1,042</u>
Total Other Grants and Revenue	<u>1,734</u>	<u>38,322</u>	<u>40,056</u>	<u>64,486</u>
Net Assets Released From Restrictions	<u>447,215</u>	<u>(447,215)</u>		
Total Support and Other Revenue	<u>\$ 455,611</u>	<u>\$ (237,774)</u>	<u>\$ 217,837</u>	<u>\$ 253,730</u>

See the accompanying notes to financial statements.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2006
WITH COMPARATIVE TOTALS FOR 2005

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2006</u>	<u>2005</u>
Expenditures				
City of Binghamton Grant - Section 108 Loan				
Payment - Community Development Block Grant	\$ 143,864	\$ -	\$ 143,864	\$ 149,867
Facilities, Personnel, Materials and Supplies -				
Community Development Block Grant	244,905		244,905	268,701
Empire Zone Program Expenses	33,357		33,357	57,499
Promotional Expense	6,141		6,141	7,676
Miscellaneous	586		586	446
Local Meetings	106		106	30
Façade Grants	<u>24,814</u>		<u>24,814</u>	
Total Expenditures	<u>453,773</u>		<u>453,773</u>	<u>484,219</u>
Change in Net Assets	1,838	(237,774)	(235,936)	(230,489)
Net Assets - Beginning	<u>2,634</u>	<u>3,192,689</u>	<u>3,195,323</u>	<u>3,425,812</u>
Net Assets - Ending	<u>\$ 4,472</u>	<u>\$ 2,954,915</u>	<u>\$ 2,959,387</u>	<u>\$ 3,195,323</u>

See the accompanying notes to financial statements.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (235,936)	\$ (230,489)
Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operating Activities:		
Gain from Partnership Investment	-	(3,730)
Charge for Uncollectible Loans, Interest, and Satisfaction of Loan Requirements	24,814	
Changes in Operating Assets and Liabilities:		
Due To BURA		(26,000)
Accounts and Other Receivables	-	2,674
Accounts Payable	358	(132)
 Net Cash Used In Operating Activities	 <u>(210,764)</u>	 <u>(257,677)</u>
Cash Flows From Investing Activities:		
Principal Repayments on Loans Receivable	470,838	572,029
Loans Funded	<u>(60,090)</u>	<u>(126,132)</u>
 Net Cash Provided By Investing Activities	 <u>410,748</u>	 <u>445,897</u>
 Net Increase in Cash and Cash Equivalents	 199,984	 188,220
 Cash and Cash Equivalents at Beginning of Year	 <u>1,383,697</u>	 <u>1,195,477</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 1,583,681</u>	 <u>\$ 1,383,697</u>

Supplemental Disclosure of Non-Cash Operating Activities:

1. During the year ended August 31, 2006, Binghamton Associates Inc. satisfied the loan agreement requirements and hence, the loan became a grant and was forgiven.

	<u>\$ 24,814</u>	<u>\$</u>
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2. During the year ended August 31, 2005, the partnership that the Corporation had an investment in was dissolved. The result was that the \$2,190,000 loan from the City of Binghamton's UDAG became a grant and was shown as grant revenue. In addition the capital contribution to the partnership had no value upon dissolution.

	<u>\$ -</u>	<u>\$ 2,190,000</u>
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	<u>\$ -</u>	<u>\$ (2,190,000)</u>
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See the accompanying notes to financial statements.