



CAPITALIZE ALBANY
CORPORATION

Friday, April 21, 2017
21 Lodge Street, 10:00 a.m.

Capitalize Albany Corporation
Finance and Investment Committee Meeting
Agenda

1. Review of the minutes from the Finance & Investment Committee meeting of March 21, 2017
2. Review of Investment Portfolio
3. Quarterly Financial Report
4. 526 Central Avenue Update
5. Other Business

Capitalize Albany Corporation Finance & Investment Committee Meeting
MINUTES
March 21, 2017

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 8:30 a.m., Tuesday, March 21, 2017 at 21 Lodge Street.

The following were in attendance:

Committee Members:

Jeff Sperry, John Harris and John Vero

Staff:

Sarah Reginelli, Mark Opalka and Chantel Burnash

Excused:

Anders Tomson and Bob Curley

The regular meeting of the Capitalize Albany Corporation Finance & Investment Committee was called to order at 8:35 a.m.

Approval of Minutes for January 18, 2017 Finance & Investment Committee Meeting

The Committee reviewed the minutes of the January 18, 2017 meeting. John Harris made a motion for approval. John Vero seconded. The Committee agreed unanimously to approve the minutes.

526 Central Avenue Update

Staff informed the Committee on the activity at 526 Central Avenue. The Committee reviewed the financial implications of an offer and would like to discuss further at the next full Board meeting.

Banking Services Update

Staff informed the Committee that the Corporation has uninsured funds with two banking institutions. The Committee discussed the distribution of these monies. The Committee advised Staff to also explore a possible third bank option, referencing the prior RFP for banking services, with an emphasis based on rates and fees.

Other Business

Staff reviewed the status of active projects with the Committee.

There being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 9:25 a.m.

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: CAC Finance & Investment Committee
FROM: Capitalize Albany Staff
RE: Review of the 1st Quarter Hugh Johnson Investment Portfolio
DATE: April 18, 2017

Staff has reviewed the Hugh Johnson portfolio to ensure that it is compliance with the guidelines of the Capitalize Albany investment policy. After reviewing the investment policy Capitalize Albany is in compliance with all aspects of this policy.

Asset Allocation

<i>Asset Class</i>	<i>Min. Wt.</i>	<i>Max. Wt.</i>	<i>Representative Index</i>
Equities	0%	15%	S&P 500 and MSCI EAFE
<i>Domestic</i>	<i>85%</i>	<i>100%</i>	S&P 500
<i>International*</i>	<i>0%</i>	<i>15%</i>	MSCI EAFE
Fixed Income	80%	95%	BCS Int. Govt./Credit**
Cash or Equivalent	3%	25%	Treasury Bill

Currently CAC's portfolio composition for the first quarter consists of 14% Equities, 83% Fixed Income, and 3% cash.

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: Capitalize Albany Finance & Investment Committee
FROM: Mark Opalka
RE: Capitalize Albany Corporation 1st Quarter Financial Reports
DATE: April 18, 2017

BUDGET PERFORMANCE

On a pre-audit basis, through March 31, 2017, the Capitalize Albany Corporation had net loss of \$42,053. This position compares favorably to the year-to-date (YTD) budgeted net loss of \$104,633. Capitalize Albany Corporation had net loss of \$87,296 at March 31, 2016.

My comments below address those categories that deviate in excess of 5% and greater than \$5,000 from the YTD budget.

- ***YTD 2017 revenue is \$259,663, which is \$25,671 (11%) above the 2017 budget.***
 - ***Investment & Interest Income.*** Interest and Investment Income is \$38,112 which is 20,170 (112%) over budget. This positive variance is a direct result of market performance, primarily in the equity portion, of the Corporation's investment portfolio that occurred during 2017.
 - ***Project & Program Revenue.*** Project and Program revenue is \$5,684. This revenue is from grant monies realized for the Amplify Albany grant program. These revenues have offsetting project and program expenses. This revenue was not budgeted for in the 2017 budget.
- ***YTD 2017 expenses are \$301,715 which is \$36,910 (11%) below the 2017 budget.***
 - ***Salary & Fringe Expense.*** Salary and Fringe expense are \$163,868 or 17% under budget. This variance is attributable to lower staffing levels compared to 2016.
 - ***Professional Fee Expense.*** Professional fee expenses are \$88,313 or 7% under budget. The variance is attributable to lower legal and accounting fees incurred by the Corporation.
 - ***Project & Program Expense.*** Project and Program Expenses are \$5,684. This expense was for the grant disbursements for the Amplify Albany program. These expenses were not budgeted for in the 2017 budget.

LOANS

- ***Sixty State Place, LLC*** – This borrower, who utilized funds from Capitalize Albany’s real estate loan fund, paid their loan in full in February.

BALANCE SHEET

- At March 31, 2017, compared to December 31, 2016, unrestricted cash has increased by \$443,840.
- Restricted cash has increased \$21,405 due to loan repayments.
- Mortgage notes receivable has decreased by \$434,104. This is a result of a loan payoff as well as scheduled loan payment activity..
- Net investment in direct financing leases has been reduced by approximately \$163,522. 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 been reduced by \$173,353. This is due to reduced accounts payable and principal payments applied against CAC’s bond indebtedness.

CASH FLOW STATEMENT

- Currently, CAC’s December 31, 2017 cash and cash equivalents are anticipated to decrease by approximately \$269,780 to \$4.1 million. This decrease is primarily attributable to a budgeted loan disbursement that is projected to occur during 2017 as well as projected Amplify Albany and Retail grant disbursements.
- Projected 2017 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 2017.
- Cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

	January 1, 2017 - December 31, 2017				Apr -Dec 2017 Forecast	2017 Projection	Original Budget	Projected Variance from Budget
	YTD Actual	YTD Budget	Variance - \$	Variance - %				
REVENUE								
General Economic & Community Development Support Income	\$ 62,500	\$ 62,500	\$ -	0%	\$ 434,943	\$ 497,443	\$ 497,443	\$ -
Real Estate Income	34,909	34,650	260	1%	264,060	298,969	298,709	260
Professional Service Agreement Income	87,146	87,146	-	0%	261,437	348,582	348,582	-
Loan Interest Income	24,411	26,112	(1,702)	-7%	77,334	101,744	104,449	(2,704)
Fee Income	6,011	5,409	602	11%	22,476	28,487	27,885	602
Direct Finance Lease Income	250	234	15	7%	22,863	23,113	23,098	15
Investment & Interest Income	18,737	17,942	795	4%	53,824	72,561	71,766	795
FMV Adj on Fidelity Inv	21,280	-	21,280	100%	-	21,280	-	21,280
G/L on Sale/Redemption	(1,904)	-	(1,904)	100%	-	(1,904)	-	(1,904)
Membership & Event Support	640	-	640	100%	32,900	33,540	33,500	40
TOTAL REVENUE	\$ 253,979	\$ 233,992	\$ 19,987	9%	\$ 1,169,837	\$ 1,423,816	\$ 1,405,432	\$ 18,384
EXPENSE								
Salaries & Fringe Expense	\$ 163,868	\$ 197,205	\$ (33,337)	-17%	\$ 627,482	\$ 791,350	\$ 830,352	\$ (39,002)
Professional Fees	88,313	94,894	(6,581)	-7%	143,985	232,298	240,619	(8,321)
Administrative Expenses	18,869	20,800	(1,931)	-9%	68,706	87,575	90,507	(2,932)
Interest Expense	8,913	8,913	-	0%	4,799	13,712	13,712	(0)
Real Estate Expenses	8,819	8,655	164	2%	29,430	38,249	38,085	164
Occupancy Expense	6,233	7,634	(1,401)	-18%	40,618	46,851	47,909	(1,058)
Bad Debt Expense (recovery)	1,017	-	1,017	100%	-	1,017	-	1,017
Membership & Event Expense	-	525	(525)	-100%	12,700	12,700	12,700	-
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 296,031	\$ 338,625	\$ (42,594)	-13%	\$ 927,721	\$ 1,223,752	\$ 1,273,884	\$ (50,132)
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ (42,053)	\$ (104,633)	\$ 62,581	-60%	\$ 242,116	\$ 200,064	\$ 131,548	\$ 68,516
DEPRECIATION	\$ -	\$ -	\$ -	#DIV/0!	\$ 196,006	\$ 196,006	\$ 196,006	\$ -
NET INCOME (LOSS) AFTER DEPRECIATION	\$ (42,053)	\$ (104,633)	\$ 62,580	60%	\$ 46,110	\$ 4,058	\$ (64,458)	\$ 68,516
PROJECT & PROGRAM REVENUE								
Blight to Betterment	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	\$ -
CACRC Grant	5,684	-	5,684	100%	365,182	370,866	-	370,866
New York Main Street	-	-	-	100%	-	-	-	-
Total Program Income	\$ 5,684	\$ -	\$ 5,684	100%	\$ 365,182	\$ 370,866	\$ -	\$ 370,866
PROJECT & PROGRAM EXPENSE								
New York Main Street	\$ -	\$ -	\$ -	100%	\$ -	\$ -	\$ -	\$ -
Capitalize Albany Amplify and Retail Grants	5,684	-	5,684	100%	465,182	470,866	100,000	370,866
Impact Downtown Albany	-	-	-	-100%	-	-	-	-
Total Program Expense	\$ 5,684	\$ -	\$ 5,684	#DIV/0!	\$ 465,182	\$ 470,866	\$ 100,000	\$ 370,866
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ -	\$ -	\$ -	#DIV/0!	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ -
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ (42,053)	\$ (104,633)	\$ 62,580	60%	\$ (53,890)	\$ (95,942)	\$ (164,458)	\$ 68,516

CAPITALIZE ALBANY CORPORATION

Comparative Balance Sheets

Pre-Audited Draft

Assets

Current Assets:

	March 31, 2017	Projected March 31, 2017	December 31, 2016
Cash and cash equivalents	\$ 4,814,103	\$ 4,100,486	\$ 4,370,264
Investments	3,550,734	3,550,734	3,525,663
Restricted cash	661,277	715,476	639,776
Mortgage notes receivable, net	2,098,858	2,294,912	2,532,962
Net investment in direct financing leases	197,357	197,357	360,879
Accrued interest receivable	43,007	43,007	38,421
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	-	100,000	112,640
Other receivables, net	97,428	86,123	90,737
Property held for investment and lease, net	2,220,725	2,045,243	2,220,725
Property and equipment, net	354,246	330,421	354,246
Other assets	652,038	651,935	658,768

Total assets

\$ 14,689,773 \$ 14,115,694 \$ 14,905,081

Deferred Outflows of Resources

\$ - \$ - \$ -

Liabilities

Current Liabilities:

Accounts payable and accrued expenses	\$ 70,933	\$ 65,448	\$ 88,781
Due to the City of Albany	72,892	72,892	72,892
Unearned grant and other income	899,196	564,492	904,881
Bonds payable	1,880,000	1,700,000	2,030,000
Revolving loan fund liability	704,891	704,891	704,614
Unearned program support	67,369	67,369	67,365

Total liabilities

\$ 3,695,281 \$ 3,175,091 \$ 3,868,533

Deferred Inflows of Resources

\$ - \$ - \$ -

Net Position

Net invested in capital assets	\$ 854,971	\$ 854,971	\$ 854,971
Restricted for:			
Debt service	171,483	171,483	171,483
CDBG eligible activities	114,010	114,010	114,010
Other program specific activities	11,774	11,774	11,774
Impact Downtown Albany	-	-	-
Unrestricted	9,842,254	9,788,364	9,884,308
Total net position	\$ 10,994,492	\$ 10,940,603	\$ 11,036,546

Capitalize Albany Corporation
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
Pre Audited Draft

	March 31, 2017	Projected December 31, 2017	Year Ended December 31, 2016
Revenues			
Grant income and Contribution Income	\$ 68,184	\$ 868,309	\$ 775,344
Rental income	35,144	299,664	301,246
Other interest and investment income	38,128	114,355	159,003
Interest income on mortgage notes	24,411	101,744	93,114
Gain on sale of properties	-	-	-
Fees and other income	93,797	410,609	437,301
	259,664	1,794,681	1,766,008
Expenses			
Salaries and fringe benefits	163,868	791,350	801,106
Program and project costs	14,503	688,798	466,535
Interest expense	8,913	13,712	29,529
Bad debt expenses (recovery)	1,017	1,017	6,997
Administrative Expenses	113,416	395,746	382,156
	301,717	1,890,623	1,686,323
Excess of (expenses over revenues) revenues over expenses	(42,053)	(95,942)	79,685
Net Position, Beginning of Year	11,036,545	11,036,545	10,956,861
Net Position, End of Month	\$ 10,994,492	\$ 10,940,603	\$ 11,036,545

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

Cash Flows From Operating Activities

	March 31, 2017	Projected December 31, 2017	December 31, 2016
Cash received from customers	\$ 60,359	\$ 430,627	\$ 412,116
Cash received from grantors	62,777	528,197	1,164,756
Other operating cash receipts	93,797	410,609	417,737
Cash payments to suppliers and grantees	(35,161)	(897,965)	(690,116)
Cash payments to employees	(163,868)	(791,350)	(801,106)
Net cash provided by operating activities	<u>17,904</u>	<u>(319,883)</u>	<u>503,387</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	-
Purchase of other assets including purchase options	-	-	-
Principal payments on bonds payable	(149,999)	(330,000)	(320,000)
Interest paid on bonds payable	(14,279)	(13,712)	(32,308)
Net cash used in capital and related financing activities	<u>(164,278)</u>	<u>(343,711)</u>	<u>(352,308)</u>

Cash Flows From Investing Activities

Interest on cash and cash equivalents and investments	18,766	72,622	101,828
Net decrease (increase) in restricted cash	(21,501)	(75,700)	(60,171)
Proceeds from sales and maturities of investments	332,955	332,955	3,351,824
Purchase of investments	(338,650)	(338,650)	(3,395,389)
Issuance of mortgage notes receivable	-	(400,000)	(400,000)
Repayments received on mortgage notes receivable	435,121	639,067	298,713
Principal payments received under direct financing leases	163,522	163,522	160,182
Net cash used in investing activities	<u>590,213</u>	<u>393,816</u>	<u>56,987</u>

Change in cash and cash equivalents

443,839	(269,778)	208,066
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Cash and cash equivalents:

Beginning of year	4,370,264	4,370,264	4,162,198
End of year	<u>\$ 4,814,103</u>	<u>\$ 4,100,486</u>	<u>\$ 4,370,264</u>

Reconciliation of Excess of (Expenses Over Revenues)

Revenues Over Expenses to Net Cash Provided by

Operating Activities

	March 31, 2017	Projected December 31, 2017	December 31, 2016
Excess of (expenses over revenues) revenues over expenses	\$ (42,053)	\$ (95,942)	\$ 79,685
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	199,309	199,306
Adjustment for losses on mortgage notes and other receivables	(1,017)	(1,016)	(2,785)
Gain on sale of property	-	-	-
Net realized and unrealized losses (gains) on investments	(19,376)	(19,376)	(45,054)
Interest income on cash and cash equivalents and investments	(18,766)	(72,623)	(100,195)
Interest expense on bonds payable	14,279	13,712	29,529
Changes in:			
Grants receivable	-	-	-
Other receivables, accrued interest receivable and other assets	(4,548)	6,861	4,002
Accounts payable and accrued expenses	(17,848)	(23,336)	(40,731)
Due to the City of Albany	112,640	12,640	(12,691)
Unearned grant, program support and other income	(5,684)	(340,389)	391,319
Revolving loan fund liability	277	277	1,002
Net cash provided by operating activities	<u>\$ 17,904</u>	<u>\$ (319,883)</u>	<u>\$ 503,387</u>