



CAPITALIZE ALBANY
CORPORATION

Thursday, July 28, 2016
12:00 p.m.
21 Lodge Street

**Capitalize Albany Corporation
Finance and Investment Committee Meeting**

Agenda

1. Review of the minutes from the Finance & Investment Committee meeting of June 16, 2016
2. Quarterly Financial Report
3. Quarterly Investment Update
4. Chamber Loan Update
5. Ten Broeck Loan Updates
6. Other Business

**Capitalize Albany Corporation Finance & Investment Committee Meeting
MINUTES
June 16, 2016**

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 8:30 a.m., Thursday, June 16, 2016 at 21 Lodge Street and 1 Chemung Canal Plaza, Elmira, NY.

The following were in attendance:

Committee Members:

Anders Tomson (participated via video call), Jeff Sperry, and John Harris

Other:

Thomas M. Owens, Esq.

Staff:

Sarah Reginelli, Brad Chevalier, Mark Opalka, Sabina Mora, Andy Corcione and Chantel Burnash

Excused:

John Vero and Bob Curley

The regular meeting of the Capitalize Albany Corporation Finance & Investment Committee was called to order at 8:32 a.m.

Approval of Minutes for May 20, 2016 Finance & Investment Committee Meeting

The Committee reviewed the minutes of the May 20, 2016 meeting. Jeff Sperry made a motion for approval. John Harris seconded. The Committee agreed unanimously to approve the minutes.

99 Pine Street of Albany LLC loan request

Staff updated the Committee on the activity with 99 Pine Street of Albany, LLC and explained as part of the approval, final discussion and evaluation is required of the Committee as to the repayment of the loan from the anticipated monetization of historic tax credits.

After discussions, a motion to approve the recommendation of the terms for repayment of loan was made by Jeff Sperry and seconded by John Harris. A vote being taken, the motion passed unanimously.

Other Business

Staff advised the Committee that an interested party submitted a pre-application for a potential loan request. The proposed project is a new construction, 18 unit market rate residential project located in downtown Albany. The Committee stated that this project would support the Corporation's strategic plan and expressed positive feedback. Staff advised the Committee that they would bring the project forward for review as it progressed.

There being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 8:42 a.m.

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: CAC Finance & Investment Committee
FROM: Mark Opalka
RE: Capitalize Albany Corporation 2nd Quarter Financial Reports
DATE: July 19, 2016

BUDGET PERFORMANCE

On a pre-audit basis, through June 30, 2016, the Capitalize Albany Corporation (CAC) had net income of approximately \$12,000. This position compares favorably to the year-to-date (YTD) budgeted net loss of approximately \$114,821. CAC had net income of approximately \$16,440 at June 30, 2015.

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

- ***YTD 2016 revenue is \$879,923 which is \$296,772 (51%) above the 2016 budget.***
 - ***Real Estate Income.*** Real Estate income is approximately \$75,950 which is 5% over budget. This positive variance is a direct result of monies received from the Riverfront Barge and Grill as part of their lease modification and settlement agreement.
 - ***Loan Interest Income.*** Loan interest income is approximately \$44,350 or 9% under budget. This negative variance is a direct result mortgage interest that was budgeted for in the 2016 budget on a loan that was paid off in the fourth quarter of 2015.
 - ***Fee Income.*** Fee income is approximately \$12,450 or 36% under budget. This negative variance is a direct result of a budgeted loan closing that did not close during the second quarter. This loan is projected to close during the 3rd quarter of 2016.
 - ***Investment & Interest Income.*** Interest and Investment Income is approximately \$35,600 which is 9% over budget. This positive variance is a direct result of market performance that occurred during the first half of 2016 as well as higher interest earning on the Corporation's money market accounts.
 - ***Membership & Event Support.*** Membership and Event Support is approximately \$25,300 which is 49% over budget. This positive variance is a direct result of the Corporation's annual membership drive which began earlier in 2016 than budgeted. Membership and event support is projected to be slightly ahead of budget at year end.

- **Project & Program Revenue.** Project and Program revenue is \$236,250. This revenue is from grant monies received from the Main Street program. This revenue was not budgeted for in the 2016 since staff believed that these projects would have been closed out in 2015.

- **YTD 2016 expenses are \$867,908 which is \$169,936 (24%) above the 2016 budget.**
 - **Professional Fee Expense.** Professional fee expenses are approximately \$143,700 or 9% under budget. The variance is attributable to lower legal, accounting, and IT expenses.
 - **Administrative Expense.** Administrative expenses are approximately \$56,460 or 31% under budget. This variance is mainly attributable to lower office and insurance expenses as well as board opt-outs for strategic initiatives.
 - **Occupancy Expense.** Occupancy expenses are \$13,825 or 13% under budget. This variance is mainly attributable to lower utility costs incurred by the Corporation.
 - **Membership & Event Expense.** Membership and Event expenses are \$1,000 or 66% under budget. This is attributable to lower marketing expenses incurred during the first half of 2016.
 - **Project & Program Expense.** Project and Program Expenses were \$225,000. This expense was for the disbursement of Main Street grant monies received during the first quarter. This expense was not budgeted for in the 2016 budget since staff believed that these projects would have been closed out in 2015.

BALANCE SHEET

- At June 30, 2016, compared to December 31, 2015, unrestricted cash has increased by approximately \$639,407.
- Restricted cash has increased approximately \$30,987 due to loan repayments.
- Mortgage notes receivable has decreased by approximately \$250,800. This is a result of scheduled loan payment activity..
- Net investment in direct financing leases has been reduced by approximately \$167,190. This is due to scheduled lease payments, the largest of which are the payments from ACDA. Additionally, ACDA payments are applied to the principal amount of bonds outstanding for 200 Henry Johnson Boulevard.

- Liabilities have increased by approximately \$212,500. This is due to deferred grant revenue received in the 2nd Quarter for the Amplify Albany and Retail Grant Programs.

CASH FLOW STATEMENT

- Currently, CAC's December 31, 2016 cash and cash equivalents are anticipated to decrease by approximately \$260,000 to \$3.9 million. This decrease is primarily attributable to a budgeted loan disbursement of \$400,000 to occur during 2016 offset by projected higher professional service fee income and lower salary, professional and administrative expenses.
- Projected 2016 cash flow provided by operational activities reflect scheduled project grants activity, receipt of payment under the CAIDA Professional Service Agreement, scheduled lease and rental receipts, and payment of various administrative expenses
- Cash used in capital and financing activities reflects scheduled debt service payments during 2016.
- Cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

	January 1, 2016 - December 31, 2016								
	2nd Qtr	YTD Actual	YTD Budget	Variance - \$	Variance - %	Jul -Dec 2016 Forecast	2016 Projection	Original Budget	Projected Variance from Budget
REVENUE									
General Economic & Community Development Support Income	\$ 180,043	\$ 242,543	\$ 242,543	\$ -	0%	\$ 254,900	\$ 497,443	\$ 497,443	\$ -
Real Estate Income	37,322	75,948	72,373	3,576	5%	222,948	298,897	298,152	745
Professional Service Agreement Income	87,146	174,291	150,000	24,291	0%	174,291	348,582	300,000	48,582
Loan Interest Income	22,017	44,353	48,657	(4,304)	-9%	48,657	93,011	97,314	(4,304)
Fee Income	7,809	12,445	19,390	(6,944)	-36%	19,140	31,585	31,529	56
Direct Finance Lease Income	352	742	742	(0)	0%	46,900	47,643	47,643	(0)
Investment & Interest Income	18,895	36,565	32,446	4,118	13%	40,518	77,082	64,894	12,188
FMV Adj on Fidelity Inv	15,576	32,919	-	32,919	100%	-	32,919	-	32,919
G/L on Sale/Redemption	(2,004)	(1,434)	-	(1,434)	100%	-	(1,434)	-	(1,434)
Membership & Event Support	23,800	25,300	17,000	8,300	49%	10,000	35,302	33,500	1,802
TOTAL REVENUE	\$ 390,956	\$ 643,673	\$ 583,151	\$ 60,522	10%	\$ 817,354	\$ 1,461,029	\$ 1,370,475	\$ 90,554
EXPENSE									
Salaries Expense	\$ 198,796	\$ 399,062	\$ 408,243	\$ (9,181)	-2%	\$ 404,441	\$ 803,503	\$ 829,322	\$ (25,819)
Professional Fees	50,083	143,708	158,607	(14,899)	-9%	112,107	255,815	265,714	(9,899)
Administrative Expenses	26,277	56,459	81,732	(25,273)	-31%	46,050	102,509	126,940	(24,431)
Interest Expense	-	13,081	13,081	-	0%	11,513	24,594	24,594	1
Real Estate Expenses	8,759	17,210	17,472	(262)	-2%	20,537	37,746	37,270	476
Occupancy Expense	6,731	13,825	15,912	(2,087)	-13%	30,117	43,942	45,444	(1,502)
Bad Debt Expense (recovery)	-	(1,437)	-	(1,437)	100%	-	(1,437)	-	(1,437)
Membership & Event Expense	1,000	1,000	2,925	(1,925)	-66%	11,175	12,175	12,175	-
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 291,645	\$ 642,908	\$ 697,972	\$ (55,064)	8%	\$ 635,940	\$ 1,278,848	\$ 1,341,460	\$ (62,612)
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ 99,311	\$ 765	\$ (114,821)	\$ 115,586	101%	\$ 181,415	\$ 182,182	\$ 29,016	\$ 153,166
DEPRECIATION	\$ -	\$ -	\$ -	\$ -	0%	\$ 199,306	\$ 199,306	\$ 204,232	\$ (4,926)
NET INCOME (LOSS) AFTER DEPRECIATION	\$ 99,311	\$ 765	\$ (114,821)	\$ 115,586	101%	\$ (17,891)	\$ (17,124)	\$ (175,216)	\$ 158,092
PROJECT & PROGRAM REVENUE									
Amplify & Retail Grant Programs	\$ -	\$ -	\$ -	\$ -	0%	\$ -	400,000	\$ -	\$ 400,000
Downtown Tactical Plan	-	-	-	-	0%	-	-	-	-
New York Main Street	-	236,250	-	236,250	100%	-	236,250	-	236,250
Total Program Income	\$ -	\$ 236,250	\$ -	\$ 236,250	0%	\$ -	\$ 636,250	\$ -	\$ 636,250
PROJECT & PROGRAM EXPENSE									
New York Main Street	\$ -	\$ 225,000	\$ -	\$ 225,000	100%	\$ -	225,000	\$ -	\$ 225,000
Downtown Tactical Plan	-	-	-	-	0%	100,000	100,000	100,000	-
Amplify & Retail Grant Programs	-	-	-	-	0%	-	400,000	-	400,000
Total Program Expense	\$ -	\$ 225,000	\$ -	\$ 225,000	0%	\$ 100,000	\$ 725,000	\$ 100,000	\$ 625,000
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ -	\$ 11,250	\$ -	\$ 11,250	0%	\$ (100,000)	\$ (88,750)	\$ (100,000)	\$ 11,250
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ 99,311	\$ 12,015	\$ (114,821)	\$ 126,836	110%	\$ (117,891)	\$ (105,874)	\$ (275,216)	\$ 169,342

CAPITALIZE ALBANY CORPORATION
Comparative Balance Sheets
Pre-Audited Draft

Assets

Current Assets:

	June 30, 2016	Projected December 31, 2016	December 31, 2015
Cash and cash equivalents	\$ 4,801,604	\$ 3,902,638	\$ 4,162,197
Investments	3,489,381	3,519,388	3,437,044
Restricted cash	610,593	635,282	579,606
Mortgage notes receivable, net	2,179,551	2,476,760	2,430,328
Net investment in direct financing leases	353,803	354,724	520,990
Accrued interest receivable	35,322	45,250	45,103
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	26	100,000	100,020
Other receivables, net	124,282	87,140	88,131
Property held for investment and lease, net	2,396,208	2,220,725	2,396,208
Property and equipment, net	378,070	354,245	378,070
Other assets	652,244	651,936	658,891

Total assets

\$ 15,021,084	\$ 14,348,088	\$ 14,796,588
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Deferred Outflows of Resources

\$ -	\$ -	\$ -
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Liabilities

Current Liabilities:

Accounts payable and accrued expenses	\$ 92,844	\$ 82,241	\$ 132,293
Due to the City of Albany	72,892	72,892	72,892
Unearned grant and other income	900,330	530,827	503,781
Bonds payable	2,205,000	2,030,000	2,350,000
Revolving loan fund liability	703,995	703,995	703,612
Unearned program support	77,147	77,147	77,147

Total liabilities

\$ 4,052,208	\$ 3,497,102	\$ 3,839,725
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Deferred Inflows of Resources

\$ -	\$ -	\$ -
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Net Position

Net invested in capital assets	\$ 879,278	\$ 879,278	\$ 879,278
Restricted for:			
Debt service	171,466	171,466	171,466
CDBG eligible activities	123,033	123,033	123,033
Other program specific activities	5,412	5,412	5,412
Impact Downtown Albany	-	-	-
Unrestricted	9,789,687	9,671,797	9,777,671
Total net position	\$ 10,968,876	\$ 10,850,986	\$ 10,956,861

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

Pre Audited Draft

	YTD 2016	Projected December 31, 2016	Year Ended December 31, 2015
Revenues			
Grant income and Contribution Income	\$ 478,793	\$ 1,133,693	\$ 674,487
Rental income	76,691	300,226	294,170
Other interest and investment income	68,050	154,881	94,077
Interest income on mortgage notes	44,353	93,011	91,889
Gain on sale of properties	-	-	-
Fees and other income	212,036	415,467	384,101
Total revenues	879,923	2,097,279	1,538,724
Expenses			
Salaries and fringe benefits	399,062	803,503	733,919
Program and project costs	243,210	941,904	502,438
Interest expense	13,081	24,594	29,825
Bad debt expenses (recovery)	(1,437)	(1,437)	(2,787)
Administrative Expenses	213,992	434,589	428,926
Total expenses	867,908	2,203,153	1,692,321
Excess of (expenses over revenues) revenues over expenses	12,015	(105,874)	(153,597)
Net Position, Beginning of Year	10,956,861	10,956,861	11,110,458
Net Position, End of Month	\$ 10,968,876	\$ 10,850,986	\$ 10,956,861

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

Cash Flows From Operating Activities

	June 30, 2016	Projected December 31, 2016	December 31, 2015
Cash received from customers	\$ 201,190	\$ 447,194	\$ 444,149
Cash received from grantors	875,726	1,161,122	695,981
Other operating cash receipts	212,036	415,467	371,785
Cash payments to suppliers and grantees	(496,659)	(1,227,240)	(869,134)
Cash payments to employees	(399,062)	(803,503)	(733,919)
Net cash provided by operating activities	<u>393,231</u>	<u>(6,961)</u>	<u>(91,138)</u>

Cash Flows From Capital and Related Financing Activities

Proceeds from sale of property held for sale	-	-	-
Purchase of property held for investment and lease	-	-	-
Purchase of property and equipment	-	0	(6,878)
Purchase of other assets including purchase options	-	-	-
Principal payments on bonds payable	(145,000)	(320,000)	(300,000)
Interest paid on bonds payable	(13,080)	(24,594)	(32,413)
Net cash used in capital and related financing activities	<u>(158,080)</u>	<u>(344,594)</u>	<u>(339,291)</u>

Cash Flows From Investing Activities

Interest on cash and cash equivalents and investments	36,485	77,048	63,146
Net decrease (increase) in restricted cash	(30,987)	(55,676)	(64,077)
Proceeds from sales and maturities of investments	909,057	2,078,033	1,954,644
Purchase of investments	(929,700)	(2,128,680)	(2,001,078)
Issuance of mortgage notes receivable	-	(400,000)	(275,000)
Repayments received on mortgage notes receivable	252,214	355,005	675,723
Principal payments received under direct financing leases	167,187	166,265	150,530
Net cash used in investing activities	<u>404,256</u>	<u>91,995</u>	<u>503,888</u>

Change in cash and cash equivalents

Cash and cash equivalents:

Beginning of year	4,162,197	4,162,197	4,088,738
End of year	<u>\$ 4,801,604</u>	<u>\$ 3,902,638</u>	<u>\$ 4,162,197</u>

Reconciliation of Excess of (Expenses Over Revenues)

Revenues Over Expenses to Net Cash Provided by

Operating Activities

	June 30, 2016	Projected December 31, 2016	December 31, 2015
Excess of (expenses over revenues) revenues over expenses	\$ 12,015	\$ (105,874)	\$ (153,597)
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	199,308	207,555
Adjustment for losses on mortgage notes and other receivables	(1,437)	(1,437)	(8,946)
Gain on sale of property	-	-	-
Net realized and unrealized losses (gains) on investments	(31,697)	(31,697)	20,752
Interest income on cash and cash equivalents and investments	(36,485)	(77,049)	(59,412)
Interest expense on bonds payable	13,080	24,594	29,825
Changes in:			
Grants receivable	-	-	-
Other receivables, accrued interest receivable and other assets	80,278	7,820	2,671
Accounts payable and accrued expenses	(39,450)	(50,055)	(118,693)
Due to the City of Albany	(6)	(0)	(25,636)
Unearned grant and other income	396,550	27,046	11,248
Revolving loan fund liability	383	383	3,095
Net cash provided by operating activities	<u>\$ 393,231</u>	<u>\$ (6,961)</u>	<u>\$ (91,138)</u>