



CAPITALIZE ALBANY
CORPORATION

Tuesday, October 18, 2016
8:30 a.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 September 20, 2016
2. Quarterly Financial Report
3. Review Investment Portfolio
4. Other Business

**Capitalize Albany Corporation Finance & Investment Committee Meeting
MINUTES
September 20, 2016**

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 9:00 a.m., Tuesday, September 20, 2016 at 21 Lodge Street.

The following were in attendance:

Committee Members:

Anders Tomson (participated via conference call but not counted for quorum/voting purposes), Jeff Sperry, Bob Curley, John Harris and John Vero

Other:

Thomas M. Owens, Esq.

Staff:

Sarah Reginelli, Brad Chevalier, Mark Opalka and Chantel Burnash

The regular meeting of the Capitalize Albany Corporation Finance & Investment Committee was called to order at 9:06 a.m.

Approval of Minutes for July 28, 2016 Finance & Investment Committee Meeting

The Committee reviewed the minutes of the July 28, 2016 meeting. Jeff Sperry made a motion for approval. John Vero seconded. The Committee agreed unanimously to approve the minutes.

Review 2017 Draft Proposed Annual Budget

Mark Opalka reviewed the 2017 Draft Proposed Annual Budget with the Committee. Mr. Opalka stated the net income for 2017 before depreciation expense and program activity is budgeted to be approximately \$131,548. Mr. Opalka explained that the preliminary budget anticipates a deficit of approximately \$164,450. The major contributors to this budgeted deficit are related to depreciation and a strategic allocation of \$100,000 toward implementation of the Impact Downtown strategy. Staff discussed future projections which could change future operations. A motion to accept the 2017 Draft Proposed Annual Budget and move it to the full Board was made by Bob Curley and seconded by John Vero. A vote being taken, the motion passed unanimously.

Annual Review of Corporate Policies – Review Investment Policy

Counsel reviewed the Corporation's investment policy with the Committee. Counsel explained it is required to review the Investment Policy annually.

526 Central Avenue Update

Staff updated the Committee on the activity at 526 Central Avenue.

Restore NY Discussion

None.

Other Business

None.

There being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 9:51 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 3rd Quarter Financial Reports
DATE: October 18, 2016

BUDGET PERFORMANCE

On a pre-audit basis, through September 30, 2016, the Capitalize Albany Corporation (CAC) had net income of \$39,339. This position compares favorably to the year-to-date (YTD) budgeted net loss of \$254,480. CAC had net income of \$4,612 at September 30, 2015.

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

- ***YTD 2016 revenue is \$1,183,226 which is \$330,179 (39%) above the 2016 budget.***
 - ***Real Estate Income.*** Real Estate income is \$117,445 which is \$7,199 (7%) 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 \$68,470 which is \$4,516 (6%) 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.
 - ***Investment & Interest Income.*** Interest and Investment Income is \$94,232 which is 45,562 (94%) over budget. This positive variance is a direct result of market performance that occurred during the first three quarters of 2016 as well as higher interest earning on the Corporation's money market accounts.
 - ***Membership & Event Support.*** Membership and Event Support is \$32,250 which is \$7,250 (29%) over budget. This positive variance is a direct result of increased membership in 2016.
 - ***Project & Program Revenue.*** Project and Program revenue is \$238,500. This revenue is from grant monies received from the Main Street program as well as the Amplify Albany grant programs. These revenues have offsetting project and program expenses. This revenue was not budgeted for in the 2016 budget.

- **YTD 2016 expenses are \$1,143,887 which is \$135,960 (13%) above the 2016 budget.**
 - **Professional Fee Expense.** Professional fee expenses are \$197,235 or 7% under budget. The variance is attributable to lower legal, accounting, and IT expenses.
 - **Administrative Expense.** Administrative expenses are \$66,605 or 35% 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 \$19,800 or 16% under budget. This variance is mainly attributable to lower utility costs incurred by the Corporation.
 - **Membership & Event Expense.** Membership and Event expenses are \$1,064 or 68% under budget. This is attributable to lower marketing expenses incurred during the first three quarters of 2016.
 - **Project & Program Expense.** Project and Program Expenses are \$227,250. This expense was for the disbursement of Main Street grant monies received during the first quarter as well as a Amplify Albany grant disbursement. These expenses were not budgeted for in the 2016 budget.

BALANCE SHEET

- At September 30, 2016, compared to December 31, 2015, unrestricted cash has increased by \$261,401.
- Restricted cash has increased \$38,957 due to loan repayments.
- Mortgage notes receivable has increased by \$117,206. This is a result of a loan closing in the third quarter offset by scheduled loan payment activity..
- Net investment in direct financing leases has been reduced by approximately \$156,949. 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 \$203,103. This is primarily 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 \$232,884 to \$3.9 million. This decrease is primarily attributable to the budgeted loan disbursement which occurred during the third quarter of 2016.
- 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								
	Q3	YTD Actual	YTD Budget	Variance - \$	Variance - %	Oct -Dec 2016 Forecast	2016 Projection	Original Budget	Projected Variance from Budget
REVENUE									
General Economic & Community Development Support Income	\$ 62,500	\$ 305,043	\$ 305,043	\$ -	0%	\$ 192,400	\$ 497,443	\$ 497,443	\$ -
Real Estate Income	41,496	117,445	110,246	7,199	7%	187,148	304,593	298,152	6,441
Professional Service Agreement Income	87,146	261,437	225,000	36,437	0%	87,146	348,582	300,000	48,582
Loan Interest Income	24,116	68,470	72,986	(4,516)	-6%	24,513	92,983	97,314	(4,331)
Fee Income	12,878	25,323	25,459	(136)	-1%	6,070	31,393	31,529	(136)
Direct Finance Lease Income	39,901	40,643	40,643	(0)	0%	6,999	47,642	47,643	(0)
Investment & Interest Income	18,922	55,487	48,670	6,817	14%	20,164	75,651	64,894	10,757
FMV Adj on Fidelity Inv	1,826	34,745	-	34,745	100%	-	34,745	-	34,745
G/L on Sale/Redemption	5,318	3,884	-	3,884	100%	-	3,884	-	3,884
Membership & Event Support	6,950	32,250	25,000	7,250	29%	7,500	39,750	33,500	6,250
TOTAL REVENUE	\$ 301,053	\$ 944,726	\$ 853,047	\$ 91,679	11%	\$ 531,940	\$ 1,476,666	\$ 1,370,475	\$ 106,191
EXPENSE									
Salaries Expense	\$ 189,244	\$ 588,306	\$ 621,065	\$ (32,759)	-5%	\$ 191,300	\$ 779,606	\$ 829,322	\$ (49,716)
Professional Fees	53,527	197,235	212,161	(14,926)	-7%	46,609	243,844	265,714	(21,870)
Administrative Expenses	10,146	66,605	102,501	(35,896)	-35%	27,937	94,542	126,940	(32,399)
Interest Expense	6,133	19,215	19,215	-	0%	11,106	30,321	24,594	5,727
Real Estate Expenses	8,640	25,847	25,993	(145)	-1%	11,897	37,746	37,270	476
Occupancy Expense	5,975	19,800	23,618	(3,818)	-16%	21,401	41,201	45,444	(4,243)
Bad Debt Expense (recovery)	-	(1,437)	-	(1,437)	100%	-	(1,437)	-	(1,437)
Membership & Event Expense	64	1,064	3,375	(2,311)	-68%	10,675	11,739	12,175	(436)
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 273,728	\$ 916,635	\$ 1,007,927	\$ (91,292)	9%	\$ 320,925	\$ 1,237,561	\$ 1,341,460	\$ (103,898)
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ 27,324	\$ 28,091	\$ (154,880)	\$ 182,971	118%	\$ 211,016	\$ 239,105	\$ 29,016	\$ 210,089
DEPRECIATION	\$ -	\$ -	\$ -	\$ -	0%	\$ 199,306	\$ 199,306	\$ 204,232	\$ (4,926)
NET INCOME (LOSS) AFTER DEPRECIATION	\$ 27,324	\$ 28,091	\$ (154,880)	\$ 182,971	118%	\$ 11,710	\$ 39,799	\$ (175,216)	\$ 215,015
PROJECT & PROGRAM REVENUE									
Amplify & Retail Grant Programs	\$ 2,250	\$ 2,250	\$ -	\$ 2,250	0%	\$ 397,750	400,000	\$ -	\$ 400,000
Downtown Tactical Plan	-	-	-	-	0%	-	-	-	-
New York Main Street	-	236,250	-	236,250	100%	-	236,250	-	236,250
Total Program Income	\$ 2,250	\$ 238,500	\$ -	\$ 238,500	0%	\$ 397,750	\$ 636,250	\$ -	\$ 636,250
PROJECT & PROGRAM EXPENSE									
New York Main Street	\$ -	\$ 225,000	\$ -	\$ 225,000	100%	\$ -	225,000	\$ -	\$ 225,000
Downtown Tactical Plan	-	-	100,000	(100,000)	0%	100,000	100,000	100,000	-
Amplify & Retail Grant Programs	2,250	2,250	-	2,250	0%	397,750	400,000	-	400,000
Total Program Expense	\$ 2,250	\$ 227,250	\$ 100,000	\$ 127,250	0%	\$ 497,750	\$ 725,000	\$ 100,000	\$ 625,000
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ -	\$ 11,250	\$ (100,000)	\$ 111,250	0%	\$ (100,000)	\$ (88,750)	\$ (100,000)	\$ 11,250
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ 27,324	\$ 39,341	\$ (254,880)	\$ 294,221	115%	\$ (88,290)	\$ (48,951)	\$ (275,216)	\$ 226,265

CAPITALIZE ALBANY CORPORATION
Comparative Balance Sheets
Pre-Audited Draft

Assets

Current Assets:

	September 30, 2016	Projected December 31, 2016	December 31, 2015
Cash and cash equivalents	\$ 4,423,598	\$ 3,929,315	\$ 4,162,197
Investments	3,505,151	3,520,158	3,437,044
Restricted cash	618,563	641,636	579,606
Mortgage notes receivable, net	2,547,534	2,485,423	2,430,328
Net investment in direct financing leases	364,041	364,962	520,990
Accrued interest receivable	30,480	40,407	45,103
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	26	100,000	100,020
Other receivables, net	123,116	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	652,243	651,935	658,891

Total assets

\$ 15,039,030	\$ 14,395,946	\$ 14,796,588
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Deferred Outflows of Resources

\$ -	\$ -	\$ -
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Liabilities

Current Liabilities:

Accounts payable and accrued expenses	\$ 85,366	\$ 75,078	\$ 132,293
Due to the City of Albany	72,892	72,892	72,892
Unearned grant and other income	898,080	528,577	503,781
Bonds payable	2,205,000	2,030,000	2,350,000
Revolving loan fund liability	704,343	704,343	703,612
Unearned program support	77,147	77,147	77,147

Total liabilities

\$ 4,042,828	\$ 3,488,036	\$ 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	9,817,013	9,728,720	9,777,671
Total net position	\$ 10,996,202	\$ 10,907,909	\$ 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	\$ 541,293	\$ 1,133,693	\$ 674,487
Rental income	118,500	305,923	294,170
Other interest and investment income	133,704	160,593	94,077
Interest income on mortgage notes	68,470	92,983	91,889
Gain on sale of properties	-	-	-
Fees and other income	319,010	419,725	384,101
Total revenues	1,180,977	2,112,916	1,538,724
Expenses			
Salaries and fringe benefits	588,306	779,606	733,919
Program and project costs	251,849	941,404	502,438
Interest expense	19,215	30,321	29,825
Bad debt expenses (recovery)	(1,437)	(1,437)	(2,787)
Administrative Expenses	283,703	411,973	428,926
Total expenses	1,141,636	2,161,867	1,692,321
Excess of (expenses over revenues) revenues over expenses	39,341	(48,951)	(153,597)
Net Position, Beginning of Year	10,956,861	10,956,861	11,110,458
Net Position, End of Month	\$ 10,996,202	\$ 10,907,909	\$ 10,956,861

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

Cash Flows From Operating Activities

	September 30, 2016	Projected December 31, 2016	December 31, 2015
Cash received from customers	\$ 315,497	\$ 457,709	\$ 444,149
Cash received from grantors	936,324	1,159,220	695,981
Other operating cash receipts	319,010	419,725	371,785
Cash payments to suppliers and grantees	(582,487)	(1,211,287)	(869,134)
Cash payments to employees	(588,306)	(779,606)	(733,919)
Net cash provided by operating activities	400,037	45,761	(91,138)

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	(21,993)	(30,321)	(32,413)
Net cash used in capital and related financing activities	(166,993)	(350,321)	(339,291)

Cash Flows From Investing Activities

Interest on cash and cash equivalents and investments	55,402	75,612	63,146
Net decrease (increase) in restricted cash	(38,957)	(62,030)	(64,077)
Proceeds from sales and maturities of investments	2,232,149	2,090,209	1,954,644
Purchase of investments	(2,261,417)	(2,134,483)	(2,001,078)
Issuance of mortgage notes receivable	(400,000)	(400,000)	(275,000)
Repayments received on mortgage notes receivable	284,232	346,343	675,723
Principal payments received under direct financing leases	156,949	156,028	150,530
Net cash used in investing activities	28,357	71,679	503,888

Change in cash and cash equivalents

	261,401	(232,882)	73,459
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Cash and cash equivalents:

Beginning of year	4,162,197	4,162,197	4,088,738
End of year	\$ 4,423,598	\$ 3,929,315	\$ 4,162,197

Reconciliation of Excess of (Expenses Over Revenues)

Revenues Over Expenses to Net Cash Provided by Operating Activities

	September 30, 2016	Projected December 31, 2016	December 31, 2015
Excess of (expenses over revenues) revenues over expenses	\$ 39,341	\$ (48,951)	\$ (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	(38,840)	(38,840)	20,752
Interest income on cash and cash equivalents and investments	(55,402)	(75,613)	(59,412)
Interest expense on bonds payable	21,993	30,321	29,825
Changes in:			
Grants receivable	-	-	-
Other receivables, accrued interest receivable and other assets	86,287	12,663	2,671
Accounts payable and accrued expenses	(46,930)	(57,217)	(118,693)
Due to the City of Albany	(6)	(0)	(25,636)
Unearned grant and other income	394,300	24,796	11,248
Revolving loan fund liability	731	731	3,095
Net cash provided by operating activities	\$ 400,037	\$ 45,761	\$ (91,138)