



**Tuesday, April 22, 2014**  
21 Lodge Street, 8:00 a.m.

**CAPITALIZE ALBANY**  
**CORPORATION**

**Capitalize Albany Corporation**  
**Board of Directors Meeting**  
**Agenda**

1. Review of Minutes from the Regular Meeting of March 18, 2014
2. Mayor Kathy Sheehan Economic Development Agenda
3. Goody Clancy Update on Impact Downtown Albany
4. Audit Committee Update
5. Finance & Investment Committee Update
6. Project Update
7. Executive Session(if necessary)

# **Capitalize Albany Corporation Board Meeting**

## **April 22, 2014**

**Agenda Item #1:** Review of Minutes from the Regular Board Meeting of March 18, 2014

**Materials:**

- 3/18/14 Capitalize Albany Corporation Board Minutes

**Capitalize Albany Corporation Board Meeting  
MINUTES  
Tuesday, March 18, 2014**

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, March 18, 2014 at 21 Lodge Street.

The following were in attendance:

**Board of Directors:**

Michael Castellana	Michele Vennard	Susan Pedo
Anders Tomson	Michael Fancher	
David Parente	James Linnan	
Mark Sullivan	Jeff Sperry	
Bob Curley	John Vero	

**Other:**

Thomas M. Owens, Esq.

**Staff:**

Michael Yevoli, Erik Smith, Sarah Reginelli.

Chairman Michael Castellana called the regular meeting of the Capitalize Albany Corporation (“Corporation”) Board to order at 8:02 a.m. The following directors were excused: Dorsey Whitehead, John Harris, Nancy Zimpher and Dr. Robert Jones

**Approval of Minutes for January 28, 2014 Board Meeting**

The Board reviewed the minutes of the January 28, 2014 meeting. Jim Linnan made a motion for approval. Jeff Sperry seconded. The Board agreed unanimously to approve the minutes.

**IDA/CRC Professional Services Agreement Resolution 3-2014**

Staff reviewed the agreement with the Board. The Corporation will provide professional economic development, management and administrative support services to the City of Albany Industrial Development Agency (IDA) and the City of Albany Capital Resource Corporation (CRC). Staff advised the Board that the agreement had not changed from the previous year with the exception of the escalation of the fee. The Board advised staff that the amount of the agreement should be reviewed annually.

Following a discussion by the Board and staff concerning the time spent performing the contract services as compared to the contract fee earned by CAC, a motion to adopt the resolution was made by Jeff Sperry and seconded by Jim Linnan. A vote being taken, the motion passed unanimously.

**IDA Economic Development Support Resolution 4-2014**

Staff reviewed the agreement with the Board. The IDA will grant \$250,000 to assist the Corporation with economic development. Staff advised the Board that the agreement had not changed from the previous year. The IDA voted in favor of the agreement.

Following a discussion by the Board and staff concerning the time spent performing the contract services as compared to the contract fee earned by CAC, a motion to adopt the resolution was made by Jeff Sperry and seconded by Bob Curley. A vote being taken, the motion passed unanimously.

#### **Sale of 245 Lark Approving Resolution 5-2014**

Staff advised the Board that they continue to work with In Our Own Voices (IOOV) to enable them to purchase the building. Staff reviewed the appraisal of the property that had been distributed prior to the meeting with the Board. The appraisal of the property and the offer made by IOOV was discussed. The Board advised staff that they would like the appraisal reviewed, and/or redone, to confirm the fair market value (“FMV”) of the property. The Board was of the strong opinion that the current appraisal yielded a FMV that was significantly more than the property’s actual FMV.

A motion to adopt the resolution contingent upon the receipt of a satisfactory review of the appraisal (or receipt of another appraisal concluding a more accurate FMV) was made by Mark Sullivan and seconded by Jim Linnan. A vote being taken, the motion passed unanimously.

#### **Impact Downtown Albany**

Staff provided an update report to the Board on this project. Staff advised the Board that the first meeting to present the findings of the consultants existing conditions analysis to the public was held Tuesday, March 11<sup>th</sup> at Sixty State Place. The results of the analysis presented at the public meeting addressed high taxes within the City as a barrier to development. The Board discussed the results of the housing analysis presented at the public meeting. Ongoing fundraising efforts and the Board’s role in the process were discussed.

Completed activities to date were discussed including fundraising, partnerships, interviews and focus groups, data collection and existing conditions analysis. An overview of the next two phases of the project was provided, including key milestones and expectations for each phase. The Board discussed their expectations for the consultant team emphasizing the Board’s role in engagement and evaluation.

#### **Convention Center Update**

Mike Yevoli advised the Board that the Albany County Convention Center and Visitors Bureau (ACCVB) had hired a construction manager for the project. Staff is currently working with ACCVB and the Mayor’s office on assessing and enhancing the economic impact of the proposed convention center. The design of the convention center was discussed.

#### **Project Update**

Staff reviewed the status of active projects with the Board.

#### **Other Business**

None.

**Executive Session**

A motion to enter into executive session was made by Dave Parente, seconded by Mark Sullivan and passed unanimously to discuss potential litigation matters and the employment history of certain individuals. The Board entered into executive session at 9:47am. Staff left the room and the following Directors were present: Michael Castellana, Anders Tomson, David Parente, Mark Sullivan, Bob Curley, Michele Vennard, Michael Fancher, James Linnan, Jeff Sperry, John Vero and Susan Pedo. The Board left executive session at 10:02 a.m. No actions were taken during executive session.

There being no further business, the Capitalize Albany Corporation Board of Directors regular meeting was adjourned at 10:05 a.m.

# **Capitalize Albany Corporation Board Meeting**

## **April 22, 2014**

**Agenda Item #2:** Mayor Kathy Sheehan Economic Development Agenda

**Materials:**

- No materials are included

# **Capitalize Albany Corporation Board Meeting**

## **April 22, 2014**

**Agenda Item #3:** Goody Clancy Update on Impact Downtown Albany

**Materials:**

- No materials are included

**Capitalize Albany Corporation Board Meeting**  
April 22, 2014

**Agenda Item #4:** Audit Committee Meeting Update

**Materials:**

- 2013 Certified Audited Financial Statements



**CAPITALIZE ALBANY CORPORATION**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

# CAPITALIZE ALBANY CORPORATION

## TABLE OF CONTENTS

	<b>Page</b>
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Financial Statements</b>	
Consolidated Statements of Net Position	8
Consolidated Statements of Revenues, Expenses and Changes in Net Position	9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	12
<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	24

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Capitalize Albany Corporation

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Capitalize Albany Corporation (a component reporting unit of the City of Albany), which comprise the consolidated statements of net position as of December 31, 2013 and 2012, and the related consolidated statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Capitalize Albany Corporation as of December 31, 2013 and 2012, and the changes in their financial position and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 7 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014, on our consideration of Capitalize Albany 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capitalize Albany Corporation's internal control over financial reporting and compliance.

*UHY* LLP

Albany, New York  
March 18, 2014

# **CAPITALIZE ALBANY CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following Management Discussion and Analysis (MD&A) of Capitalize Albany Corporation (CAC or the Corporation) activities and financial performance, is offered as an introduction and overview of the consolidated financial statements of CAC for the fiscal year ended December 31, 2013. Following this MD&A are the basic consolidated financial statements of CAC together with the notes thereto which are essential to a full understanding of the data contained in the consolidated financial statements. In addition to the notes, this section also presents certain supplementary information to assist with the understanding of CAC's financial operations.

CAC has a Corporate Governance Policy which includes a conflict of interest policy and a conflict of interest disclosure. The conflict of interest disclosure is distributed to and completed by CAC's Board of Directors on an annual basis. CAC has also adopted several policies as required under the Public Authorities Accountability Act (PAAA) of 2005 and the Public Authorities Reform Act (PARA) of 2009.

The Finance and Investment Committee meets on a quarterly basis or more frequently if necessary to provide enhanced project and transactional analysis. As necessary, the Committee makes recommendations for the Board's consideration. On a monthly basis, the Board of Directors of CAC meets to discuss programming needs, project activity and progress, and meets quarterly to discuss CAC's financial position. In addition, the Audit Committee of the Board of Directors, without management present, independently meets with the external auditors to discuss relevant issues and concerns.

### **OPERATION SUMMARY**

In 1979, the Capitalize Albany Corporation (formerly Albany Local Development Corporation) was incorporated to primarily provide financing to eligible businesses in order to create and retain employment and investment within the City of Albany. CAC continues to extend loans and plays an active role in facilitating large-scale transformational real estate projects that the Corporation has identified as a priority.

The mission of CAC is to facilitate economic development within the City of Albany. CAC has remained true to this mission since its inception and has a strong track record of adapting its strategies to meet shifting local and national trends in order to meet its mission.

CAC executes the Capitalize Albany economic development strategy as well as implements the initiatives identified as part of the 2007 Re-Capitalize Albany Strategic Advisory Committee Report. The 2007 Report evaluated the existing economic development vision and recommended necessary updates and changes.

### **Business Development**

CAC facilitates real estate transactions to expand and enhance business development and investment opportunities. Additionally, CAC encourages job creation and business development by extending loans to new and existing businesses, as well as providing technical support with respect to city, state and other economic development programs.

CAC administers and provides staffing, office equipment, phone and computer network support to the City of Albany Industrial Development Agency (CAIDA) and the City of Albany Capital Resource Corporation (CACRC). During 2013, several organizations utilized the programs and incentives of the CAIDA; the approval of the projects will result in over \$70 million of investment within the City of Albany.

These projects are anticipated to create or retain nearly 500 temporary and permanent jobs within the City and create over 400 units of both affordable and market-rate housing.

# CAPITALIZE ALBANY CORPORATION

## MANAGEMENT’S DISCUSSION AND ANALYSIS

### Impact Downtown Albany

The revitalization of Downtown Albany is a strategic priority of the CAC. In response to the recognized need for a common vision, strategic direction, and tactical solutions to issues facing the Downtown Neighborhood, during 2013 a Tactical Plan Committee was formed by the Board of Directors. The Committee will develop strategies to capitalize on growing national trends that could benefit Downtown.

Following a national search, a consultant team was identified to assist CAC in the preparation of a tactical revitalization plan for Downtown Albany. Impact Downtown Albany will be a strategic plan which positions Downtown, its adjacent warehouse district and waterfront as the ideal urban center. The objectives and strategies built by this plan will focus on attracting organizations in addition to strengthening and revitalizing the built environment.

This project embraces the model of public/private collaboration for urban reinvestment. The deliverables created by this project will provide a clear path forward for projects, incentives and structural changes and define what Downtown should be striving toward throughout the next decade.

### Residential Conversion Projects

In 2010, the Corporation’s Board of Directors established a Real Estate Loan Fund designed to provide subordinate lending to qualifying borrowers at below market rates in concert with primary lenders for the purpose of stimulating strategic development projects. The Board allocated \$2 million to capitalize the Fund which is focused on revitalizing strategic vacant or underutilized real estate that will contribute positive and transformational development activity. Through December 31, 2013, \$900,000 has been disbursed under this program representing over \$9 million of project investment within the City of Albany. These projects have created 60 market-rate rental units.

The Downtown Albany Residential Conversion and Commercial Rehabilitation program, funded by NY Main Street Grant funds, has been developed to increase mixed-use development and add residential units in Downtown. The program will also enhance commercial and retail vitality in Downtown. During 2013, two projects received \$162,500 under this program.

### Regulatory Review

During 2013 the NYS Authorities Budget Office (ABO) conducted an operational review of CAC. The purpose of the review was to allow the ABO to evaluate the effectiveness of CAC’s operations, as well as evaluate the management and operating practices of CAC. The outcome of that review has not had a material adverse effect on its financial position, results of operations or cash flows.

## FINANCIAL OPERATIONS HIGHLIGHTS

CAC’s activities fluctuate greatly from year to year. With such diversity, it is not always meaningful to compare revenue and expenditure levels to prior years. While revenues and expenditures for any given year represent activity during that year, one must consider the level of program revenue to program expenses within a given year, in relation to the projects undertaken and accomplished during that same year. A condensed summary of revenues and expenses for the years ended December 31, 2013 and 2012 is shown below:

	<u>2013</u>	<u>2012</u>
Total revenues	\$ 1,868,517	\$ 1,834,542
Total expenses	<u>1,787,212</u>	<u>1,589,258</u>
Excess of revenues over expenses	<u>\$ 81,305</u>	<u>\$ 245,284</u>

# CAPITALIZE ALBANY CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Total revenues increased \$33,975 or 2%:**

- Grant revenues and contribution income increased \$19,572 or 2% from \$792,800 in 2012 to \$812,372 in 2013. The increase is attributable to contributions received during 2013 to support the creation of the Impact Downtown Albany Plan. Significant grants in 2013 include \$250,000 from the IDA and \$165,500 from the Albany Community Development Agency both for general economic development support. The corporation also received \$162,500 in NY Main Street Grant funds from New York State. Main Street Grants funds are passed through directly to project developers.
- Rental income increased by \$21,490 or 6%. This is primarily attributable to the May 2013 reclassification of the Corporation's property at 245 Lark Street.
- Other interest and investment income decreased \$17,037 or 6% from \$271,251 in 2012 to \$254,484 in 2013 primarily due to the May 2013 reclassification of the Corporation's property at 245 Lark Street.
- Interest income on mortgage notes decreased \$8,661 or 9% from \$91,436 in 2012 to \$82,775 in 2013 due to early loan payoffs.
- Fees and other income increased \$18,611 or 6% from \$321,867 in 2012 to \$340,478 in 2013. This is primarily attributable to an increase in membership fees collected in 2013.

### **Total expenses increased \$197,954 or 12%:**

- Salaries and fringe benefits increased \$135,757 or 27% from \$508,527 in 2012 to \$644,284 in 2013. This increase reflects the filling of vacant positions and the creation of a new position.
- Program and project costs increased \$20,849 or 4% from \$523,399 in 2012 to \$544,248 in 2013. The increase is primarily attributable to consultancy expenses incurred as part of the creation of the Impact Downtown Albany Plan.
- Interest expense decreased \$13,902 or 14% from \$100,568 in 2012 to \$86,666 in 2013. This decrease is attributable to reduced interest rate on the variable rate bonds that were issued to finance redevelopment projects supported by capital leases.
- Bad debt recoveries totaled \$25,490 in 2013.
- Other administrative expenses increased \$29,515 or 6% from \$507,989 in 2012 to \$537,504 in 2013. This increase is attributable to the modest increases in various administrative expenses.

# CAPITALIZE ALBANY CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

A condensed summary of CAC's net position at December 31, 2013 and 2012 is shown below:

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,651,644	\$ 2,842,349
Investments	2,857,394	2,745,164
Restricted cash	448,983	387,719
Other assets	912,661	972,992
Mortgage notes receivable, net of allowances	2,117,776	2,748,701
Net investment in direct financing leases	1,738,880	2,091,218
Property, plant and equipment, net (includes property held for investment and lease)	<u>3,786,767</u>	<u>3,829,475</u>
<b>Total assets</b>	<u>\$ 15,514,105</u>	<u>\$ 15,617,618</u>
<b>Deferred Outflows of Resources</b>		
	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>		
Bonds payable	\$ 3,868,590	\$ 4,208,436
Other liabilities	1,213,417	1,058,762
Unearned program support and revolving loan fund liability	<u>783,695</u>	<u>783,322</u>
<b>Total liabilities</b>	<u>\$ 5,865,702</u>	<u>\$ 6,050,520</u>
<b>Deferred Inflows of Resources</b>		
	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 1,586,766	\$ 1,454,474
Restricted net position	310,511	293,037
Unrestricted net position	<u>7,751,126</u>	<u>7,819,587</u>
<b>Total net position</b>	<u>\$ 9,648,403</u>	<u>\$ 9,567,098</u>

### CURRENT KNOWN FACTS, DECISIONS OR CONDITIONS

In 2014, CAC will focus on the completion of the Impact Downtown Albany Plan. This Plan will identify opportunities for economic development and growth in Downtown through the development of new programs and initiatives, focusing on a variety of areas, including long-range vision, community engagement, and market driven recommendations.

CAC will continue to facilitate the Capitalize Albany Economic Development Strategy. As part of that strategy, the Corporation will continue to focus on developing more downtown residential capacity and will pursue opportunities that will result in catalytic development projects as well as maximize and diversify potential revenue sources for the Corporation.

Continual execution of the Strategic Plan established by the Corporation's Board in 2009 will translate into potential projects. New economic development opportunities with the potential to generate new resources to stimulate growth will be developed by re-focusing and deploying existing strengths and resources. Ultimately, programmatic, marketing, and financial initiatives will reconcile to the objectives set forth in the Strategic Plan.



# **CAPITALIZE ALBANY CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FINANCIAL STATEMENTS**

CAC's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). CAC is organized under the Not-For-Profit Corporation laws of the State of New York. CAC is also a component reporting unit of the City of Albany. CAC follows enterprise fund accounting; accordingly, the financial statements are presented using the economic resources management focus. These financial statements are presented in a manner similar to a private business.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of CAC's finances for all those interested. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the Vice President and Chief Financial Officer, Capitalize Albany Corporation, 21 Lodge Street, Albany, NY 12207.

**CAPITALIZE ALBANY CORPORATION**  
**CONSOLIDATED STATEMENTS OF NET POSITION**  
**December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,651,644	\$ 2,842,349
Investments	2,857,394	2,745,164
Restricted cash	448,983	387,719
Mortgage notes receivable, current portion, net	161,754	186,954
Net investment in direct financing leases, current portion	206,438	193,589
Accrued interest receivable	63,325	74,205
Grants receivable	-	62,500
Receivables from the City of Albany and City agencies	100,000	100,000
Total current assets	<u>7,489,538</u>	<u>6,592,480</u>
Noncurrent Assets:		
Mortgage notes receivable, less current portion, net	1,956,022	2,561,747
Other receivables	93,584	91,221
Net investment in direct financing leases, less current portion	1,532,442	1,897,629
Property held for investment and lease, net	3,358,704	3,371,656
Property and equipment, net	428,063	457,819
Other assets	655,752	645,066
Total noncurrent assets	<u>8,024,567</u>	<u>9,025,138</u>
<b>Total assets</b>	<u>\$ 15,514,105</u>	<u>\$ 15,617,618</u>
<b>Deferred Outflows of Resources</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 192,740	\$ 102,941
Due to the City of Albany	99,507	99,448
Unearned grant and other income	921,170	856,373
Bonds payable, current portion	1,218,590	339,846
Total current liabilities	<u>2,432,007</u>	<u>1,398,608</u>
Noncurrent Liabilities:		
Bonds payable, less current portion	2,650,000	3,868,590
Revolving loan fund liability	702,248	701,875
Unearned program support	81,447	81,447
Total noncurrent liabilities	<u>3,433,695</u>	<u>4,651,912</u>
<b>Total liabilities</b>	<u>\$ 5,865,702</u>	<u>\$ 6,050,520</u>
<b>Deferred Inflows of Resources</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position</b>		
Net invested in capital assets	\$ 1,586,766	\$ 1,454,474
Restricted for:		
Debt service	171,401	171,401
CDBG eligible activities	118,822	115,074
Other program specific activities	9,035	6,562
Impact Downtown Albany	11,253	-
Unrestricted	7,751,126	7,819,587
Total net position	<u>\$ 9,648,403</u>	<u>\$ 9,567,098</u>

See notes to consolidated financial statements.

**CAPITALIZE ALBANY CORPORATION**  
**CONSOLIDATED STATEMENTS OF REVENUES AND EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Revenues		
Grant and contribution income	\$ 812,372	\$ 792,800
Rental income	378,408	356,918
Other interest and investment income	254,484	271,521
Interest income on mortgage notes	82,775	91,436
Fees and other income	<u>340,478</u>	<u>321,867</u>
Total revenues	<u>1,868,517</u>	<u>1,834,542</u>
Expenses		
Salaries and fringe benefits	644,284	508,527
Program and project costs	544,248	523,399
Interest expense	86,666	100,568
Bad debt recovery	(25,490)	(51,225)
Other administrative expenses	<u>537,504</u>	<u>507,989</u>
Total expenses	<u>1,787,212</u>	<u>1,589,258</u>
Excess of revenues over expenses	81,305	245,284
Net Position, Beginning of Year	<u>9,567,098</u>	<u>9,321,814</u>
Net Position, End of Year	<u><u>\$ 9,648,403</u></u>	<u><u>\$ 9,567,098</u></u>

*See notes to consolidated financial statements.*

**CAPITALIZE ALBANY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Year Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 582,948	\$ 607,547
Cash received from grantors and contributors	840,042	672,506
Other operating cash receipts	340,478	321,867
Cash payments to suppliers and grantees	(777,838)	(846,493)
Cash payments to employees	(644,284)	(508,527)
Net cash provided by operating activities	<u>341,346</u>	<u>246,900</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of property and equipment	(5,461)	(16,950)
Purchase of other assets including purchase options	-	(525)
Principal payments on bonds payable	(339,846)	(322,112)
Interest paid on bonds payable	(88,966)	(102,772)
Net cash used in capital and related financing activities	<u>(434,273)</u>	<u>(442,359)</u>
<b>Cash Flows From Investing Activities</b>		
Interest on cash and cash equivalents and investments	84,434	75,380
Net increase in restricted cash	(61,264)	(66,685)
Proceeds from sales and maturities of investments	1,716,988	2,323,619
Purchase of investments	(1,785,829)	(2,381,617)
Issuance of mortgage notes receivable	-	(900,000)
Repayments received on mortgage notes and other receivables	759,142	233,098
Principal payments received under direct financing leases	188,751	181,993
Net cash provided by (used in) investing activities	<u>902,222</u>	<u>(534,212)</u>
<b>Change in cash and cash equivalents</b>	<b>809,295</b>	<b>(729,671)</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>2,842,349</u>	<u>3,572,020</u>
End of year	<u>\$ 3,651,644</u>	<u>\$ 2,842,349</u>

See notes to consolidated financial statements.

**CAPITALIZE ALBANY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED**  
**For the Year Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Reconciliation of Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities</b>		
Excess of revenues over expenses	\$ 81,305	\$ 245,284
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	211,756	208,265
Adjustment for losses on mortgage notes and other receivables	(25,490)	(51,225)
Net realized and unrealized gains on investments	(43,389)	(42,360)
Interest income on cash and cash equivalents and investments	(80,285)	(78,162)
Interest expense on bonds payable	86,666	100,568
Changes in:		
Grants receivable	(37,500)	(62,500)
Other receivables, accrued interest receivable and other assets	(9,045)	8,194
Accounts payable and accrued expenses	92,099	13,431
Due to the City of Albany	59	(36,800)
Unearned grant and other income	64,797	(54,425)
Revolving loan fund liability	373	(3,370)
Net cash provided by operating activities	<u>\$ 341,346</u>	<u>\$ 246,900</u>

See notes to consolidated financial statements.

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**NOTE 1 — ORGANIZATION AND MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Mission**

Capitalize Albany Corporation (CAC) was formed under the Not-for-Profit Corporation Laws of the State of New York in October 1979 for the purposes of facilitating the creation of new employment opportunities, retaining existing jobs and encouraging investment that will expand the commercial and industrial tax base within the City of Albany (City). CAC facilitates large scale transformational real estate projects to accomplish its mission.

CAC's mission is accomplished by providing technical support for City, State and other economic development programs and loaning money to new or existing businesses. Additionally, CAC has invested in certain real estate, and leases such real estate to businesses in order to further job opportunities within the City.

CAC formed Citywide Property Holdings, LLC (Citywide) in April 2008 for the limited purpose of assisting CAC in the furtherance of CAC's mission. CAC is the sole member and manager of Citywide. Citywide's participation in the furtherance of CAC's mission is evaluated on a project basis. This participation includes, but is not limited to, holding property as available for sale to enhance project development.

The consolidated financial statements represent the consolidated financial position and the consolidated changes in financial position and cash flows of CAC and Citywide. All intercompany transactions between CAC and Citywide have been eliminated for financial reporting purposes.

**Component Unit Reporting**

CAC is a component reporting unit of the City of Albany and, as such, is also reported in the City of Albany's general purpose financial statements.

**Basis of Accounting and Presentation**

CAC follows enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. CAC's consolidated financial statements apply all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**Revenue Recognition**

CAC, under Urban Development Action Grants (UDAG) financing arrangements through the United States Department of Housing and Urban Development (HUD), has recognized grant amounts as mortgage notes receivable, with corresponding credits to deferred program support. Principal repayments on these notes are recognized as program income and are applied against deferred program support. The UDAG agreements provide that the program income, together with the interest earned thereon, are restricted by HUD to be used for Title I eligible activities. The deferred program support account, in CAC's consolidated balance sheet, is a contra account which reflects UDAG loan principal repayments scheduled to be received in future years. There were no new UDAG grants in either 2013 or 2012.

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**NOTE 1 — ORGANIZATION AND MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Cash and Cash Equivalents**

Cash is comprised of various interest bearing and non-interest bearing deposits in several financial institutions. CAC considers all highly liquid investments with original maturities of three months or less to be cash equivalents except for cash equivalents included in the investment account, which are included in investments in the accompanying consolidated balance sheets.

**Investments**

Investments are carried at fair value, based on current market prices.

**Mortgage Notes Receivable and Allowance for Losses**

As explained further in Note 5, mortgage notes receivable are carried at the principal amount outstanding, net of an allowance for estimated uncollectible amounts. CAC's allowance for losses is evaluated on a regular basis by management and is estimated based on delinquency rates, current economic conditions, borrowers' outstanding balances, an analysis of borrowers' financial condition, and estimated value of any underlying collateral. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for losses is increased by provisions charged to earnings and reduced by charge-offs, net of recoveries.

Loans made by CAC to recipient entities are generally issued as part of larger financial packages involving additional lenders. Substantially all of CAC's mortgage notes receivable, which are collateralized by real property and/or equipment, are subordinated to the loans provided by these other lenders. In some cases, projected growth and overall economic conditions have substantially changed since loan origination. CAC attempts to work with borrowers who are experiencing financial difficulties and has entered into debt restructuring agreements with respect to certain financially troubled borrowers. These restructuring agreements often incorporate notes, for which current repayment is contingent upon favorable future events as specified in the note agreement. Such uncertainties have been considered by CAC in establishing the estimated allowance for possible losses.

CAC places impaired loans on nonaccrual status and recognizes interest income on such loans only on a cash basis. Accrual of interest is discontinued on a loan when management believes, after considering economics, business conditions, and collection efforts that the borrower's financial condition is such that collection of interest is doubtful. Uncollectible interest previously accrued is charged off. Income is subsequently recognized only to the extent cash payments are received until, in management's judgment, the borrower's ability to make periodic interest and principal payments is back to normal, in which case the loan is returned to accrual status.

**Property Held for Investment and Lease, Net**

Property held for investment and lease is carried at the lower of cost or market and represents assets acquired to assist in CAC's mission of encouraging economic development and business retention within the City.

**Property and Equipment, Net**

Property and equipment is stated at cost. Depreciation of property and equipment is provided using straight-line method over the estimated useful lives of the respective assets ranging from 5 years for equipment to 40 years for buildings.

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**NOTE 1 — ORGANIZATION AND MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Other Assets**

In December 2011, Citywide Property Holdings, LLC executed a purchase option agreement for a development site on Central Avenue. Under the terms of the agreement, Citywide paid \$500,000 at the time of the execution that will be applied to the purchase price of the property. Citywide can exercise the option at any time within five years from the date of the option. This amount is included in other assets in the consolidated statements of net position at December 31, 2013 and 2012.

The building located at 174 North Pearl Street is vacant and as of December 31, 2013 a plan of reuse has not been developed. The building is included in other assets in the consolidated statements of net position at December 31, 2013 and 2012, and CAC does not record depreciation on this asset.

**Description of Leasing Arrangements**

CAC, as part of its mission, has entered into arrangements leasing various parcels of real estate. These arrangements include both operating and direct financing leases. The lease terms range from one to thirty years.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

CAC is a publicly supported organization exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Citywide's annual tax information filings are included with the annual filings of its sole member, CAC.

**Net Position**

In order to present consolidated financial condition and consolidated operating results of CAC in a manner consistent with limitations and restrictions placed upon the use of resources, CAC classifies net Position into three categories as follows:

Net invested in capital assets – This component of net position consists of property and equipment, including property held for investment and lease, net of accumulated depreciation, and reduced by the outstanding balances of debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net invested in capital assets. Rather, when applicable, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on assets use through external constraints imposed by creditors, by law or regulation, or through enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of “net invested in capital assets” or “restricted.”



**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

**NOTE 1 — ORGANIZATION AND MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Subsequent Events**

For purposes of preparing these financial statements, CAC considered events through March 18, 2014, the date the financial statements were available for issuance. See Note 16 for disclosure regarding subsequent events.

**NOTE 2 — CASH AND CASH EQUIVALENTS**

CAC maintains its cash in bank accounts with several financial institutions.

CAC has not experienced any losses with respect to its cash and cash equivalents balances. Based on management's review of the strength of the financial institutions, management feels the risk of loss on its cash balances is minimal.

At December 31, 2013, the carrying amount and the bank balance of CAC's deposits were approximately \$3,652,000 and \$3,729,000, respectively. Of the bank balance, approximately \$341,000 was insured under the FDIC coverage and approximately \$1,330,000 was secured by bank pledged investment securities. Uncollateralized amounts approximated \$2,058,000 at December 31, 2013, and were maintained with major financial institutions considered by management to be secure.

**NOTE 3 — RESTRICTED CASH**

Generally, restricted cash represents funds that have been placed in a segregated account that cannot be used for a purpose other than the purpose for which that account is designated. Restricted cash includes amounts restricted for the following purposes at December 31:

	<u>2013</u>	<u>2012</u>
CDBG eligible activities	\$ 100,034	\$ 91,676
EC/EDZ revolving loan fund	118,333	65,486
Debt service reserve	171,401	171,401
Hudson River Way campaign	<u>59,215</u>	<u>59,156</u>
Total restricted cash and cash equivalents	<u>\$ 448,983</u>	<u>\$ 387,719</u>

At December 31, 2013, the bank balance of restricted cash was approximately \$449,000, which was insured under FDIC coverage.

**NOTE 4 — INVESTMENTS**

Investments consist of the following at December 31:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Corporate Debt Securities	\$ 841,195	\$ 848,800	\$ 763,306	\$ 787,050
Certificates of Deposit	1,479,010	1,476,482	1,507,482	1,498,521
Equities	266,448	395,629	259,227	309,108
Other	<u>136,483</u>	<u>136,483</u>	<u>150,485</u>	<u>150,485</u>
Total	<u>\$ 2,723,136</u>	<u>\$ 2,857,394</u>	<u>\$ 2,680,500</u>	<u>\$ 2,745,164</u>

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

**NOTE 4 — INVESTMENTS (Continued)**

Unrealized gains of approximately \$70,000 and \$32,000 at December 31, 2013 and 2012, respectively, are included in other interest and investment income in the consolidated statements of revenue and expenses and changes in net position.

**NOTE 5 — MORTGAGE NOTES RECEIVABLE, NET**

CAC's mortgage notes receivable are comprised of 41 and 45 individual accounts at December 31, 2013 and 2012, respectively, with an average outstanding principal balance approximating \$107,000 and \$112,000, respectively.

Repayment terms and interest rates on mortgage loans vary with each loan. Generally, interest rates range from 0% to 9% per year, with the average yield on all loans approximating 5% for the years ended December 31, 2013 and 2012. Maturities range from the short-term through the year 2080.

Substantially all mortgage notes are collateralized by a subordinate interest in real property and/or equipment.

The composition of mortgage notes receivable by funding source is as follows at December 31:

	2013		2012	
	Number of Notes	Amount	Number of Notes	Amount
CDBG	2	\$ 46,377	2	\$ 52,712
UDAG	15	962,805	15	962,805
Other	<u>24</u>	<u>3,384,037</u>	<u>28</u>	<u>4,036,844</u>
	<u>41</u>	4,393,219	<u>45</u>	5,052,361
Less allowance for losses		<u>(2,275,443)</u>		<u>(2,303,660)</u>
Mortgage notes receivable, net		2,117,776		2,748,701
Less: Current portion		<u>161,754</u>		<u>186,954</u>
Noncurrent		<u>\$ 1,956,022</u>		<u>\$ 2,561,747</u>

Of the total mortgage receivable balance approximately \$548,000 and \$597,000 as of December 31, 2013 and 2012, respectively, is due from the Albany Community Development Agency (ACDA), another component unit of the City of Albany.

The recorded investment in mortgage notes receivable that are considered to be impaired approximated \$2,366,000 and \$2,395,000 at December 31, 2013 and 2012, respectively. The allowance for losses related to impaired loans approximated \$2,275,000 and \$2,304,000 at December 31, 2013 and 2012, respectively. Interest income recognized on impaired mortgage notes receivable, while such mortgage notes receivable were impaired, was approximately \$4,500 and \$6,000 for 2013 and 2012, respectively.

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**NOTE 6 — RECEIVABLES FROM THE CITY OF ALBANY AND CITY AGENCIES**

At December 31, 2013, there is a receivable from ACDA in the amount of \$100,000 related to reimbursable expenditures incurred under the CDBG program.

At December 31, 2012, there was a receivable from ACDA in the amount of \$100,000 under a collateral loan agreement for the purpose of establishing a fund for collateral as required by the Federal National Mortgage Association for ACDA's participation in the Down Payment Assistance Program. The loan matured and the balance was received in full during 2013.

**NOTE 7 — PROPERTY HELD FOR INVESTMENT AND LEASE, NET**

The following is a summary of changes in property held for investment and lease for the year ended December 31, 2013:

	January 1, 2013	Additions	Dispositions	Reclassification	Impairment	December 31, 2013
Riverfront Bar & Grill -						
Utilities Project	\$ 43,800	\$ -	\$ -	\$ -	\$ -	\$ 43,800
Quackenbush Square Parking Lot	146,863	-	-	-	-	146,863
677 Broadway	449,001	-	-	-	-	449,001
Quackenbush House	199,192	-	-	-	-	199,192
Palace Properties	25,000	-	-	-	-	25,000
245 Lark Street	-	1,850	-	163,587	-	165,437
Corning Preserve Project	4,114,091	-	-	-	-	4,114,091
Land at 11 Clinton Avenue	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
	5,202,947	1,850	-	163,587	-	5,368,384
Less accumulated depreciation	<u>1,831,291</u>	<u>178,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,009,680</u>
	<u>\$ 3,371,656</u>					<u>\$ 3,358,704</u>

During 2013, as a result of the termination of a direct financing lease related to 245 Lark Street, the asset was reclassified from net investment in direct financing lease to property held for investment and lease, net.

The following is a summary of changes in property held for investment and lease for the year ended December 31, 2012:

	January 1, 2012	Additions	Dispositions	Reclassification (see Note 1)	Impairment	December 31, 2012
Riverfront Bar & Grill -						
Utilities Project	\$ 43,800	\$ -	\$ -	\$ -	\$ -	\$ 43,800
Quackenbush Square Parking Lot	146,863	-	-	-	-	146,863
677 Broadway	449,001	-	-	-	-	449,001
174 North Pearl Street	188,391	-	-	(188,391)	-	-
Quackenbush House	199,192	-	-	-	-	199,192
Palace Properties	25,000	-	-	-	-	25,000
Corning Preserve Project	4,114,091	-	-	-	-	4,114,091
Land at 11 Clinton Avenue	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
	5,391,338	-	-	(188,391)	-	5,202,947
Less accumulated depreciation	<u>1,727,987</u>	<u>176,780</u>	<u>-</u>	<u>(73,476)</u>	<u>-</u>	<u>1,831,291</u>
	<u>\$ 3,663,351</u>					<u>\$ 3,371,656</u>

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

**NOTE 8 — PROPERTY AND EQUIPMENT, NET**

The following is a summary of changes in property and equipment for the year ended December 31, 2013:

	<u>January 1, 2013</u>	<u>Additions</u>	<u>Dispositions</u>	<u>December 31, 2013</u>
Land	\$ 49,300	\$ -	\$ -	\$ 49,300
Building and improvements	460,806	-	-	460,806
Furniture and equipment	132,028	3,611	-	135,639
Total	642,134	3,611	-	645,745
Less accumulated depreciation	184,315	33,367	-	217,682
	<u>\$457,819</u>	<u>\$(29,756)</u>	<u>\$ -</u>	<u>\$ 428,063</u>

The following is a summary of changes in property and equipment for the year ended December 31, 2012:

	<u>January 1, 2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>December 31, 2012</u>
Land	\$ 49,300	\$ -	\$ -	\$ 49,300
Building and improvements	459,082	1,724	-	460,806
Furniture and equipment	116,802	15,226	-	132,028
Total	625,184	16,950	-	642,134
Less accumulated depreciation	152,830	31,485	-	184,315
	<u>\$472,354</u>	<u>\$(14,535)</u>	<u>\$ -</u>	<u>\$ 457,819</u>

Depreciation expense, including depreciation expense on property held for investment and lease, was approximately \$212,000 and \$208,000 for the years ended December 31, 2013 and 2012, respectively.

**NOTE 9 — OPERATING LEASES**

CAC leases the Quackenbush Square Parking Lot, Riverfront Bar & Grill, 677 Broadway (ground lease), the Quackenbush House, and Corning Preserve Project, all classified as property held for investment and lease (see Note 7), to help accomplish its economic development goals.

The following is a schedule by year of the minimum future rentals to be received on non-cancellable operating leases as of December 31, 2013:

2014	\$ 318,381
2015	311,866
2016	260,710
2017	256,970
2018	266,743
Thereafter	<u>2,630,029</u>
	<u>\$ 4,044,699</u>

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

**NOTE 9 — OPERATING LEASES (Continued)**

CAC leases the Corning Preserve Project to the Albany Port District Commission (the "Port"), another component unit of the City, under a shared use and lease agreement (see Note 15). The shared use and sublease agreement has a thirty year term. Under the shared use and lease agreement the Port is obligated to make lease payments sufficient to cover all related bond debt service and certain other expenses. The annual rent payments due from the Port will change on a year to year basis as a result of the variable interest rate associated with the bonds, the amortization schedule of the bonds and bond prepayments. CAC is recognizing the base rental income on a straight-line basis (\$148,000 per year) over the life of the lease based on the lease factors at inception of the lease. For the years ended December 31, 2013 and 2012, rental income approximated \$148,000 and \$149,000, respectively. Increases or decreases to the base rental income result from changes in lease factors occurring subsequent to the inception of the lease and are recognized as contingent rentals in the period that the changes take place.

**NOTE 10 — NET INVESTMENT IN DIRECT FINANCING LEASES**

The following lists the components of the net investment in direct financing leases as of December 31:

	<u>2013</u>	<u>2012</u>
Total minimum lease payments to be received	\$2,182,926	\$2,865,928
Less: amounts representing executory costs (such as insurance) included in total minimum lease payments	<u>-</u>	<u>(65,234)</u>
Net minimum lease payments receivable	2,182,926	2,800,694
Less: unearned income	<u>(444,046)</u>	<u>(709,476)</u>
Net investment in direct financing leases	1,738,880	2,091,218
Less: current portion	<u>206,438</u>	<u>193,589</u>
Noncurrent	<u>\$1,532,442</u>	<u>\$1,897,629</u>

Minimum future lease payments to be received, as of December 31, 2013, for the remaining lease terms, are as follows:

2014	\$ 323,767
2015	318,186
2016	311,438
2017	307,692
2018	302,839
Thereafter	<u>619,004</u>
Total minimum lease payments to be received	<u>\$2,182,926</u>

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**NOTE 10 — NET INVESTMENT IN DIRECT FINANCING LEASES (Continued)**

Net investment in direct financing leases is comprised primarily of the following leases with related parties:

A lease with ACDA, related to a facility located at 200 Henry Johnson Boulevard. In addition, a master lease agreement with the City guarantees the required lease payments of ACDA. The lease with ACDA required an up-front payment of \$300,000 and variable semi-annual payments over the remaining lease term (payments approximate \$190,000 annually). Portions of the payments are utilized by CAC to fund their debt service obligation for the related bonds payable (see Note 12). The lease has a twenty-five year term and matures in March 2018. The net investment in the lease approximated \$739,000 and \$845,000 as of December 31, 2013 and 2012, respectively. Income earned during 2013 and 2012 approximated \$82,000 and \$94,000, respectively.

A lease with the Port, related to a warehouse facility. In 2004, the lease with the Port was amended to reflect CAC's refinancing related bonds payable (see Note 12). The lease amendment with the Port requires monthly payments of \$8,718 which is equivalent to CAC's debt service obligation for related bonds payable (see Note 12). The lease has a twenty year term and matures in November 2024. The net investment in the lease approximated \$929,000 and \$993,000 as of December 31, 2013 and 2012, respectively. Income earned during 2013 and 2012 approximated \$40,000 and \$43,000, respectively.

A lease with the City, related to the Albany Police Department's North Station, requiring annual payments of \$22,088. The lease has a twenty year term and matures in July 2018. The net investment in the lease approximated \$71,000 and \$87,000 as of December 31, 2013 and 2012, respectively. Income earned during 2013 and 2012 approximated \$4,000 and \$6,000, respectively.

**NOTE 11 — DUE TO THE CITY OF ALBANY**

Due to the City of Albany consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Professional services fee payable	\$ 40,000	\$ 40,000
Hudson River Way project	<u>59,507</u>	<u>59,448</u>
	<u>\$ 99,507</u>	<u>\$ 99,448</u>

During 2012, CAC entered into a professional services agreement with the City of Albany. Under this agreement the City of Albany provides economic development, planning, and community development consultancy services in furtherance of CAC's mission. The fee under the agreement is determined annually. CAC's fee to the City of Albany under this agreement totaled \$160,000 for each of the years ended December 31, 2013 and 2012. The agreement carries a one-year term with automatic consecutive one-year renewals unless terminated by either party.

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**NOTE 12 — BONDS PAYABLE**

The following is a summary of changes in bonds payable for the year ended December 31, 2013:

	<u>January 1,</u> <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2013</u>
Bonds Payable:				
AIDA Port Warehouse Project (A)	\$ 993,436	\$ -	\$ (64,846)	\$ 928,590
AIDA Henry Johnson Boulevard Project (B)	840,000	-	(120,000)	720,000
AIDA Corning Preserve Project (C)	<u>2,375,000</u>	<u>-</u>	<u>(155,000)</u>	<u>2,220,000</u>
	4,208,436	-	(339,846)	3,868,590
Less current maturities	<u>339,846</u>			<u>1,218,590</u>
	<u>\$ 3,868,590</u>			<u>\$ 2,650,000</u>

The following is a summary of changes in bonds payable for the year ended December 31, 2012:

	<u>January 1,</u> <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2012</u>
Bonds Payable:				
AIDA Port Warehouse Project (A)	\$ 1,055,548	\$ -	\$ (62,112)	\$ 993,436
AIDA Henry Johnson Boulevard Project (B)	955,000	-	(115,000)	840,000
AIDA Corning Preserve Project (C)	<u>2,520,000</u>	<u>-</u>	<u>(145,000)</u>	<u>2,375,000</u>
	4,530,548	-	(322,112)	4,208,436
Less current maturities	<u>322,122</u>			<u>339,846</u>
	<u>\$ 4,208,426</u>			<u>\$ 3,868,590</u>

- (A) CAC functioned as the conduit agency in connection with a 1994 bond issue of the Albany Industrial Development Agency (AIDA), another component unit of the City, in the amount of \$1,675,000. The net proceeds were utilized to fund a project to construct a building for the Port. The transaction has been recorded at the amount of debt assumed under the bond issue. The building is leased to the Port under a related lease agreement that has been classified as a direct financing lease (see Note 10). In 2004, the 1994 bond was refinanced through the issuance of a 2004A bond of the AIDA in the amount of \$1,430,000. The 2004A bond requires monthly payments of principal and interest in the amount of \$8,718, with interest at a rate of 4.07% per annum. The bond matures in November 2014. Accordingly, the lease with the Port was amended in 2004 (see Note 10).
- (B) CAC functioned as the conduit agency in connection with a 1994 bond issue of the AIDA in the amount of \$1,975,000. The net proceeds were utilized to fund a project to construct a building for the City and City Agencies. The transaction has been recorded at the amount of debt assumed under the bond issue. The bonds require semi-annual payment of interest and the interest rate is adjusted every five years. Principal payments are required annually on March 1 in prescribed amounts currently ranging from \$100,000 to \$160,000. The obligation matures in March 2018. The interest rate at December 31, 2013 was 5.75%. The building is leased to ACDA under a related lease agreement that has been classified as a direct financing lease (see Note 10).

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

**NOTE 12 — BONDS PAYABLE (Continued)**

(C) CAC functioned as the conduit agency in connection with a 2002 Civic Facility Revenue bond issue of the AIDA in the amount of \$4,390,000. The proceeds were utilized to fund a project that includes the construction of various improvements to the Corning Preserve Park. The obligation requires monthly payment of interest and the interest rate is adjusted weekly. The bonds are secured by a letter of credit issued by Key Bank. The letter of credit requires principal payments on the outstanding bonds, annually on May 1, in prescribed amounts currently ranging from \$140,000 to \$255,000. The letter of credit also requires principal payments on the outstanding bonds if certain grant proceeds related to the Corning Preserve Project are received. The bonds mature in May 2027. The interest rate at December 31, 2013 was 0.25%. The Corning Preserve Project is leased to the Port under a related agreement that has been classified as an operating lease (see Note 9).

At December 31, 2013, principal and interest requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,218,590	\$ 77,304
2015	300,000	32,439
2016	320,000	24,181
2017	330,000	15,483
2018	350,000	6,343
2019 - 2023	1,095,000	4,899
2024	<u>255,000</u>	<u>130</u>
	<u>\$ 3,868,590</u>	<u>\$ 160,779</u>

**NOTE 13 — REVOLVING LOAN FUND LIABILITY**

In June 1999, CAC was awarded a grant of \$643,291 to establish and operate a revolving loan fund to benefit prospective or existing Enterprise Community and/or Economic Development Zone (EC/EDZ) businesses. Generally, repayments on loans originated are to be recycled back into the loan fund to provide additional loans. However, with approval from the Empire State Development Corporation (“ESDC”), interest generated from the loans can be recorded as revenue to the extent that it offsets administrative expenses related to operating the loan fund. Approximately \$33,000 and \$34,000 of such revenue was recognized for the years ended December 31, 2013 and 2012, respectively.

**NOTE 14 — RETIREMENT PLAN**

**Simplified Employee Pension Plan (SEP-IRA)**

*Plan Description:* Simplified Employee Pension Plan is an employer-funded retirement plan with 100% immediate vesting. Maximum employee limit is 25% of gross compensation not to exceed \$51,000. Distributions taken prior to age 59 ½ may be subject to 10% premature penalty tax in addition to ordinary income tax. The Plan must be adopted and funded by employer’s tax filing deadline, plus extensions, for prior year deductibility.



**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2013 and 2012

**NOTE 14 — RETIREMENT PLAN** (Continued)

**Simplified Employee Pension Plan (SEP-IRA)** (Continued)

*Funding Requirements:* CAC has elected to contribute 11% of an eligible employee's compensation annually to the SEP-IRA. At December 31, 2013 and 2012, six and five employees were covered by the SEP-IRA, and total contributions were approximately \$41,000 and \$35,000, respectively.

**Post Employment Benefit**

CAC does not offer post employment benefit to its employees.

**NOTE 15 — CORNING PRESERVE PROJECT**

CAC, in 2002, functioned as the conduit agency with several related parties related to a project to construct various improvements to a portion of the Corning Preserve Park (Corning Preserve Project). CAC entered into an interim use and ground lease agreement with the City providing for a ground lease of the property owned by the City, underlying the Corning Preserve Project. The interim use and ground lease agreement has a thirty-five year term and provides for a nominal rent payment. At the end of the lease term the Corning Preserve Project reverts to the City.

CAC entered into a lease agreement with the AIDA to sublease the property to the AIDA. The sublease expires at the earlier of a date requested by CAC or the completion date of the Corning Preserve Project. The lease agreement provides for a nominal payment. CAC also entered into an installment sale agreement with the AIDA pursuant to which CAC is obligated, among other things, to complete the Corning Preserve Project as the agent of the AIDA and the AIDA sells the Corning Preserve Project to CAC on an installment basis. CAC's payments under the installment sale agreement are equivalent to the debt service requirements on the \$4,390,000 in 2002 Civic Facility Revenue Bonds issued by the AIDA to fund the Corning Preserve Project, which is accounted for as bonds payable (see Note 12).

CAC entered into a shared use and sublease agreement with the Port. Under the shared use and sublease agreement the Port is obligated to perform on behalf of CAC, CAC's obligations under the interim use and ground lease agreement and the installment sale agreement. Also under the shared use and sublease agreement, which is accounted for as an operating lease, the Port is obligated to fund CAC's obligations relating to the Corning Preserve Project, including funding payments sufficient to cover all related bond debt service and certain other expenses (see Note 9).

**NOTE 16 — SUBSEQUENT EVENTS**

During February 2014, CAC entered into a contract for the sale of a building and property located at 245 Lark Street. Contingent upon approval by the CAC Board of Directors, the sale is expected to close during the second quarter of 2014.

In February 2014, CAC agreed to extend a \$500,000 loan for the renovation of a building in Downtown Albany. This loan carries an interest rate of 4.75%, with a final maturity date of January 1, 2020. CAC is secured with a third position mortgage on the building and property. It is expected this project will yield 14 downtown residential units.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Capitalize Albany Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Capitalize Albany Corporation (a component reporting unit of the City of Albany), which comprise the consolidated statement of net position as of December 31, 2013, and the related consolidated statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 18, 2014.

**Internal Control Over Financial Reporting**

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*UHY LLP*

Albany, New York  
March 18, 2014

# **Capitalize Albany Corporation Board Meeting**

## **April 22, 2014**

**Agenda Item #5:** Finance Committee Meeting Update

### **Materials:**

Quarterly Financial Report

- Memo
- YTD Budget Performance
- Pre-audited financial statements
- Portfolio Report

Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

MEMORANDUM

TO: CAC Finance & Investment Committee  
FROM: Erik Smith  
RE: Capitalize Albany Corporation 1<sup>st</sup> Quarter Financial Reports  
DATE: April 18, 2014

**BUDGET PERFORMANCE**

On a pre-audit basis, through March 31, 2014, the Capitalize Albany Corporation (CAC) generated a net loss of approximately \$141,000. This position compares favorably to the year-to-date (YTD) budgeted net loss of approximately \$147,000. CAC incurred a net loss of \$82,000 for the first quarter of 2013. For 2014, CAC is currently projecting a net loss of approximately \$299,000.

The 2014 approved budget carries a deficit of approximately \$56,000. The table below reconciles the full year projected deficit to the budgeted deficit.

	BUDGET	PROJECTION	VARIANCE
REVENUE			
IMPACT DOWNTOWN ALBANY	\$ 255,428	\$ 185,000	\$ (70,428)
ECONOMIC & COMMUNITY DEVELOPMENT SUPPORT	205,000	170,000	(35,000)
REAL ESTATE INCOME	381,120	408,222	27,102
OTHER REVENUE	223,110	236,400	13,290
			<u>\$ (65,036)</u>
EXPENSE			
SALARIES & FRINGE	\$ 726,855	\$ 802,726	\$ 75,871
IMPACT DOWNTOWN ALBANY	329,247	448,545	119,298
OTHER EXPENSE	1,021,186	1,004,490	(16,696)
			<u>\$ 178,473</u>
			<u>\$ (243,509)</u>

I will address the largest components in the table above:

- Impact Downtown Albany
  - The projected revenue shortfall is the result of CAC not being awarded a \$100,000 grant from the Capital Region Economic Development Council (CREDC). CAC was awarded a \$20,000 grant which along with additional, unbudgeted contributions partially mitigates the loss of the \$100,000 grant.
  - Projected overage of Impact Downtown Albany expenses is the result of lower-than-anticipated costs incurred for services rendered by the consultant in 2013.

Those services will be rendered in, and the cost incurred, in 2014. At the time the budget was adopted this shift in costs was unknown.

- Salaries and Fringe Benefit Expense. The projected variance from the budget is the result of two events within this category. This first is the anticipated distribution of the approved At-Risk Compensation Pool. Secondly, the anticipated costs associated with the addition of one Economic Developer position is part of the projection. Both items were approved subsequent to the adoption of the 2014 budget and prior to January 1, 2014.
- Real Estate Income is projected to outperform the budget due an anticipated gain on the sale of 245 Lark Street.
- Economic and Community Development Support is expected to be impaired by a lower-than-budgeted grant from Albany Community Development Agency.

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

- **YTD 2014 revenue is \$240,000 and \$4,600 over the 2014 YTD budget.**
  - **Fee Income.** YTD, this category exceeds the budget by \$4,700. This is primarily the result of the fees received associated with the Sixty State Place loan. The loan was not included within the 2014 budget.
- **YTD 2014 expenses are \$349,000 and \$13,000 under the 2014 budget.**
  - **Administrative Expenses.** This category is under-budget by \$4,000 or 15%. This is attributable to additional board members who opted out of board compensation for the Impact Downtown Albany plan after the approval of the 2014 budget and the cancellation of the February board meeting.
  - **Occupancy Expense.** This category is over budget by approximately \$2,600. This is attributable to higher utility costs.

## **LOANS**

- During the first quarter, a loan in the amount of \$500,000 was approved for Sixty State Place LLC. This loan carries an interest rate of 4.75% and the term is to be coterminous with the first mortgage. This loan is expected to close during the second quarter of 2014.
- No additional loans have deteriorated to non-performing status.

## **BALANCE SHEET**

The balance sheet is expected to contract from \$15.5 million as of December 31, 2013 to \$13.6 million as of December 31, 2014. This is primarily attributable to the following:

- Impact Downtown Albany cash outlay of approximately \$386,000.
- Reduction of \$165,000 in fixed assets due to the sale of 245 Lark Street.
- Approximately \$60,000 decrease in restricted cash.
- Depreciation of approximately \$210,000.
- Reduction of bond indebtedness by approximately \$1,050,000 in principal payments. The majority of this reduction, approximately \$928,000, is attributable to bonds maturing in November.

## **CASH FLOW STATEMENT**

- Currently, CAC's December 31, 2014 cash and cash equivalents are anticipated to decrease by \$1.5 million to \$2.1 million. This is primarily attributable to loan portfolio activity and Impact Downtown Albany activity.
- Excluding the projected net cash outlay of Impact Downtown Albany activity, the projected decrease of cash flow from operations is primarily attributable to anticipated employee payments. These include the distribution of the 2014 At-Risk Compensation Pool and salary and fringe benefit payments for approved positions that are currently not filled.
- Cash used in capital and financing activities reflects scheduled debt service payments and equipment purchases made during 2014.
- Projected 2014 cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

	January 1, 2014 - December 31, 2014								
	March	YTD Actual	YTD Budget	Variance - \$	Variance - %	Apr - Dec 2014 Forecast	2014 Projection	Original Budget	Projected Variance from Budget
<b>REVENUE</b>									
General Economic & Community Development Support Income	\$ 62,500	\$ 62,500	\$ 62,500	\$ -	0%	\$ 430,300	\$ 492,800	\$ 527,800	\$ (35,000)
Real Estate Income	11,683	35,050	34,912	138	0%	373,172	408,222	381,120	27,102
Professional Service Agreement Income	75,000	75,000	75,000	-	0%	225,000	300,000	300,000	-
Loan Interest Income	6,004	19,310	18,846	464	0%	80,133	99,443	85,239	14,204
Fee Income	13,249	13,499	8,806	4,692	53%	30,461	43,959	38,767	5,192
Direct Finance Lease Income	3,217	10,354	10,354	-	0%	102,194	112,548	115,488	(2,940)
Investment & Interest Income	5,411	15,813	24,776	(8,963)	-36%	68,941	84,754	99,104	(14,350)
FMV Adj on Fidelity Inv	1,523	8,035	-	8,035	100%	-	8,035	-	8,035
G/L on Sale/Redemption	-	209	-	209	100%	-	209	-	209
Membership & Event Support	-	-	-	-	0%	37,500	37,500	37,500	-
<b>TOTAL REVENUE</b>	<b>\$ 178,587</b>	<b>\$ 239,771</b>	<b>\$ 235,195</b>	<b>\$ 4,575</b>	<b>2%</b>	<b>\$ 1,347,701</b>	<b>\$ 1,587,471</b>	<b>\$ 1,585,019</b>	<b>\$ 2,452</b>
<b>EXPENSE</b>									
Salaries Expense	\$ 42,074	\$ 132,534	\$ 133,871	\$ (1,338)	-1%	\$ 455,991	\$ 588,524	\$ 571,320	\$ 17,204
Approved At Risk Compensation Pool	-	-	-	-	0%	51,000	51,000	-	51,000
Fringe Expense	9,707	38,255	43,121	(4,866)	0%	124,946	163,202	155,535	7,667
Professional Fees	58,053	104,500	109,462	(4,963)	-5%	236,423	340,923	333,748	7,175
Administrative Expenses	6,154	23,122	27,158	(4,036)	-15%	77,790	100,912	106,644	(5,732)
Interest Expense	2,905	30,095	30,095	-	0%	41,562	71,656	76,255	(4,599)
Real Estate Expenses	3,938	11,257	10,966	291	3%	38,128	49,385	51,065	(1,680)
Occupancy Expense	2,969	9,571	7,014	2,557	36%	33,356	42,927	40,760	2,167
Bad Debt Expense (recovery)	-	-	-	-	0%	-	-	-	-
Membership & Event Expense	-	250	875	(625)	-71%	18,625	18,875	18,875	-
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>\$ 125,800</b>	<b>\$ 349,584</b>	<b>\$ 362,563</b>	<b>\$ (12,979)</b>	<b>-4%</b>	<b>\$ 1,077,821</b>	<b>\$ 1,427,404</b>	<b>\$ 1,354,202</b>	<b>\$ 73,202</b>
<b>NET INCOME BEFORE DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ 52,787</b>	<b>\$ (109,813)</b>	<b>\$ (127,368)</b>	<b>\$ 17,554</b>	<b>-14%</b>	<b>\$ 269,879</b>	<b>\$ 160,067</b>	<b>\$ 230,817</b>	<b>\$ (70,750)</b>
<b>DEPRECIATION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>	<b>\$ 210,748</b>	<b>\$ 210,748</b>	<b>\$ 212,714</b>	<b>\$ (1,966)</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION</b>	<b>\$ 52,787</b>	<b>\$ (109,813)</b>	<b>\$ (127,368)</b>	<b>\$ 17,555</b>	<b>-14%</b>	<b>\$ 59,131</b>	<b>\$ (50,681)</b>	<b>\$ 18,103</b>	<b>\$ (68,784)</b>
<b>PROJECT &amp; PROGRAM REVENUE</b>									
Blight to Betterment	\$ -	\$ -	\$ -	\$ -	0%	\$ 200,000	200,000	\$ 200,000	\$ -
Downtown Tactical Plan	7,500	43,000	54,500	(11,500)	-21%	142,000	185,000	255,428	(70,428)
New York Main Street	-	-	-	-	0%	-	-	-	-
<b>Total Program Income</b>	<b>\$ 7,500</b>	<b>\$ 43,000</b>	<b>\$ 54,500</b>	<b>\$ (11,500)</b>	<b>-21%</b>	<b>\$ 342,000</b>	<b>\$ 385,000</b>	<b>\$ 455,428</b>	<b>\$ (70,428)</b>
<b>PROJECT &amp; PROGRAM EXPENSE</b>									
Blight to Betterment	\$ -	\$ -	\$ -	\$ -	0%	\$ 185,000	185,000	\$ 200,000	\$ (15,000)
Downtown Tactical Plan	116	74,777	74,710	67	0%	373,768	448,545	329,247	119,298
New York Main Street	-	-	-	-	0%	-	-	-	-
<b>Total Program Expense</b>	<b>\$ 116</b>	<b>\$ 74,777</b>	<b>\$ 74,710</b>	<b>\$ 67</b>	<b>0%</b>	<b>\$ 558,768</b>	<b>\$ 633,545</b>	<b>\$ 529,247</b>	<b>\$ 104,298</b>
<b>NET INCOME (LOSS) FROM PROGRAM ACTIVITY</b>	<b>\$ 7,385</b>	<b>\$ (31,777)</b>	<b>\$ (20,210)</b>	<b>\$ (11,567)</b>	<b>57%</b>	<b>\$ (216,768)</b>	<b>\$ (248,545)</b>	<b>\$ (73,819)</b>	<b>\$ (174,726)</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ 60,172</b>	<b>\$ (141,589)</b>	<b>\$ (147,578)</b>	<b>\$ 5,989</b>	<b>-4%</b>	<b>\$ (157,637)</b>	<b>\$ (299,225)</b>	<b>\$ (55,716)</b>	<b>\$ (243,510)</b>



# CAPITALIZE ALBANY CORPORATION

## Comparative Balance Sheets

### Pre-Audited Draft

	March 31, 2014	Projected December 31, 2014	December 31, 2013
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 3,753,514	\$ 2,138,668	\$ 3,651,644
Investments	2,878,087	3,378,087	2,857,394
Restricted cash	467,136	481,108	448,983
Mortgage notes receivable, net	1,963,233	2,747,203	2,117,776
Net investment in direct financing leases	1,563,603	669,920	1,738,881
Accrued interest receivable	61,898	61,898	63,326
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	-	-	100,000
Other receivables, net	92,643	88,462	93,584
Property held for investment and lease, net	3,358,703	3,024,426	3,358,703
Property and equipment, net	428,063	400,841	428,063
Other assets	649,888	649,888	655,751
<b>Total assets</b>	<b>\$ 15,216,768</b>	<b>\$ 13,640,501</b>	<b>\$ 15,514,105</b>
<b>Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 168,823	\$ 66,164	\$ 192,740
Due to the City of Albany	99,507	40,000	99,507
Unearned grant and other income	935,984	880,984	921,170
Bonds payable, current portion	3,721,830	2,520,000	3,868,591
Revolving loan fund liability	702,367	702,727	702,248
Unearned program support	81,447	81,447	81,447
<b>Total liabilities</b>	<b>\$ 5,709,957</b>	<b>\$ 4,291,322</b>	<b>\$ 5,865,703</b>
<b>Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position</b>			
Net invested in capital assets	\$ 1,586,766	\$ 1,586,766	\$ 1,586,766
Restricted for:			
Debt service	171,401	171,401	171,401
CDBG eligible activities	118,822	118,822	118,822
Other program specific activities	9,035	9,035	9,035
Impact Downtown Albany	11,253	11,253	11,253
Unrestricted	7,609,536	7,451,903	7,751,126
<b>Total net position</b>	<b>\$ 9,506,813</b>	<b>\$ 9,349,179</b>	<b>\$ 9,648,403</b>

**Capitalize Albany Corporation****STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS**

Pre Audited Draft

	YTD March 31, 2014	Projected December 31, 2014	Year Ended December 31, 2013
Revenues			
Grant income and Contribution Income	\$ 105,500	\$ 877,800	\$ 812,372
Rental income	36,010	371,931	378,408
Other interest and investment income	33,452	202,139	254,484
Interest income on mortgage notes	19,310	99,443	82,775
Gain on sale of properties	-	39,699	-
Fees and other income	88,499	381,459	340,478
Total revenues	<u>282,771</u>	<u>1,972,471</u>	<u>1,868,517</u>
Expenses			
Salaries and fringe benefits	170,789	802,726	644,284
Program and project costs	86,284	867,581	544,248
Interest expense	30,095	71,656	86,666
Bad debt expenses (recovery)	-	-	(25,490)
Administrative Expenses	137,193	529,735	537,504
Total expenses	<u>424,361</u>	<u>2,271,698</u>	<u>1,787,212</u>
Excess of (expenses over revenues) revenues over expenses	(141,589)	(299,225)	81,305
Net Position, Beginning of Year	<u>9,648,403</u>	<u>9,648,403</u>	<u>9,567,098</u>
Net Position, End of Month	<u>\$ 9,506,813</u>	<u>\$ 9,349,179</u>	<u>\$ 9,648,403</u>

**CAPITALIZE ALBANY CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**Pre-Audited Draft**

	March 31, 2014	Projected December 31, 2014	December 31, 2013
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 172,948	\$ 700,325	\$ 582,948
Cash received from grantors	77,433	703,093	628,470
Other operating cash receipts	88,399	381,459	340,478
Cash payments to suppliers and grantees	(171,715)	(851,042)	(703,248)
Cash payments to employees	(170,789)	(802,727)	(644,284)
Net cash provided by operating activities before Impact Downtown Albany activity	<u>(3,724)</u>	<u>131,108</u>	<u>204,364</u>
Cash received from Impact Downtown Albany grantors and contributors	43,000	135,000	211,572
Cash payments to Impact Downtown Albany suppliers	(75,680)	(521,610)	(74,590)
Net cash provided by Impact Downtown Albany activities	<u>(32,680)</u>	<u>(386,610)</u>	<u>136,982</u>
Net cash provided by operating activities	<u>(36,404)</u>	<u>(255,501)</u>	<u>341,346</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Proceeds from sale of property held for sale	-	200,000	-
Purchase of property held for investment and lease	-	(3,800)	-
Purchase of property and equipment	-	(5,750)	(5,461)
Purchase of other assets including purchase options	-	-	-
Principal payments on bonds payable	(146,760)	(1,348,591)	(339,846)
Interest paid on bonds payable	(30,095)	(79,054)	(88,966)
Net cash used in capital and related financing activities	<u>(176,855)</u>	<u>(1,237,195)</u>	<u>(434,273)</u>
<b>Cash Flows From Investing Activities</b>			
Interest on cash and cash equivalents and investments	15,813	84,755	84,434
Net decrease (increase) in restricted cash	(18,153)	(32,125)	(61,264)
Proceeds from sales and maturities of investments	676,821	1,716,000	1,716,988
Purchase of investments	(689,170)	(2,228,449)	(1,785,829)
Issuance of mortgage notes receivable	-	(850,000)	-
Repayments received on mortgage notes receivable	154,543	220,573	759,142
Principal payments received under direct financing leases	175,278	1,068,961	188,751
Net cash used in investing activities	<u>315,132</u>	<u>(20,285)</u>	<u>902,222</u>
<b>Change in cash and cash equivalents</b>	<b>101,873</b>	<b>(1,512,981)</b>	<b>809,295</b>
<b>Cash and cash equivalents:</b>			
Beginning of year	<u>3,651,644</u>	<u>3,651,644</u>	<u>2,842,349</u>
End of year	<u>\$ 3,753,514</u>	<u>\$ 2,138,668</u>	<u>\$ 3,651,644</u>
	March 31, 2014	Projected December 31, 2014	December 31, 2013
<b>Reconciliation of Excess of (Expenses Over Revenues)</b>			
<b>Revenues Over Expenses to Net Cash Provided by Operating Activities</b>			
Excess of (expenses over revenues) revenues over expenses	\$ (141,589)	\$ (299,225)	\$ 81,305
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	210,748	211,756
Adjustment for losses on mortgage notes and other receivables	-	-	(25,490)
Gain on sale of property	-	(39,699)	-
Net realized and unrealized losses (gains) on investments	(8,244)	(8,244)	(43,389)
Interest income on cash and cash equivalents and investments	(15,813)	(84,756)	(80,285)
Interest expense on bonds payable	30,095	79,054	86,666
Changes in:			
Grants receivable	-	-	(37,500)
Other receivables, accrued interest receivable and other assets	108,132	111,411	(9,045)
Accounts payable and accrued expenses	(23,918)	(126,576)	92,099
Due to the City of Albany	0	(59,507)	59
Unearned grant and other income	14,814	(40,186)	64,797
Revolving loan fund liability	119	479	373
Net cash provided by operating activities	<u>\$ (36,404)</u>	<u>\$ (255,501)</u>	<u>\$ 341,346</u>

PERFORMANCE SUMMARY  
NET OF FEES  
*Capitalize Albany Corporation A/C# 636-788813*  
March 31, 2014

PORTFOLIO COMPOSITION			CHANGE IN PORTFOLIO		
	Market Value	Pct. Assets	Cur. Yield		
Cash and Equivalents	1,449,835.71	50.1	1.7	Portfolio Value on 12-31-13	2,857,394.38
Equities	410,826.07	14.2	1.8	Accrued Interest	13,896.82
Fixed Income	1,030,775.69	35.6	2.9	Net Additions/Withdrawals	0.00
Other	0.00	0.0	-	Realized Gains	-15.37
				Unrealized Gains	8,262.01
				Income Received	14,948.87
				Management Fees	-2,500.22
				Change in Accrued Interest	-549.02
				Portfolio Value on 03-31-14	2,878,089.68
<b>Total</b>	<b>2,891,437.48</b>	<b>100.0</b>	<b>2.2</b>	Accrued Interest	13,347.80
				<b>Total Fees</b>	<b>-2,500.22</b>

TIME WEIGHTED RETURN

	Quarter To Date	Year To Date	Last 12 Months	Annualized 09-23-09 To Date
Account	0.70	0.70	3.06	3.08
7% SP500/93% 1-3Y Gov Corp	0.35	0.35	2.07	2.48
Equities	3.25	3.25	21.00	12.57
S&P 500 Total Return	1.81	1.81	21.86	15.82
Fixed Income	0.26	0.26	0.81	2.11
Barclays Bond Fund 1-3 Govt/Cred	0.23	0.23	0.68	1.54

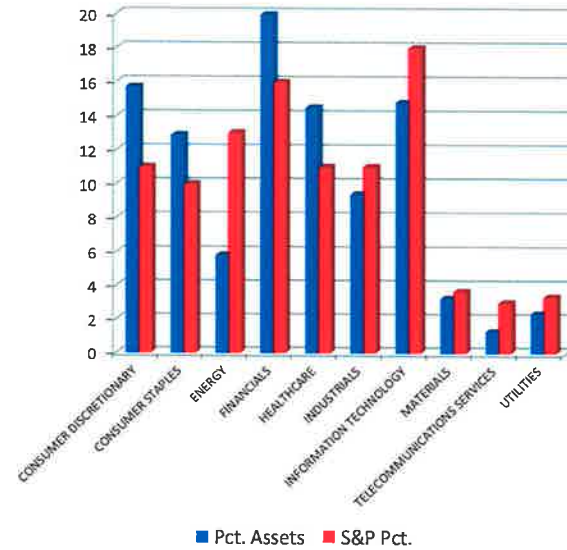
**Portfolio Summary**  
**Capitalize Albany Corporation A/C# 636-788813**  
 March 31, 2014

**Asset Summary**



■ Cash and Equivalents 1,449,835.71  
■ Equities 410,826.07  
■ Fixed Income 1,030,775.69

**Sector Analysis**

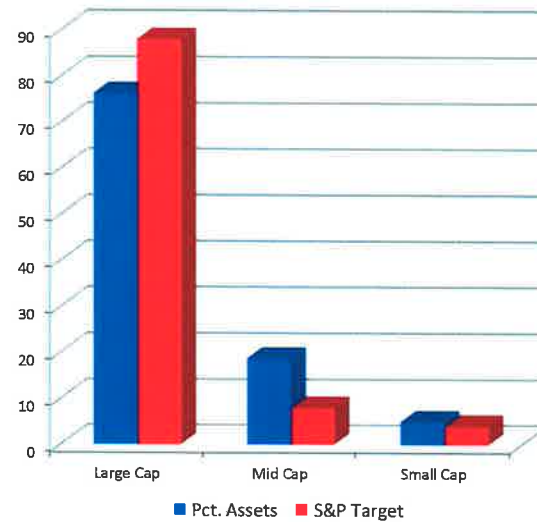


**Investment Allocation:**



■ Blend 56,382.50 ■ Growth 137,770.25 ■ Value 156,206.22

**Capitalization Allocation:**



**PORTFOLIO APPRAISAL**  
*Capitalize Albany Corporation A/C# 636-788813*  
 March 31, 2014

Quantity	Security Description	Unit Cost	Total Cost	Price	Market Value	Unit Income	Annual Income	Cur. Yield	Pct. Assets
<b>Cash and Equivalents</b>									
<b>CASH AND EQUIVALENTS</b>									
	Cash		112,041.73		112,041.73	0.050	56.02	0.0	3.9
<b>CERTIFICATES OF DEPOSIT</b>									
50,000	Ally Bank Midvale Utah 1.000% Due 05-04-15	100.60	50,301.50	100.59	50,292.65	1.000	500.00	1.0	1.7
198,000	Ally Bank Midvale Utah 1.850% Due 08-17-16	100.95	199,871.20	102.17	202,292.84	1.850	3,663.00	1.8	7.0
99,000	American Express Centurion 1.550% Due 10-04-17	99.64	98,647.57	100.63	99,624.10	1.550	1,534.50	1.5	3.4
30,000	American Express Centurion Bank 3.750% Due 07-15-19	106.68	32,004.49	107.57	32,271.45	3.750	1,125.00	3.5	1.1
149,000	Bank West San Francisco CA 0.300% Due 04-30-14	100.01	149,010.00	99.99	148,983.46	0.300	447.00	0.3	5.2
140,000	Barclays Bank Del 3.150% Due 09-16-14	104.71	146,595.11	101.21	141,691.62	3.150	4,410.00	3.1	4.9
60,000	Barclays Bank Del 3.200% Due 10-14-14	105.23	63,136.00	101.43	60,856.56	3.200	1,920.00	3.2	2.1
90,000	BMW Bank North America Utah 2.700% Due 03-05-15	102.75	92,472.40	102.05	91,845.90	2.700	2,430.00	2.6	3.2
46,000	BMW Bank North America Utah 2.000% Due 08-13-14	100.92	46,424.92	100.59	46,269.19	2.000	920.00	2.0	1.6
180,000	Discover Bank 1.750% Due 05-16-17	100.99	181,782.48	101.52	182,739.24	1.750	3,150.00	1.7	6.3
100,000	GE Capital Bank Inc Retail 1.750% Due 12-16-15	101.81	101,810.00	101.62	101,616.30	1.750	1,750.00	1.7	3.5
70,000	GE Capital Financial Inc Retail 2.100% Due 12-29-16	102.02	71,412.95	102.45	71,711.71	2.100	1,470.00	2.0	2.5
100,000	Goldman Sachs Bank USA NY 1.850% Due 04-25-17	100.01	100,010.00	101.71	101,712.10	1.850	1,850.00	1.8	3.5
	Cash and Equivalents Total		1,445,520.35		1,449,835.71		25,225.52	1.7	50.1
<b>Equities</b>									
<b>AMERICAN DEPOSITORY RECEIPTS</b>									
<b>CONSUMER STAPLES</b>									
70.00	Anheuser-Busch InBev SA NV Sp ADR	70.49	4,934.63	105.30	7,371.00	2.330	163.11	2.2	0.3
	CONSUMER STAPLES Total		4,934.63		7,371.00		163.11	2.2	0.3
<b>COMMON STOCKS</b>									
<b>CONSUMER DISCRETIONARY</b>									
165.00	DirecTV	37.55	6,196.25	76.42	12,609.30	0.000	0.00	0.0	0.4
250.00	Disney Walt Co Disney	35.56	8,889.45	80.07	20,017.50	0.860	215.00	1.1	0.7
190.00	Hasbro Inc	41.64	7,911.19	55.62	10,567.80	1.720	326.80	3.1	0.4
190.00	Johnson Controls Inc	41.44	7,873.10	47.32	8,990.80	0.880	167.20	1.9	0.3
	CONSUMER DISCRETIONARY Total		30,869.99		52,185.40		709.00	1.4	1.8

**PORTFOLIO APPRAISAL**  
**Capitalize Albany Corporation A/C# 636-788813**  
**March 31, 2014**

Quantity	Security Description	Unit Cost	Total Cost	Price	Market Value	Unit Income	Annual Income	Cur. Yield	Pct. Assets
<b>CONSUMER STAPLES</b>									
240.00	Church & Dwight Inc	32.59	7,820.73	69.07	16,576.80	1.240	297.60	1.8	0.6
290.00	Colgate Palmolive Co	39.15	11,352.61	64.87	18,812.30	1.440	417.60	2.2	0.7
	<b>CONSUMER STAPLES Total</b>		<b>19,173.34</b>		<b>35,389.10</b>		<b>715.20</b>	<b>2.0</b>	<b>1.2</b>
<b>ENERGY</b>									
100.00	ConocoPhillips	42.09	4,208.68	70.35	7,035.00	2.760	276.00	3.9	0.2
65.00	Exxon Mobil Corp	61.54	3,999.93	97.68	6,349.20	2.520	163.80	2.6	0.2
100.00	Halliburton Co	50.82	5,081.76	58.89	5,889.00	0.600	60.00	1.0	0.2
	<b>ENERGY Total</b>		<b>13,290.37</b>		<b>19,273.20</b>		<b>499.80</b>	<b>2.6</b>	<b>0.7</b>
<b>FINANCIALS</b>									
120.00	American Express Co	45.03	5,404.11	90.03	10,803.60	0.920	110.40	1.0	0.4
565.00	Fifth Third Bancorp	13.28	7,500.81	22.95	12,969.57	0.480	271.20	2.1	0.4
175.00	First Republic Bank San Fran Cali New	33.78	5,910.97	53.99	9,448.25	0.480	84.00	0.9	0.3
210.00	Franklin Resources Inc	33.42	7,019.15	54.18	11,377.80	0.480	100.80	0.9	0.4
230.00	JPMorgan Chase & Co	40.58	9,334.45	60.71	13,963.30	1.600	368.00	2.6	0.5
90.00	Travelers Companies Inc	68.46	6,161.21	85.10	7,659.00	2.000	180.00	2.4	0.3
	<b>FINANCIALS Total</b>		<b>41,330.70</b>		<b>66,221.52</b>		<b>1,114.40</b>	<b>1.7</b>	<b>2.3</b>
<b>HEALTHCARE</b>									
135.00	Abbott Laboratories	23.84	3,217.91	38.51	5,198.85	0.880	118.80	2.3	0.2
135.00	Abbvie Inc	25.85	3,489.55	51.40	6,939.00	1.680	226.80	3.3	0.2
115.00	Baxter Intl Inc	60.16	6,918.52	73.58	8,461.70	1.960	225.40	2.7	0.3
130.00	Merck & Co Inc	45.55	5,921.61	56.77	7,380.10	1.760	228.80	3.1	0.3
255.00	Mylan Inc	31.91	8,136.40	48.83	12,451.65	0.000	0.00	0.0	0.4
240.00	Pfizer Inc	25.11	6,026.56	32.12	7,708.80	1.040	249.60	3.2	0.3
	<b>HEALTHCARE Total</b>		<b>33,710.55</b>		<b>48,140.10</b>		<b>1,049.40</b>	<b>2.2</b>	<b>1.7</b>
<b>INDUSTRIALS</b>									
315.00	General Electric Co	16.19	5,098.95	25.89	8,155.35	0.880	277.20	3.4	0.3
70.00	Union Pacific Corp	75.10	5,257.25	187.66	13,136.20	3.640	254.80	1.9	0.5
85.00	United Technologies Corp	71.61	6,086.51	116.84	9,931.40	2.360	200.60	2.0	0.3
	<b>INDUSTRIALS Total</b>		<b>16,442.71</b>		<b>31,222.95</b>		<b>732.60</b>	<b>2.3</b>	<b>1.1</b>
<b>INFORMATION TECHNOLOGY</b>									
185.00	Check Point Software Tech Ltd	57.04	10,551.85	67.63	12,511.55	0.000	0.00	0.0	0.4
55.00	International Business Machines	128.67	7,077.05	192.49	10,586.95	3.800	209.00	2.0	0.4
325.00	Oracle Corp	24.32	7,902.61	40.91	13,295.75	0.480	156.00	1.2	0.5
270.00	Texas Instruments Inc	24.97	6,742.29	47.16	12,733.20	1.200	324.00	2.5	0.4
	<b>INFORMATION TECHNOLOGY Total</b>		<b>32,273.79</b>		<b>49,127.45</b>		<b>689.00</b>	<b>1.4</b>	<b>1.7</b>
<b>TELECOMMUNICATIONS SERVICES</b>									
90.00	Verizon Communications Inc	29.15	2,623.80	47.57	4,281.30	2.120	190.80	4.5	0.1
	<b>TELECOMMUNICATIONS SERVICES Total</b>		<b>2,623.80</b>		<b>4,281.30</b>		<b>190.80</b>	<b>4.5</b>	<b>0.1</b>

**PORTFOLIO APPRAISAL**  
*Capitalize Albany Corporation A/C# 636-788813*  
 March 31, 2014

Quantity	Security Description	Unit Cost	Total Cost	Price	Market Value	Unit Income	Annual Income	Cur. Yield	Pct. Assets
<b>EXCH TRADED FUNDS - EQUITY</b>									
EXCH TRADED FUNDS									
185.00	iShares Tr S&P Small Cap 600	75.11	13,896.22	110.14	20,375.90	1,177	217.73	1.1	0.7
230.00	Select Sector SPDR Tr SBI Materials	40.98	9,425.28	47.28	10,874.40	0,986	226.71	2.1	0.4
190.00	Select Sector SPDR Tr SBI Utilities	40.74	7,740.40	41.46	7,877.40	1,471	279.57	3.5	0.3
160.00	SPDR S&P Mid Cap 400 ETF Tr	175.72	28,115.89	250.57	40,091.20	2,793	446.93	1.1	1.4
	EXCH TRADED FUNDS Total		59,177.79		79,218.90		1,170.94	1.5	2.7
395.00	iShares Tr MSCI ACWI Ex	42.83	16,917.90	46.57	18,395.15	1,255	495.60	2.7	0.6
	Equities Total		270,745.57		410,826.07		7,529.85	1.8	14.2
<b>Fixed Income</b>									
<b>CORPORATE BONDS</b>									
100,000	Bank New York MTN BE 2.500% Due 01-15-16	103.26	103,263.00	103.20	103,201.90	2,500	2,500.00	2.4	3.6
100,000	BB&T BRH Banking & Trust Co Global Bank 1.000% Due 04-03-17	99.48	99,480.00	99.18	99,181.30	1,000	1,000.00	1.0	3.4
35,000	Colgate Palmolive Co MTNS BE 2.625% Due 05-01-17	103.88	36,358.55	104.36	36,525.30	2,625	918.75	2.5	1.3
100,000	Credit Suisse USA Inc 4.875% Due 01-15-15	105.75	105,746.00	103.43	103,431.40	4,875	4,875.00	4.7	3.6
100,000	GE Capital Corp MTN BE 4.375% Due 09-21-15	100.01	100,010.00	105.40	105,398.10	4,375	4,375.00	4.2	3.6
100,000	Goldman Sachs Group Inc 5.500% Due 11-15-14	107.49	107,494.00	103.10	103,097.40	5,500	5,500.00	5.3	3.6
100,000	JPMorgan Chase & Co 3.700% Due 01-20-15	100.01	100,010.00	102.52	102,517.20	3,700	3,700.00	3.6	3.5
40,000	PepsiCo Inc 2.500% Due 05-10-16	104.50	41,802.00	103.58	41,431.92	2,500	1,000.00	2.4	1.4
100,000	Wells Fargo Co MTN BE 3.750% Due 10-01-14	99.88	99,885.00	101.70	101,705.00	3,750	3,750.00	3.7	3.5
<b>CORPORATE BONDS - VARIABLE RATE</b>									
100,000	GE Capital Corp MTN BE 0.892% Due 07-12-16	100.01	100,010.00	100.93	100,928.10	0,892	891.65	0.9	3.5
<b>MUNICIPAL BONDS</b>									
50,000	Mississippi Dev Bank Spl Oblig 1.375% Due 09-01-15	99.98	49,989.00	100.96	50,480.00	1,375	687.50	1.4	1.7
<b>MUTUAL FUNDS - FIXED INCOME</b>									
7,511.667	Fidelity Conserv Inc Inst	10.04	75,417.12	10.04	75,417.14	0,052	389.68	0.5	2.6
	Fixed Income Total		1,019,464.67		1,030,775.69		29,587.58	2.9	35.6
<b>TOTAL PORTFOLIO</b>			<b>2,735,730.59</b>		<b>2,891,437.48</b>		<b>62,342.95</b>	<b>2.2</b>	<b>100.0</b>



**PORTFOLIO APPRAISAL**  
*Capitalize Albany Corporation A/C# 636-788813*  
*March 31, 2014*

<u>Quantity</u>	<u>Security Description</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Unit Income</u>	<u>Annual Income</u>	<u>Cur. Yield</u>	<u>Pct. Assets</u>
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**PURCHASE AND SALE**  
**Capitalize Albany Corporation A/C# 636-788813**  
*From 12-31-2013 To 03-31-2014*

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
<b>PURCHASES</b>					
03-20-2014	03-25-2014	100,000	Bank New York MTN BE 2.500% Due 01-15-16	103.26	103,263.00
03-13-2014	03-18-2014	100,000	BB&T BRH Banking & Trust Co Global Bank 1.000% Due 04-03-17	99.48	99,480.00
01-28-2014	01-31-2014	46,000	BMW Bank North America Utah 2.000% Due 08-13-14	100.92	46,424.92
03-20-2014	03-25-2014	100,000	GE Capital Bank Inc Retail 1.750% Due 12-16-15	101.81	101,810.00
03-05-2014	03-10-2014	80.00	Select Sector SPDR Tr SBI Materials	47.93	3,834.29
					354,812.21
<b>REINVESTED DIVIDENDS</b>					
12-31-2013	12-31-2013	3.047	Fidelity Conserv Inc Inst	10.04	30.59
01-31-2014	01-31-2014	3.096	Fidelity Conserv Inc Inst	10.04	31.08
02-28-2014	02-28-2014	2.319	Fidelity Conserv Inc Inst	10.04	23.28
03-31-2014	03-31-2014	2.349	Fidelity Conserv Inc Inst	10.04	23.58
					108.53
<b>SALES</b>					
01-31-2014	01-31-2014	100,000	Bank New York MTN BE 1.500% Due 01-31-14	100.00	100,000.00
02-28-2014	02-28-2014	218,000	Compass Bank Birmingham Ala 0.250% Due 02-28-14	100.00	218,000.00
					318,000.00

Short Term Investment Services  
 Capitalize Albany Corporation  
 As of March 31, 2014  
 Portfolio



Issue Description	Coupon	Maturity	Par Amount	Market Price	Market Value	Purchase Yield	Market Yield	Percent
<b>Money Market</b>								
Fidelity Cash (FCASH)	0.010%	04/01/14	112,041.73	100.00	112,041.73	0.01%	0.01%	4.54%
Fidelity Conservative Inc Bond Fd	0.230%	04/01/14	75,417.14	100.00	75,417.14	0.23%	0.23%	3.06%
	0.099%	04/01/14	187,458.87	100.00	187,458.87	0.10%	0.10%	7.60%
<b>Certificate of Deposits</b>								
Bank of the West	0.300%	04/30/14	149,000.00	99.99	148,983.61	0.30%	0.15%	6.04%
BMW Bank NA	2.000%	08/13/14	46,000.00	100.59	46,269.10	0.30%	0.15%	1.88%
Barclays Bank DE	3.150%	09/16/14	140,000.00	101.21	141,691.20	1.91%	0.15%	5.74%
Barclays Bank DE	3.200%	10/14/14	60,000.00	101.43	60,856.80	1.55%	0.15%	2.47%
BMW Bank NA	2.700%	03/05/15	90,000.00	102.05	91,845.90	0.59%	0.40%	3.72%
Ally Bank	1.000%	05/04/15	50,000.00	100.59	50,292.50	0.60%	0.45%	2.04%
GE Capital Bank	1.750%	12/16/15	100,000.00	101.62	101,616.00	0.70%	0.75%	4.12%
Ally Bank	1.850%	08/17/16	198,000.00	102.17	202,292.64	1.62%	0.85%	8.20%
GE Capital Bank	2.100%	12/29/16	70,000.00	102.45	71,711.50	1.51%	1.00%	2.91%
Goldman Sachs Bank USA	1.850%	04/25/17	100,000.00	101.71	101,712.00	1.85%	1.20%	4.12%
Discover Bank	1.750%	05/16/17	180,000.00	101.52	182,739.60	1.53%	1.20%	7.41%
American Exp Cent Bank	1.550%	10/04/17	99,000.00	100.63	99,623.70	1.63%	1.35%	4.04%
American Exp Cent Bank	3.750%	07/15/19	30,000.00	107.57	32,271.60	2.73%	2.05%	1.31%
	1.924%	02/21/16	1,312,000.00	101.53	1,331,906.15	1.30%	0.74%	53.98%
<b>Corporate Notes</b>								
Wells Fargo Co	3.750%	10/01/14	100,000.00	101.71	101,705.00	3.78%	0.33%	4.12%
Goldman Sachs Group	5.500%	11/15/14	100,000.00	103.10	103,097.00	3.87%	0.51%	4.18%
Credit Suisse USA	4.875%	01/15/15	100,000.00	103.43	103,431.00	3.67%	0.51%	4.19%
JPMorgan Chase & Co	3.700%	01/20/15	100,000.00	102.52	102,517.00	3.70%	0.55%	4.16%
General Elec Cap Corp	4.375%	09/21/15	100,000.00	105.40	105,398.00	4.37%	0.68%	4.27%
Bank of New York Mellon	2.500%	01/15/16	100,000.00	103.20	103,202.00	0.68%	0.70%	4.18%
Pepsico Inc	2.500%	05/10/16	40,000.00	103.58	41,432.00	0.93%	0.78%	1.68%
General Elec Cap Corp	0.892%	07/12/16	100,000.00	100.93	100,928.00	0.89%	0.89%	4.09%
Branch Banking & Trust	1.000%	04/03/17	100,000.00	99.18	99,181.00	1.18%	1.28%	4.02%
Colgate Palmolive Co	2.625%	05/01/17	35,000.00	104.36	36,525.30	1.54%	1.18%	1.48%
	3.276%	10/01/15	875,000.00	102.59	897,416.30	2.65%	0.70%	36.37%
<b>Taxable Municipal</b>								
Mississippi State Dev Bk	1.375%	09/01/15	50,000.00	100.96	50,480.00	1.39%	0.69%	2.05%
	1.375%	09/01/15	50,000.00	100.96	50,480.00	1.39%	0.69%	2.05%
<b>Total</b>	<b>2.266%</b>	<b>11/05/15</b>	<b>2,424,458.87</b>	<b>101.79</b>	<b>2,467,261.32</b>	<b>1.70%</b>	<b>0.68%</b>	<b>100.00%</b>
<b>Market Value of Equity Holdings</b>								<b>410,826.07</b>
<b>Total Market Value of Portfolio</b>								<b>2,878,087.39</b>
								<b>14.27%</b>



Short Term Investment Services  
 Capitalize Albany Corporation  
 As of March 31, 2014  
 Interest Accruals

Issue Description	Par Amount	Purchase Cost	Feb Book Value	Mar Book Value	Amort Change	Realized Gain/(Loss)	Beginning Accrual	New Accrual	Interest Received	Ending Accrual
<u>Money Market</u>										
Fidelity Cash (FCASH)	112,041.73	112,041.73	414,879.86	112,041.73	0.00	0.00	0.00	2.72	2.72	0.00
Fidelity Conservative Inc Bond Fc	75,417.14	75,417.14	75,393.55	75,417.14	0.00	0.00	<u>0.00</u>	<u>23.58</u>	<u>23.58</u>	<u>0.00</u>
							0.00	26.30	26.30	0.00
<u>Certificate of Deposits</u>										
Bank of the West	149,000.00	149,000.00	149,000.00	149,000.00	0.00	0.00	1.22	37.97	36.74	2.45
BMW Bank NA	46,000.00	46,414.92	46,355.03	46,288.73	(66.30)	0.00	40.33	78.14	0.00	118.47
Barclays Bank DE	140,000.00	146,585.11	140,910.80	140,769.63	(141.17)	0.00	2,005.64	386.63	2,198.96	193.31
Barclays Bank DE	60,000.00	63,126.00	60,600.44	60,518.81	(81.63)	0.00	725.92	163.07	0.00	888.99
BMW Bank NA	90,000.00	92,462.40	91,914.05	91,753.68	(160.37)	0.00	1,178.38	206.38	1,205.01	179.75
Ally Bank	50,000.00	50,291.50	50,233.85	50,216.99	(16.86)	0.00	163.01	42.47	0.00	205.48
GE Capital Bank	100,000.00	101,810.00	0.00	101,792.79	(17.21)	0.00	0.00	508.22	0.00	508.22
Ally Bank	198,000.00	199,861.20	199,059.34	199,022.90	(36.44)	0.00	120.43	311.10	0.00	431.53
GE Capital Bank	70,000.00	71,402.95	71,144.25	71,109.98	(34.27)	0.00	249.70	124.85	0.00	374.55
Goldman Sachs Bank USA	100,000.00	100,000.00	100,000.00	100,000.00	0.00	0.00	643.70	157.12	0.00	800.82
Discover Bank	180,000.00	181,772.48	181,244.98	181,212.08	(32.90)	0.00	906.16	267.54	0.00	1,173.70
American Exp Cent Bank	99,000.00	98,637.57	98,736.60	98,742.81	6.21	0.00	630.85	132.14	0.00	762.99
American Exp Cent Bank	30,000.00	31,994.49	31,484.15	31,460.71	(23.44)	0.00	<u>138.70</u>	<u>95.55</u>	<u>0.00</u>	<u>234.25</u>
							6,804.04	2,511.18	3,440.71	5,874.51
<u>Corporate Notes</u>										
Wells Fargo Co	100,000.00	99,875.00	99,985.28	99,987.40	2.12	0.00	1,541.67	333.33	0.00	1,875.00
Goldman Sachs Group	100,000.00	107,484.00	101,046.71	100,921.91	(124.80)	0.00	1,588.89	488.89	0.00	2,077.78
Credit Suisse USA	100,000.00	105,736.00	100,952.54	100,860.55	(91.99)	0.00	595.83	433.34	0.00	1,029.17
JPMorgan Chase & Co	100,000.00	100,000.00	100,000.00	100,000.00	0.00	0.00	400.83	328.89	0.00	729.72
General Elec Cap Corp	100,000.00	100,000.00	100,000.00	100,000.00	0.00	0.00	1,920.14	388.89	2,187.50	121.53
Bank of New York Mellon	100,000.00	103,263.00	0.00	103,233.38	(29.62)	0.00	0.00	527.78	0.00	527.78
Pepsico Inc	40,000.00	41,792.00	41,354.56	41,302.20	(52.36)	0.00	302.78	88.89	0.00	391.67
General Elec Cap Corp	100,000.00	100,000.00	100,000.00	100,000.00	0.00	0.00	113.93	76.78	0.00	190.71
Branch Banking & Trust	100,000.00	99,480.00	0.00	99,486.08	6.08	0.00	0.00	75.00	0.00	75.00
Colgate Palmolive Co	35,000.00	36,348.55	36,162.79	36,131.66	(31.13)	0.00	<u>301.15</u>	<u>81.66</u>	<u>0.00</u>	<u>382.81</u>
							6,765.22	2,823.45	2,187.50	7,401.17
<u>Taxable Municipal</u>										
Mississippi State Dev Bk	50,000.00	49,979.00	49,989.48	49,990.07	0.59	0.00	339.93	61.11	343.75	57.29
<b>Total</b>	<b>2,424,458.87</b>	<b>2,464,775.04</b>	<b>2,440,448.26</b>	<b>2,441,261.23</b>	<b>(925.49)</b>	<b>0.00</b>	<b>13,909.19</b>	<b>5,422.04</b>	<b>5,998.26</b>	<b>13,332.97</b>

# Short Term Investment Services

## Capitalize Albany Corporation

As of March 31, 2014

### Interest Accruals

<u>Issue Description</u>	<u>Par Amount</u>	<u>Purchase Cost</u>	<u>Feb Book Value</u>	<u>Mar Book Value</u>	<u>Amort Change</u>	<u>Realized Gain/(Loss)</u>	<u>Beginning Accrual</u>	<u>New Accrual</u>	<u>Interest Received</u>	<u>Ending Accrual</u>
<u>Sales &amp; Maturities</u>										
Total			2,440,448.26		(925.49)	0.00	13,909.19	5,422.04	5,998.26	13,332.97

## Short Term Investment Services

### Capitalize Albany Corporation

Interest Summary for January 1, 2014 - December 31, 2014

Accrual Basis	Money Market	Fidelity Cons Inc Bond Fd	Certificate of Deposits	Corporates	Taxable Municipal	Total	Amortization	Total
January	1.18	31.08	2,392.53	2,211.75	57.29	4,693.83	(799.49)	3,894.34
February	1.47	23.28	1,838.52	1,945.25	53.47	3,861.99	(786.37)	3,075.62
March	2.72	23.58	2,511.18	2,823.45	61.11	5,422.04	(925.49)	4,496.55
April	-	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-
	5.37	77.94	6,742.23	6,980.45	171.87	13,977.86	(2,511.35)	11,466.51

Cash Basis	Money Market	Fidelity Cons Inc Bond Fd	Certificate of Deposits	Corporates	Taxable Municipal	Total
January	1.18	31.08	605.08	5,260.90	-	5,898.24
February	1.47	23.28	2,620.59	-	-	2,645.34
March	2.72	23.58	3,440.71	2,187.50	343.75	5,998.26
April	-	-	-	-	-	-
May	-	-	-	-	-	-
June	-	-	-	-	-	-
July	-	-	-	-	-	-
August	-	-	-	-	-	-
September	-	-	-	-	-	-
October	-	-	-	-	-	-
November	-	-	-	-	-	-
December	-	-	-	-	-	-
	5.37	77.94	6,666.38	7,448.40	343.75	14,541.84

# **Capitalize Albany Corporation Board Meeting**

## **April 22, 2014**

**Agenda Item #6:** Project Update

**Materials:**

- No materials are included.



**Capitalize Albany Corporation Board Meeting**  
April 22, 2014

**Agenda Item #8:** Executive Summary (if necessary)

**Materials:**

No materials are included.