



Friday, October 18, 2013
21 Lodge Street 9:00 a.m.

CAPITALIZE ALBANY
CORPORATION

Capitalize Albany Corporation
Finance and Investment Committee Meeting
Agenda

1. Review of the Minutes from the Finance & Investment Committee Meeting of September 20, 2013
2. 2014 Proposed Budget
3. Quarterly Financial Report

Draft not approved

**Capitalize Albany Corporation Finance & Investment Committee Meeting
MINUTES
September 20, 2013**

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 9:00 a.m., Friday, September 20, 2013 at 21 Lodge.

The following were in attendance:

Committee Members:

Anders Tomson

John Harris

Jeff Sperry

Other:

Staff:

Michael Yevoli, Erik Smith, Sarah Reginelli, Katie Bronson, Mark Opalka and Amy Gardner.

The regular meeting of the Capitalize Albany Corporation Finance & Investment Committee was called to order at 9:05 a.m.

Approval of Minutes for August 23, 2013 Finance & Investment Committee Meeting

The Committee reviewed the minutes of the August 23, 2013 meeting. John Harris made a motion for approval. Jeff Sperry seconded. The Committee agreed unanimously to approve the minutes.

Blight-to-Betterment discussion

Staff reviewed the proposed program with the Committee. The program will target properties that are vacant and assessed to have the highest impact on the revitalization of surrounding communities. The proposed funding sources for the program and the proposed funding guidelines for selected projects were discussed. Staff advised the Committee that the guidelines for funding the projects were very similar to those used in the Main Street grant program. Projects would be selected utilizing a pre-application or Request for Proposal (RFP) process. Staff walked the Committee through a project that could utilize the proposed program to demonstrate how the program would work. Staff advised the Committee that the Blight-to-Betterment Program would be used as a strategic tool along with pre-existing programs to revitalize neighborhoods and work towards eradicating blight. Having the Corporation provide construction funding for selected projects was reviewed. It was agreed that a potential loan program would be reconsidered after the program had been implemented and evaluated. The definition of blight was discussed. Staff advised the Committee that the definition being used for vacant properties was derived from the City code.

Draft not approved

60 State Place LLC

Staff reviewed the project with the Committee. Staff advised the Committee that asbestos abatement significantly increased the total cost of the project. The Community benefit of the project was discussed. A pre-loan application has been completed and the Applicant is requesting a loan. The Committee requested that staff continue their analysis of the project and provide more information for review at a future Committee meeting.

Other Business

None

There being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 11:10a.m.

Capitalize Albany Corporation
Proposed 2014 Budget Summary

Category	2013 Budget	2013 Projected	Variance 2013 Projected v. 2013 Budget	2014 Budget	Variance	
					2013 Budget v. 2014 Budget - \$	2013 Budget v. 2014 Budget - %
General Economic and Community Development Support Income	\$ 492,800	\$ 492,800	\$ -	\$ 527,800	\$ 35,000	7.10%
Real Estate Income	356,901	378,333	21,432	381,120	24,219	6.79%
Professional Service Agreement Income	344,220	250,000	(94,220)	300,000	(44,220)	-12.85%
Lending Income	153,314	115,630	(37,684)	124,006	(29,308)	-19.12%
Direct Financing Lease Income	137,820	128,744	(9,075)	115,488	(22,331)	-16.20%
Investment & Interest Income	63,209	99,247	36,038	99,104	35,895	56.79%
Membership & Event Support	40,000	39,885	(115)	37,500	(2,500)	-6.25%
	\$ 1,588,264	\$ 1,504,638	\$ (83,626)	\$ 1,585,019	\$ (3,245)	-0.20%

Category	2013 Budget	2013 Projected	Variance 2013 Projected v. 2013 Budget	2014 Budget	Variance	
					2013 Budget v. 2014 Budget - \$	2013 Budget v. 2014 Budget - %
Salary & Benefits	\$ 689,000	\$ 616,857	\$ (72,143)	\$ 726,855	\$ 37,855	5.49%
Professional Fees	316,032	336,086	20,053	333,748	17,716	5.61%
Administration Expenses	136,709	135,149	(1,560)	106,644	(30,065)	-21.99%
Interest Expense	92,202	86,835	(5,366)	76,255	(15,946)	-17.29%
Real Estate Expenses	34,647	42,741	8,094	51,065	16,418	47.39%
Occupancy Expense	39,713	38,995	(717)	40,760	1,047	2.64%
Membership & Event Expense	29,795	18,745	(11,050)	18,875	(10,920)	-36.65%
Bad Debt (Recovery)	-	(25,500)	(25,500)	-	-	100.00%
	\$ 1,338,098	\$ 1,249,909	\$ (88,189)	\$ 1,354,203	\$ 16,105	1.20%

Net Income/Loss Before Depreciation and Program Activity	\$ 250,166	\$ 254,730	\$ (4,563)	\$ 230,816	\$ (19,350)	-7.73%
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Depreciation	219,807	207,228	(12,579)	212,714	(7,093)	-3.23%
Net Income/Loss after Depreciation	\$ 30,359	\$ 47,501	\$ (17,142)	\$ 18,102	\$ (12,257)	-40.37%

Program Activity	2013 Budget	2013 Projected	Variance 2013 Projected v. 2013 Budget	2014 Budget	Variance	
					2013 Budget v. 2014 Budget - \$	2013 Budget v. 2014 Budget - %
<i>Program Revenue</i>						
Blight to Betterment		-		200,000	200,000	100.00%
Downtown Tactical Plan	125,000	174,072	49,072	155,428	30,428	24.34%
New York Main Street		171,000	171,000		-	100.00%
<i>Program Expenses</i>						
Blight to Betterment	(250,000)		250,000	(200,000)	50,000	-20.00%
Downtown Tactical Plan		(187,990)	(187,990)	(393,410)	(393,410)	100.00%
New York Main Street	-	(162,500)	(162,500)	-	-	100.00%
Net Income (Loss) from Program Activity	\$ (125,000)	\$ (5,417)	\$ 119,583	\$ (237,982)	\$ (112,982)	90.39%

Net Income(Loss) after Depreciation and Program Activity	\$ (94,641)	\$ 42,084	\$ 136,725	\$ (219,880)	\$ (125,239)	132.33%
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Capitalize Albany Corporation
Proposed 2014 Budget

	2012 Actual	2013 Budget	2013 Projected	2014 Budget	Variances					
					2013 Projected V. 2013 Budget		2014 Budget V. 2013 Budget		2014 Budget V. 2013 Projected	
					\$	%	\$	%	\$	%
REVENUE										
<i>General Economic and Community Development Support Income</i>										
CAIDA	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ -		\$ -		\$ -	
ACDA	170,000.00	170,000.00	170,000.00	205,000.00	-		35,000		35,000	
Renaissance Support	42,900.00	42,900.00	42,900.00	42,900.00	-		-		-	
CHF - Redevelopment Support	29,900.00	29,900.00	29,900.00	29,900.00	-		-		-	
Total Support Income	\$ 492,800.00	\$ 492,800.00	\$ 492,800.00	\$ 527,800.00	\$ -	0.00%	\$ 35,000	7.10%	\$ 35,000	100.00%
<i>Real Estate Income</i>										
Leases										
677 Broadway	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ -		\$ -		-	
Quakenbush House	31,200.00	31,200.00	31,200.00	31,980.00	-		780.00		780	
Riverfront Bar & Grill	7,210.00	11,176.30	13,115.16	11,399.04	1,938.86		222.74		(1,716)	
Port of Albany	149,095.74	150,600.00	148,682.16	149,605.00	(1,917.84)		(995.00)		923	
245 Lark Street	-	-	20,600.00	23,400.00	20,600.00		23,400.00		2,800	
174 North Pearl Street	-	-	-	-	-		-		-	
Licenses										
Albany Convention Center Authority- 10 Dallius Street	46,425.00	46,425.00	47,235.58	47,236.44	810.58		811.44		1	
Albany Parking Authority - Quakenbush Lot	37,500.00	37,500.00	37,500.00	37,500.00	-		-		-	
Gain on Sale of Property	-	-	-	-	-		-		-	
Total Real Estate Income	\$ 351,430.74	\$ 356,901.30	\$ 378,332.90	\$ 381,120.48	\$ 21,432	6.00%	\$ (24,219)	-6.79%	\$ 2,788	0.74%
<i>Professional Service Agreement Income</i>										
CAIDA	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 300,000.00	\$ -		\$ 50,000.00		\$ 50,000.00	
ACDA	-	94,220.00	-	-	(94,220)		(94,220)		-	
Total Professional Service Agreement Income	\$ 250,000.00	\$ 344,220.00	\$ 250,000.00	\$ 300,000.00	\$ (94,220)	-27.37%	\$ (44,220)	-12.85%	\$ 50,000	20.00%
<i>Lending Income</i>										
Interest										
CDBG	\$ 2,599.90	\$ 2,474.00	\$ 2,973.64	\$ 2,098.30	\$ 500		\$ (376)		\$ (875)	
CAC Miscellaneous	84,858.66	104,806.00	73,856.88	79,264.67	(30,949.12)		(25,541.33)		5,407.79	
Ten Broeck	3,977.75	3,876.00	4,426.29	3,876.40	550.29		0.40		(549.89)	
Fees										
Commitment Fees	4,000.00	5,000.00	-	3,500.00	(5,000.00)		(1,500.00)		3,500.00	
Legal Fees	4,325.00	2,500.00	-	2,500.00	(2,500.00)		-		2,500.00	
Enterprise Comm Admin Cost Allowance	33,837.03	33,908.00	33,392.76	31,767.00	(515.24)		(2,141.00)		(1,625.76)	
Late Fees	1,483.86	750.00	980.62	1,000.00	230.62		250.00		19.38	
Total Lending Income	\$ 135,082.20	\$ 153,314.00	\$ 115,630.19	\$ 124,006.37	\$ (37,684)	-24.58%	\$ (29,308)	-19.12%	\$ 8,376	7.24%
<i>Direct Financing Lease Income</i>										
2004 Port Warehouse	\$ 42,508.58	\$ 39,641.53	\$ 39,641.53	\$ 37,047.49	\$ -		\$ (2,594.04)		\$ (2,594)	
200 Henry Johnson Blvd.	93,952.37	82,497.89	82,497.89	75,033.35	-		(7,465)		(7,465)	
170 Henry Johnson Blvd	5,487.44	3,840.63	4,481.17	3,407.46	640.54		(433.17)		(1,073.71)	
245 Lark Street	14,548.78	11,839.47	2,123.51	-	(9,715.96)		(11,839)		(2,124)	
Total Direct Financing Lease Income	\$ 156,497.17	\$ 137,819.52	\$ 128,744.10	\$ 115,488.30	\$ (9,075)	-6.59%	\$ (22,331)	-16.20%	\$ (13,256)	-10.30%
<i>Investment & Interest Income</i>										
Investment Income										
Gain/Loss on Sale/Disposal of Investments	\$ 10,474.13	\$ -	\$ 1,975.18	\$ -	\$ 1,975		\$ -		\$ (1,975)	
Interest and Dividends - Fidelity	70,240.99	57,065.00	82,208.47	94,151.00	25,143.47		37,086		11,943	
Change in FV Mkt Adj on Fidelity Investments	31,874.56	-	8,980.58	-	8,980.58		-		(8,981)	
Interest Income										
Key Bank	315.48	24.00	61.60	61.00	37.60		37		(1)	
First Niagara Bank	7,581.86	6,120.00	5,997.95	4,869.00	(122.05)		(1,251)		(1,129)	
Fidelity Cash Account	17.11	-	22.72	23.00	22.72		23		0	
Other interest	7.85	-	-	-	-		-		-	
Total Investment and Interest Income	\$ 120,511.98	\$ 63,209.00	\$ 99,246.50	\$ 99,104.00	\$ 36,038	57.01%	\$ 35,895	56.79%	\$ (143)	0.00%
<i>Membership & Event Support</i>										
Membership Fees	\$ 2,700.00	\$ 20,000.00	\$ 24,875.00	\$ 27,500.00	\$ 4,875.00		\$ 7,500.00		2,625	
Sponsorship Revenue	11,500.00	20,000.00	8,500.00	10,000.00	(11,500)		(10,000)		1,500	
Miscellaneous	21.25	-	6,509.51	-	6,510		-		(6,510)	
Total Membership & Event Support	\$ 14,221.25	\$ 40,000.00	\$ 39,884.51	\$ 37,500.00	\$ (115)	-0.29%	\$ (2,500)	-6.25%	\$ (2,385)	-5.98%
TOTAL REVENUE	\$ 1,520,543.34	\$ 1,588,263.82	\$ 1,504,638.20	\$ 1,585,019.15	\$ (83,626)	-5.27%	\$ (3,245)	-0.20%	\$ 80,381	5.34%

Capitalize Albany Corporation
Proposed 2014 Budget

	2012 Actual	2013 Budget	2013 Projected	2014 Budget	Variances					
					2013 Projected V. 2013 Budget		2014 Budget V. 2013 Budget		2014 Budget V. 2013 Projected	
					\$	%	\$	%	\$	%
EXPENSES										
<u>Salary & Benefits</u>										
Salaries	\$ 396,822.46	\$ 551,000.00	\$ 495,787.44	\$ 566,719.00	\$ (55,213)		\$ 15,719		\$ 70,932	
Fringe Benefits	111,704.62	138,000.00	121,070.05	160,136.00	(16,930)		22,136		39,066	
Total Salary & Benefits	\$ 508,527.08	\$ 689,000.00	\$ 616,857.49	\$ 726,855.00	\$ (72,143)	-10.47%	\$ 37,855	5.49%	\$ 109,998	17.83%
<u>Professional Fees</u>										
Legal	\$ 58,068.94	\$ 55,000.00	\$ 52,095.44	\$ 48,000.00	\$ (2,904.56)		\$ (7,000.00)		(4,095)	
Accounting	45,437.50	70,000.00	86,841.25	87,600.00	16,841		17,600		759	
ITS Contract	9,935.00	9,300.00	10,786.25	10,787.00	1,486		1,487		1	
Usherwood Contract	3,923.85	4,124.00	5,954.27	5,398.00	1,830		1,274		(556)	
Development & Planning Contract	160,000.00	160,000.00	160,000.02	160,000.00	0		-		(0)	
Connectivity Support	10,562.68	8,358.20	10,639.72	10,355.96	2,282		1,998		(284)	
Fidelity Brokerage Fees	9,466.06	9,250.00	9,768.55	11,607.00	519		2,357		1,838	
Total Professional Fees	\$ 297,394.03	\$ 316,032.20	\$ 336,085.50	\$ 333,747.96	\$ 20,053	6.35%	\$ 17,715.76	5.61%	(2,338)	-0.70%
<u>Administration Expenses</u>										
Supplies & Non-capitalized equipment	\$ 4,290.36	\$ 3,000.00	\$ 2,078.60	\$ 3,000.00	\$ (921)		\$ -		\$ 921	
Postage & Printing	2,935.32	2,695.20	6,712.84	2,915.20	4,017.64		220		(3,798)	
Dues & Subscriptions	32,531.50	32,463.50	38,901.00	14,070.00	6,437.50		(18,394)		(24,831)	
Filing Fees	534.00	1,000.00	550.00	1,000.00	(450.00)		-		450	
Insurance	20,827.45	22,500.00	26,993.78	27,804.00	4,493.78		5,304		810	
Training & Education	50.00	1,000.00	2,300.00	3,225.00	1,300.00		2,225		925	
Travel	-	500.00	499.75	5,250.00	(0.25)		4,750		4,750	
Miscellaneous	11,695.42	5,000.00	4,912.61	5,300.00	(87.39)		300		387	
Payroll Processing Fees	-	4,000.00	3,609.00	3,700.00	(391.00)		(300)		-	
Director Fees	50,700.00	58,800.00	44,700.00	36,380.00	(14,100.00)		(22,420)		(8,320)	
Meetings Expense	3,962.62	5,000.00	3,703.62	4,000.00	(1,296.38)		(1,000)		296	
Web Site Design and Maintenance	-	750.00	187.50	-	(562.50)		-		-	
Citywide Closing Costs & Legal Expenses	-	-	-	-	-		-		-	
Total Administration Expenses	\$ 127,526.67	\$ 136,708.70	\$ 135,148.70	\$ 106,644.20	\$ (1,560)	-1.14%	\$ (30,065)	-21.99%	\$ (28,505)	-21.09%
<u>Interest Expense</u>										
Port Warehouse	\$ 42,508.58	\$ 39,641.53	\$ 39,641.50	\$ 37,047.49	\$ (0)		\$ (2,594)		\$ (2,594)	
200 HJB	49,402.08	42,550.00	42,550.00	35,170.83	-		(7,379)		(7,379)	
Port/Coming Bonds 2002	8,656.70	10,010.00	4,643.71	4,037.00	(5,366)		(5,973)		(607)	
Total Interest Expense	\$ 100,567.36	\$ 92,201.53	\$ 86,835.21	\$ 76,255.32	\$ (5,366)	-5.82%	\$ (15,946)	-17.29%	\$ (10,580)	-12.18%
<u>Real Estate Expenses</u>										
174 North Pearl Street	\$ 1,268.38	\$ 650.00	\$ 1,959.65	\$ 4,900.00	\$ 1,310		\$ 4,250		\$ 2,940	
Quackenbush House	440.00	1,500.00	1,125.00	3,600.00	(375)		2,100		2,475	
Albany Convention Center Authority- 10 Dallius Street	32,497.46	32,497.44	33,112.42	33,065.40	615		568		(47)	
245 Lark Street	180.00	-	6,543.87	9,500.00	6,544		9,500		2,956	
Total Rental Property Expenses	\$ 34,385.84	\$ 34,647.44	\$ 42,740.94	\$ 51,065.40	\$ 8,094	23.36%	\$ 16,418	47.39%	\$ 8,324	19.48%
<u>Occupancy Expense</u>										
Utilities & Telephone	\$ 14,094.39	\$ 15,455.85	\$ 16,510.75	\$ 16,055.85	\$ 1,055		\$ 600		\$ (455)	
Maintenance, Repairs & Cleaning	22,106.66	22,756.96	20,967.65	23,204.18	(1,789)		447		2,237	
Renovations	-	1,000.00	1,017.09	1,000.00	17		-		(17)	
Supplies	-	500.00	500.00	500.00	-		-		-	
Total Occupancy Expenses	\$ 36,201.05	\$ 39,712.81	\$ 38,995.49	\$ 40,760.03	\$ (717)	-1.81%	\$ 1,047	2.64%	\$ 1,765	4.52%
<u>Membership & Event Expense</u>										
Development Today / annual meeting	\$ 10,528.98	\$ 15,000.00	\$ 10,433.09	\$ 12,000.00	\$ (4,566.91)		(3,000)		1,567	
Sponsorships	6,672.80	4,795.00	8,312.20	6,875.00	3,517.20		2,080		(1,437)	
Other Events	-	10,000.00	-	-	(10,000)		(10,000)		-	
Total Membership & Event Expense	\$ 17,201.78	\$ 29,795.00	\$ 18,745.29	\$ 18,875.00	\$ (11,050)	-37.09%	\$ (10,920)	-36.65%	\$ 130	0.69%
Bad Debt (Recovery)	\$ (51,225.12)	\$ -	\$ (25,500.00)	\$ -	\$ (25,500)		\$ -	100.00%	\$ 25,500	-100.00%
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 1,070,578.69	\$ 1,338,097.68	\$ 1,249,908.62	\$ 1,354,202.91	\$ (88,189)	-6.59%	\$ 16,105	1.20%	\$ 104,294	8.34%
NET INCOME BEFORE DEPRECIATION AND PROGRAM ACTIVITY	\$ 449,964.65	\$ 250,166.14	\$ 254,729.58	\$ 230,816.24	\$ 4,563	1.82%	\$ (19,350)	-7.73%	\$ (23,913)	-9.39%

Capitalize Albany Corporation
Proposed 2014 Budget

	2012 Actual	2013 Budget	2013 Projected	2014 Budget	Variances						
					2013 Projected V. 2013 Budget		2014 Budget V. 2013 Budget		2014 Budget V. 2013 Projected		
					\$	%	\$	%	\$	%	
<u>Depreciation</u>											
Property & Equipment	\$ 19,455.21	\$ 19,354.00	\$ 19,715.44	\$ 20,421.54	\$ 361		\$ 1,068		\$ 706		
245 Lark Street	-	-	-	4,194.52	-		4,195		4,195		
Quakenbush Parking Lot Improvements	1,298.04	3,755.00	-	-	(3,755.00)		(3,755)		-		
174 N Pearl Street	-	9,185.00	-	-	(9,185.00)		(9,185)		-		
Quakenbush House	6,933.44	6,934.00	6,933.44	6,998.32	(0.56)		64		65		
Corning Preserve	168,549.00	168,549.00	168,549.00	168,549.09	-		0		0		
21 Lodge Street	12,030.44	12,030.00	12,030.44	12,550.42	0.44		520		520		
Total Depreciation	\$ 208,266.13	\$ 219,807.00	\$ 207,228.32	\$ 212,713.89	\$ (12,579)	-5.72%	\$ (7,093)	-3.23%	\$ 5,486		2.65%
NET INCOME AFTER DEPRECIATION	\$ 241,698.52	\$ 30,359.14	\$ 47,501.26	\$ 18,102.35	\$ 17,142	56.46%	\$ (12,257)	-40.37%	\$ (29,399)		-61.89%
<u>Program Income</u>											
Blight to Betterment				\$ 200,000.00	\$ -		\$ 200,000		\$ 200,000		
Downtown Tactical Plan											
Contributions		125,000.00	124,072.46	155,428.00	(927.54)		30,428		31,356		
IDA Grant		-	50,000.00	-	50,000.00		-		(50,000.00)		
New York Main Street											
Grant Income	300,000.00	-	162,500.00	-	162,500.00		-		(162,500)		
Grant Admin Cost Recovery	14,000.00	-	8,500.00	-	8,500.00		-		(8,500)		
Total Program Income	\$ 314,000.00	\$ 125,000.00	\$ 345,072.46	\$ 355,428.00	\$ 220,072	176.06%	\$ 230,428	184.34%	\$ 10,356		3.00%
<u>Program Expenses</u>											
Blight to Betterment	\$ -	\$ -	\$ -	\$ 200,000.00	\$ -		\$ 200,000		\$ 200,000		
Downtown Tactical Plan											
Contract and other expenses		250,000.00	187,989.50	390,910.00	(62,011)		140,910		202,921		
Web Site Design and Maintenance	5,210.00	-	-	2,500.00	-		2,500		2,500		
New York Main Street											
Grant Income	300,000.00	-	162,500.00	-	162,500		-		(162,500)		
Total Program Expenses	\$ 305,210.00	\$ 250,000.00	\$ 350,489.50	\$ 593,410.00	\$ 100,490	40.20%	\$ 343,410	137.36%	\$ 242,921		69.31%
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ 8,790.00	\$ (125,000.00)	\$ (5,417.04)	\$ (237,982.00)	\$ 119,583	-95.67%	\$ (112,982)	90.39%	\$ (232,565)		4293.21%
NET INCOME (LOSS) AFTER DEPRECIATION AND PROGRAM ACTIVITY	\$ 250,488.52	\$ (94,640.86)	\$ 42,084.22	\$ (219,879.65)	\$ 136,725	-144.47%	\$ (125,238.79)	132.33%	\$ (261,964)		-622.48%

CAPITALIZE ALBANY CORPORATION**Comparative Balance Sheets****Pre-Audited Draft**

	Projected December 31, 2014	Projected December 31, 2013
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,163,358	\$ 3,666,044
Investments	3,303,487	2,803,487
Restricted cash	559,262	467,151
Mortgage notes receivable, net	2,660,170	2,024,784
Net investment in direct financing leases	1,652,514	1,738,768
Accrued interest receivable	76,928	76,928
Grants receivable	-	-
Receivables from the City of Albany and City agencies	-	-
Other receivables, net	91,180	91,180
Property held for investment and lease, net	3,189,926	3,361,609
Property and equipment, net	403,962	431,184
Other assets	664,456	649,456
Total assets	\$ 14,765,243	\$ 15,310,591
Deferred Outflows of Resources	\$ -	\$ -
Liabilities		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 96,769	\$ 68,045
Due to the City of Albany	99,528	99,458
Unearned grant and other income	884,504	881,555
Bonds payable, current portion	3,511,017	3,868,590
Revolving loan fund liability	702,678	702,318
Unearned program support	81,447	81,447
Total liabilities	\$ 5,375,943	\$ 5,701,413
Deferred Inflows of Resources	\$ -	\$ -
Net Position		
Net invested in capital assets	\$ 1,454,474	\$ 1,454,474
Restricted for:	-	-
Debt service	171,401	171,401
CDBG eligible activities	115,075	115,075
Other program specific activities	6,562	6,562
Unrestricted	7,641,788	7,861,668
Total net position	\$ 9,389,303	\$ 9,609,180

Capitalize Albany Corporation

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

Pre Audited Draft

	Projected December 31, 2014	Projected December 31, 2013
Revenues		
General Economic and Community Development Support Income	\$ 527,800	\$ 492,800
Real Estate Income	381,120	378,333
Professional Service Agreement Income	300,000	250,000
Lending Income	124,006	115,630
Direct Financing Lease Income	115,488	128,744
Investment & Interest Income	99,104	99,247
Membership & Event Support	37,500	39,885
Program Revenue	355,428	345,072
	<hr/>	<hr/>
Total revenues	<u>\$ 1,940,447</u>	<u>\$ 1,849,711</u>
Expenses		
Salary & Benefits	726,855	616,857
Professional Fees	333,748	336,086
Administration Expenses	106,644	135,149
Interest Expense	76,255	86,835
Real Estate Expenses	51,065	42,741
Occupancy Expense	40,760	38,995
Membership & Event Expense	18,875	18,745
Bad Debt (Recovery)	-	(25,500)
Depreciation	212,714	207,228
Program Expenses	593,410	350,490
	<hr/>	<hr/>
Total expenses	<u>2,160,327</u>	<u>1,807,626</u>
Excess of (expenses over revenues) revenues over expenses	(219,880)	42,084
Net Position, Beginning of Year	<u>9,609,182</u>	<u>9,567,098</u>
Net Position, End of Month	<u><u>\$ 9,389,303</u></u>	<u><u>\$ 9,609,182</u></u>

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

	Projected December 31, 2014	Projected December 31, 2013
Cash Flows From Operating Activities		
Cash received from customers	\$ 569,104	\$ 579,007
Cash received from grantors	886,537	892,315
Other operating cash receipts	376,267	337,758
Cash payments to suppliers and grantees	(1,119,968)	(857,097)
Cash payments to employees	(726,855)	(616,857)
Net cash provided by operating activities	<u>(14,915)</u>	<u>335,126</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from sale of property held for sale	-	-
Purchase of property held for investment and lease	-	-
Purchase of property and equipment	(5,750)	(5,112)
Purchase of other assets including purchase options	(3,800)	-
Principal payments on bonds payable	(357,573)	(339,846)
Interest paid on bonds payable	(78,510)	(89,579)
Net cash used in capital and related financing activities	<u>(445,633)</u>	<u>(434,537)</u>
Cash Flows From Investing Activities		
Interest on cash and cash equivalents and investments	99,104	88,291
Net decrease (increase) in restricted cash	(92,111)	(79,432)
Proceeds from sales and maturities of investments	2,074,017	2,063,817
Purchase of investments	(2,574,017)	(2,111,185)
Issuance of mortgage notes receivable	(750,000)	-
Repayments received on mortgage notes receivable	114,616	749,417
Principal payments received under direct financing leases	86,254	212,196
Net cash used in investing activities	<u>(1,042,137)</u>	<u>923,105</u>
Change in cash and cash equivalents	<u>(1,502,685)</u>	<u>823,694</u>
Cash and cash equivalents:		
Beginning of year	<u>3,666,044</u>	<u>2,842,349</u>
End of year	<u>\$ 2,163,358</u>	<u>\$ 3,666,044</u>

	Projected December 31, 2014	Projected December 31, 2013
Reconciliation of Excess of (Expenses Over Revenues)		
Revenues Over Expenses to Net Cash Provided by Operating Activities		
Excess of (expenses over revenues) revenues over expenses	\$ (219,880)	\$ 42,084
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	208,455	207,228
Adjustment for losses on mortgage notes and other receivables	-	(25,500)
Gain on sale of property	-	-
Net realized and unrealized losses (gains) on investments	-	(10,956)
Interest income on cash and cash equivalents and investments	(99,105)	(88,292)
Interest expense on bonds payable	78,511	89,579
Changes in:		
Grants receivable	-	62,500
Other receivables, accrued interest receivable and other assets	(15,000)	(7,072)
Accounts payable and accrued expenses	28,724	(34,897)
Due to the City of Albany	70	100,010
Unearned grant and other income	2,949	-
Revolving loan fund liability	360	443
Net cash provided by operating activities	<u>\$ (14,916)</u>	<u>\$ 335,126</u>

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: CAC Finance & Investment Committee
FROM: Erik Smith
RE: Capitalize Albany Corporation 3rd Quarter Financial Reports
DATE: October 18, 2013

BUDGET PERFORMANCE

On a pre-audit basis, through September 30, 2013, the Capitalize Albany Corporation (CAC) generated net income of approximately \$108,000. This position compares favorably to the year-to-date (YTD) budgeted net income of approximately \$36,000. CAC incurred net income of \$77,000 during the third quarter of 2012. 2013 net income is currently projected to be \$42,084.

The significant variances between total budgeted revenue and expense activity through September 30, 2013 and total actual revenue and expense activity is being driven primary by NYS Mainstreet Grant activity, which consists of pass-through transactions that have been carried over from 2012 although not budgeted in 2013. These variances are captured in the Program Support and Program Expense categories.

My comments below address those remaining categories that deviate in excess of 5% from the YTD budget.

- ***YTD 2013 revenue is \$1,271,000 and \$213,000 above the 2013 budget. Excluding the NYS Mainstreet Grant pass-through revenue activity, YTD 2013 revenue is \$1,109,000 and \$51,000 (5%) above the 2013 budget.***
 - ***Interest and Investment Income.*** YTD 2013 income derived from interest and investments is approximately \$63,000 or \$16,000 over budget. The positive variance to the budget is primary due to the performance of CAC's investments under HJA management. During the third quarter approximately \$2,800 in fair market value (FMV) impairment adjustments were recorded resulting in YTD FMV adjustments of \$8,981 to CAC's investments. Changes in unrealized gains and losses contribute to or detract from investment income and these amounts are not budgeted. The remaining amount of the variance is comprised of higher-than-budgeted interest and dividend income.
 - ***Rental Income.*** Rental income is \$11,500 or 8% over budget. This variance is partially attributable to the final rental payment for the Riverfront Bar & Grill's 2012 season. The final 2012 payment due was not determined or received in time to be recorded in 2012. The remaining amount of the variance is rent collected for 245 Lark Street. Excluding this activity, Rental Income activity is performing as budgeted.

- **Loan Income.** For 2013 YTD loan income is \$67,000 and \$16,900 (17 %) under budget. This variance is primarily attributable to the early payoff of two loans (39 Sheridan Realty, LLC and Adirondack Environmental Servicing) resulting in a \$22,000 loss of interest income which is offset by past due amounts received on other loans.
- **Fee Income.** YTD, this category is under-budget by \$52,000 or 17%. This category is projected to be under-budget by \$100,000 for 2013. CAC will not execute a professional services agreement with ACDA in 2013 and therefore will not receive the associated fees.
- **Capitalized Lease Income.** The YTD shortfall and full-year projected shortfall of \$7,600 and \$9,700, respectively is the result of the Lark Street BID lease termination. Negotiations are ongoing with the existing tenant to execute a capital lease for the building which might mitigate a portion of the projected shortfall. The payments currently being made by this tenant are captured under "Rental Income".
- **YTD 2013 expenses are \$1,088,000 and \$147,000 over the 2013 budget. Excluding the NYS Mainstreet Grant pass-through expense activity, YTD 2013 expense is \$925,000 and \$97,000 (9%) under the 2013 budget.**
 - **Salaries & Fringe Benefits Expense.** The \$52,000 (11%) shortfall in this category is attributable to position vacancies. Based upon anticipated activity, currently this category is projected to end the year approximately \$72,000 under budget.
 - **Administrative Expenses.** This category is under-budget by \$19,000 or 5%. The variance is primary attributable to lower-than-budgeted YTD professional service expenses.
 - **21 Lodge Street Expenses.** This category is under budget by approximately \$5,400. This is attributable to lower-than-budgeted maintenance costs on the building offset by higher utility costs.
 - **Rental Property Expenses.** This category is over budget by approximately \$3,400 or 13%. The Corporation has incurred expenses for 245 Lark Street as a result of the Lark Street BID vacating their lease.

LOANS

- A plan to bring the Urgo loan current is being finalized. Management believes that subsequent to the execution of the repayment plan, further action will not be necessary. As the plan has developed the borrower has resumed making monthly payments.
- During 2013, CAC received bad debt recoveries of \$25,000 related to the Center for Medical Science loan and \$500 related to the Ace Holding, LLC loan. Additional recoveries for 2013 are not projected.
- No additional loans have deteriorated to non-performing status.

BALANCE SHEET

- As of December 31, 2013 unrestricted cash is projected to increase by approximately \$817,000 as compared to CAC's unrestricted cash position at December 31, 2012. This is primarily attributable to actual and projected lending activity and payments of budgeted operation costs.
- Restricted cash is expected to increase due to scheduled loan repayments.
- Net investment in direct financing leases has been reduced by approximately \$352,000. This is due to scheduled lease payments, the largest of which are the payments from ACDA and the recording of scheduled activity related to the financing for construction of a warehouse at the Port of Albany. The ACDA payments are applied to the principal amount of bonds outstanding for 200 Henry Johnson Boulevard.
- Liabilities are expected to be reduced by \$349,000; the result of scheduled principal payments applied against CAC's bond indebtedness.

CASH FLOW STATEMENT

- Currently, CAC's December 31, 2013 cash and cash equivalents are anticipated to increase by \$824,000 to \$3.66 million. This is primarily attributable to loan portfolio activity.
- Projected 2013 cash flow provided by operational activities reflect scheduled project grants activity, receipt of payment under the CAIDA/CACRC Professional Service Agreement, scheduled lease and rental receipts, and payment of various administrative expenses.
- Cash used in capital and financing activities reflects scheduled debt service payments and equipment purchases made during 2013.
- Projected 2013 cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

	January 1, 2013 - December 31, 2013								Projected Variance from
	3rd Quarter	YTD Actual	YTD Budget	Variance - \$	Variance - %	10/1 to 12/31 Forecast	2013 Projection	Original Budget	
<u>REVENUE</u>									
Investment Income	\$ 21,215	\$ 62,954	\$ 47,407	\$ 15,548	33%	\$ 25,336	88,291	\$ 63,209	\$ 25,082
FMV Adj on Fidelity Inv	2,744	8,981	-	8,981	0%	-	8,981	-	8,981
G/L on Sale/Redemption	2,500	1,975	-	1,975	0%	-	1,975	-	1,975
Rental Income	39,115	150,724	139,160	11,564	8%	227,090	377,814	360,742	17,072
Loan Income	19,937	66,726	83,649	(16,923)	-20%	14,531	81,257	111,156	(29,899)
Fee Income	81,084	255,271	307,334	(52,063)	-17%	70,977	326,250	426,378	(100,130)
Capitalized Lease Income	92,439	114,729	122,324	(7,595)	-6%	9,534	124,263	133,980	(9,717)
Grant Income	62,500	295,900	295,900	(0)	0%	196,900	492,800	492,800	(0)
Program Support	87,072	302,572	62,500	240,072	384%	34,000	336,572	125,000	211,572
Other Income	440	11,510	-	11,510	0%	-	11,510	-	11,510
TOTAL REVENUE	\$ 409,045	\$ 1,271,342	\$ 1,058,274	\$ 213,068	20%	\$ 578,368	\$ 1,849,710	\$ 1,713,265	\$ 136,445
<u>EXPENSE</u>									
Salaries & Fringe Benefits	\$ 161,232	\$ 443,473	\$ 495,512	\$ (52,039)	-11%	\$ 173,385	\$ 616,858	\$ 689,000	\$ (72,142)
Capitalized Lease Expense	28,341	72,658	72,658	-	0%	14,178	86,836	92,202	(5,366)
Administrative Expenses	92,439	374,539	393,819	(19,280)	-5%	126,656	501,195	496,346	4,849
21 Lodge Street Expenses	6,970	23,237	28,634	(5,397)	-19%	27,789	51,026	51,743	(717)
Rental Property Expenses	10,128	29,403	25,968	3,435	13%	20,272	49,675	54,520	(4,845)
Program Expense	88	162,795	-	162,795	0%	187,695	350,490	250,000	100,490
Bad Debt Expense (recovery)	-	(25,500)	-	(25,500)	0%	-	(25,500)	-	(25,500)
Project Expenses	1,710	7,687	5,358	2,330	43%	169,362	177,049	174,094	2,955
TOTAL EXPENSE	\$ 300,908	\$ 1,088,292	\$ 1,021,949	\$ 66,343	6%	\$ 719,337	\$ 1,807,628	\$ 1,807,905	\$ (277)
Net Income	\$ 108,138	\$ 183,050	\$ 36,325	\$ 146,725		\$ (140,968)	\$ 42,084	\$ (94,640)	\$ 136,722

CAPITALIZE ALBANY CORPORATION

Comparative Balance Sheets

Pre-Audited Draft

	September 30, 2013	Projected December 31, 2013	December 31, 2012
Assets			
Current Assets:			
Cash and cash equivalents	\$ 3,465,469	\$ 3,666,044	\$ 2,842,349
Investments	2,803,487	2,803,487	2,745,164
Restricted cash	545,843	467,151	387,719
Mortgage notes receivable, net	2,139,416	2,024,784	2,748,701
Net investment in direct financing leases	1,759,839	1,738,768	2,091,218
Accrued interest receivable	76,928	76,928	74,205
Grants receivable	-	-	62,500
Receivables from the City of Albany and City agencies	100,000	-	100,000
Other receivables, net	92,161	91,180	91,221
Property held for investment and lease, net	3,537,092	3,361,609	3,371,656
Property and equipment, net	461,430	431,184	457,819
Other assets	648,582	649,456	645,066
Total assets	\$ 15,630,247	\$ 15,310,591	\$ 15,617,618
Deferred Outflows of Resources	\$ -	\$ -	\$ -
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 71,320	\$ 68,045	\$ 102,941
Due to the City of Albany	99,448	99,458	99,448
Unearned grant and other income	885,666	881,555	856,373
Bonds payable, current portion	4,040,079	3,868,590	4,208,436
Revolving loan fund liability	702,138	702,318	701,875
Unearned program support	81,447	81,447	81,447
Total liabilities	\$ 5,880,098	\$ 5,701,413	\$ 6,050,520
Deferred Inflows of Resources	\$ -	\$ -	\$ -
Net Position			
Net invested in capital assets	\$ 1,454,474	\$ 1,454,474	\$ 1,454,474
Restricted for:			
Debt service	171,401	171,401	171,401
CDBG eligible activities	115,075	115,075	115,075
Other program specific activities	6,562	6,562	6,562
Unrestricted	8,002,640	7,861,668	7,819,586
Total net position	\$ 9,750,152	\$ 9,609,180	\$ 9,567,098

Capitalize Albany Corporation

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

Pre Audited Draft

	YTD 2013	Projected December 31, 2013	Year Ended December 31, 2012
Revenues			
Grant income	\$ 598,472	\$ 829,372	\$ 792,800
Rental income	150,724	377,814	356,918
Other interest and investment income	188,639	223,510	271,521
Interest income on mortgage notes	66,726	81,257	91,436
Gain on sale of properties	-	-	-
Fees and other income	266,781	337,758	321,867
Total revenues	<u>1,271,342</u>	<u>1,849,711</u>	<u>1,834,542</u>
Expenses			
Salaries and fringe benefits	443,473	616,857	508,527
Program and project costs	199,885	577,213	523,399
Interest expense	72,658	86,835	100,568
Bad debt expenses (recovery)	(25,500)	(25,500)	(51,225)
Administrative Expenses	397,776	552,224	507,989
Total expenses	<u>1,088,292</u>	<u>1,807,629</u>	<u>1,589,258</u>
Excess of (expenses over revenues) revenues over expenses	183,050	42,084	245,284
Net Position, Beginning of Year	<u>9,567,098</u>	<u>9,567,098</u>	<u>9,321,814</u>
Net Position, End of Month	<u>\$ 9,750,152</u>	<u>\$ 9,609,182</u>	<u>\$ 9,567,098</u>

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

	September 30, 2013	Projected December 31, 2013	December 31, 2012
Cash Flows From Operating Activities			
Cash received from customers	\$ 369,144	\$ 579,007	\$ 607,547
Cash received from grantors	690,529	892,315	672,506
Other operating cash receipts	266,781	337,758	321,867
Cash payments to suppliers and grantees	(626,978)	(857,097)	(846,493)
Cash payments to employees	(443,473)	(616,857)	(508,527)
	<u>256,003</u>	<u>335,126</u>	<u>246,900</u>
Net cash provided by operating activities			
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of property held for sale	-	-	-
Purchase of property held for investment and lease	-	-	-
Purchase of property and equipment	(3,613)	(5,112)	(16,950)
Purchase of other assets including purchase options	-	-	(525)
Principal payments on bonds payable	(168,357)	(339,846)	(322,112)
Interest paid on bonds payable	(74,958)	(89,579)	(102,772)
	<u>(246,928)</u>	<u>(434,537)</u>	<u>(442,359)</u>
Net cash used in capital and related financing activities			
Cash Flows From Investing Activities			
Interest on cash and cash equivalents and investments	18,811	88,291	75,380
Net decrease (increase) in restricted cash	(158,124)	(79,432)	(66,685)
Proceeds from sales and maturities of investments	619,645	2,063,817	2,323,619
Purchase of investments	(667,010)	(2,111,185)	(2,381,617)
Issuance of mortgage notes receivable	-	-	(900,000)
Repayments received on mortgage notes receivable	634,785	749,417	233,098
Principal payments received under direct financing leases	165,942	212,196	181,993
	<u>614,050</u>	<u>923,105</u>	<u>(534,212)</u>
Net cash used in investing activities			
Change in cash and cash equivalents	623,125	823,694	(729,671)
Cash and cash equivalents:			
Beginning of year	<u>2,842,349</u>	<u>2,842,349</u>	<u>3,572,020</u>
End of year	<u>\$ 3,465,469</u>	<u>\$ 3,666,044</u>	<u>\$ 2,842,349</u>

	September 30, 2013	Projected December 31, 2013	December 31, 2012
Reconciliation of Excess of (Expenses Over Revenues)			
Revenues Over Expenses to Net Cash Provided by Operating Activities			
Excess of (expenses over revenues) revenues over expenses	\$ 183,055	\$ 42,084	\$ 245,284
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	207,228	208,265
Adjustment for losses on mortgage notes and other receivables	(25,500)	(25,500)	(51,225)
Gain on sale of property	-	-	-
Net realized and unrealized losses (gains) on investments	(10,956)	(10,956)	(42,360)
Interest income on cash and cash equivalents and investments	(15)	(88,292)	(78,162)
Interest expense on bonds payable	72,658	89,579	100,568
Changes in:			
Grants receivable	62,500	62,500	(62,500)
Other receivables, accrued interest receivable and other assets	(25,976)	(7,072)	8,194
Accounts payable and accrued expenses	(29,322)	(34,897)	13,431
Due to the City of Albany	-	100,010	(36,800)
Unearned grant and other income	29,294	-	(54,425)
Revolving loan fund liability	263	443	(3,370)
	<u>256,003</u>	<u>335,126</u>	<u>246,900</u>
Net cash provided by operating activities			