



**CAPITALIZE ALBANY**  
CORPORATION

**Monday, October 16, 2017**  
21 Lodge Street, 11:00 a.m.

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

1. Review of the minutes from the Finance & Investment Committee meeting of September 18, 2017
2. RECKDE, LLC loan request
3. Quarterly Financial Report
4. Review Investment Portfolio
5. Other Business

**Capitalize Albany Corporation Finance & Investment Committee Meeting**  
**MINUTES**  
**September 18, 2017**

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 11:00 a.m., Monday, September 18, 2017 at 21 Lodge Street.

The following were in attendance:

**Committee Members:**

Anders Tomson, Bob Curley, and Jeff Sperry

**Other:**

Thomas M. Owens, Esq.

**Staff:**

Sarah Reginelli, Mark Opalka, Joe Landy, Andy Corcione and Chantel Burnash

**Excused:**

John Harris and John Vero

The regular meeting of the Capitalize Albany Corporation Finance & Investment Committee was called to order at 11:08 a.m.

**Approval of Minutes for August 14, 2017 Finance & Investment Committee Meeting**

The Committee reviewed the minutes of the August 14, 2017 meeting. Bob Curley made a motion for approval. Jeff Sperry seconded. The Committee agreed unanimously to approve the minutes.

**RECKDE, LLC loan request**

Committee and Staff discussed the loan request analysis and additional documentation received from the Applicant pertaining to RECKDE, LLC.

The Applicant was present and gave an explanation as to why he chose to apply for a loan through the Corporation.

The Committee gave a positive recommendation to move the loan request approval to the full Board, subject to additional underwriting requested by the Committee.

**Review 2018 Draft Proposed Annual Budget**

Mark Opalka reviewed the 2018 Draft Proposed Annual Budget with the Committee. Mr. Opalka stated the net income for 2018 before depreciation expense and program activity is budgeted to be approximately \$104,460. Mr. Opalka explained that the preliminary budget anticipates a deficit of approximately \$196,840 after depreciation and a \$100,000 strategic development set-aside of Corporate assets. A motion to accept the 2018 Draft Proposed Annual Budget and move it to the full Board was made by Bob Curley and seconded by Jeff Sperry. A

vote being taken, the motion passed unanimously. The Draft Proposed Budget, subject to staff adjustments, will be brought to the October Board meeting to be discussed and acted upon.

**Other Business**

None.

There being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 12:05 p.m.

Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

MEMORANDUM

TO: Capitalize Albany Finance Committee  
FROM: Mark Opalka  
RE: Capitalize Albany Corporation 3rd Quarter Financial Reports  
DATE: October 16, 2017

**BUDGET PERFORMANCE**

On a pre-audit basis, through September 30, 2017, the Capitalize Albany Corporation had net income of \$121,059. This position compares favorably to the year-to-date (YTD) budgeted net loss of \$35,411. Capitalize Albany Corporation had net income of \$31,893 at September 30, 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 \$955,602 which is \$79,525 (9%) above the 2017 budget.***
  - **Investment & Interest Income.** Interest and Investment Income is \$103,761 which is \$49,936 (93%) 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 the first three quarters of 2017.
  - **Loan Interest Income.** Loan Interest Income is \$65,214 which is \$13,123 (17%) under budget. This is a direct result of early loan payoffs which occurred in the first quarter of 2017.
  - **Membership & Event Support.** Membership and Event Support is \$38,405 which is \$13,405 (54%) over budget. This is a direct result of an investors taking advantage of the early bird discount to sponsor the Corporation's annual event as well the Corporation receiving more investor payments than was budgeted for.
  - **Project & Program Revenue.** Project and Program revenue is \$41,515. 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 \$834,543 which is \$76,945 (8%) below the 2017 budget.***
  - **Salary & Fringe Expense.** Salary and Fringe expense are \$492,762 which is \$102,433 (17%) under budget under budget. This variance is attributable to lower staffing levels compared to 2016.

- **Professional Fee Expense.** Professional fee expenses are \$180,554 which is \$13,904 (7%) under budget. The variance is attributable to lower legal and accounting fees incurred by the Corporation.
- **Interest Expense.** Interest expenses are \$10,638 which is \$5,705 (116%) over budget. This variance is attributable to the 200 HJB accrued bond interest not being budgeted in the 2017 annual budget.
- **Administrative Expense.** Administrative expenses are \$59,400 which is \$5,233 (8%) under budget. The variance is attributable to lower office supply, director and meeting expenses.
- **Project & Program Expense.** Project and Program Expenses are \$41,515. This expense was for grant disbursements for the Amplify Albany and Downtown Retail grant programs. 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.
- **Ten Broeck Loans** – Two Ten Broeck loans paid their loans in full during 2017.

## **BALANCE SHEET**

- At September 30, 2017, compared to December 31, 2016, unrestricted cash has increased by \$604,600.
- Restricted cash has increased \$56,211 due to loan repayments.
- Mortgage notes receivable has decreased by \$524,980. This is a result of a loan payoffs as well as loan payment activity.
- Net investment in direct financing leases has been reduced by approximately \$169,308. 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 \$206,517. This is due to reduced accounts payable and principal payments applied against the Corporation’s bond indebtedness.

## **CASH FLOW STATEMENT**

- Currently, the Corporation’s December 31, 2017 cash and cash equivalents are anticipated to decrease by approximately \$232,088 to \$4,138,176. This decrease is primarily attributable to a budgeted loan disbursement that is projected to occur during the 4<sup>th</sup> Quarter of 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								
	3rd Qtr	YTD Actual	YTD Budget	Variance - \$	Variance - %	Oct -Dec 2017 Forecast	2017 Projection	Original Budget	Projected Variance from Budget
<b>REVENUE</b>									
General Economic & Community Development Support Income	\$ 62,500	\$ 292,506	\$ 305,043	\$ (12,537)	-4%	\$ 192,400	\$ 484,906	\$ 497,443	\$ (12,537)
Real Estate Income	40,188	111,650	110,085	1,565	1%	189,977	301,627	298,709	2,917
Professional Service Agreement Income	87,146	261,437	261,437	-	0%	87,146	348,582	348,582	-
Loan Interest Income	20,242	65,214	78,337	(13,123)	-17%	25,109	90,322	104,449	(14,127)
Fee Income	6,307	17,807	22,726	(4,919)	-22%	5,159	22,966	27,885	(4,919)
Direct Finance Lease Income	22,758	23,308	19,625	3,683	19%	3,472	26,780	23,098	3,682
Investment & Interest Income	19,920	59,440	53,825	5,616	10%	18,058	77,498	71,766	5,732
FMV Adj on Fidelity Inv	21,737	46,164	-	46,164	100%	-	46,164	-	46,164
G/L on Sale/Redemption	(384)	(1,844)	-	(1,844)	100%	-	(1,844)	-	(1,844)
Membership & Event Support	4,765	38,405	25,000	13,405	54%	-	38,405	33,500	4,905
<b>TOTAL REVENUE</b>	<b>\$ 285,180</b>	<b>\$ 914,087</b>	<b>\$ 876,077</b>	<b>\$ 38,010</b>	<b>4%</b>	<b>\$ 521,320</b>	<b>\$ 1,435,407</b>	<b>\$ 1,405,432</b>	<b>\$ 29,975</b>
<b>EXPENSE</b>									
Salaries & Fringe Expense	\$ 165,163	\$ 492,762	\$ 595,195	\$ (102,433)	-17%	\$ 199,738	\$ 692,500	\$ 830,352	\$ (137,852)
Professional Fees	47,236	180,554	194,457	(13,904)	-7%	46,158	226,712	240,619	(13,907)
Administrative Expenses	14,555	59,400	64,623	(5,223)	-8%	17,579	76,979	90,507	(13,528)
Interest Expense	1,725	10,638	4,933	5,705	116%	15,740	26,378	13,712	12,666
Real Estate Expenses	8,889	26,596	26,603	(7)	0%	11,701	38,297	38,085	212
Occupancy Expense	5,341	18,988	23,652	(4,664)	-20%	17,512	36,501	47,909	(11,409)
Bad Debt Expense (recovery)	-	1,017	-	1,017	100%	-	-	-	1,017
Membership & Event Expense	603	3,074	2,025	1,049	52%	9,730	12,803	12,700	103
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>\$ 243,513</b>	<b>\$ 793,028</b>	<b>\$ 911,488</b>	<b>\$ (118,460)</b>	<b>-13%</b>	<b>\$ 318,159</b>	<b>\$ 1,111,187</b>	<b>\$ 1,273,884</b>	<b>\$ (162,697)</b>
<b>NET INCOME BEFORE DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ 41,667</b>	<b>\$ 121,059</b>	<b>\$ (35,411)</b>	<b>\$ 156,470</b>	<b>-442%</b>	<b>\$ 203,161</b>	<b>\$ 324,220</b>	<b>\$ 131,548</b>	<b>\$ 192,672</b>
<b>DEPRECIATION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>#DIV/0!</b>	<b>\$ 196,006</b>	<b>\$ 196,006</b>	<b>\$ 196,006</b>	<b>\$ -</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION</b>	<b>\$ 41,667</b>	<b>\$ 121,059</b>	<b>\$ (35,411)</b>	<b>\$ 156,470</b>	<b>442%</b>	<b>\$ 7,155</b>	<b>\$ 128,215</b>	<b>\$ (64,458)</b>	<b>\$ 192,672</b>
<b>PROJECT &amp; PROGRAM REVENUE</b>									
Blight to Betterment	\$ -	\$ -	\$ -	\$ -	0%	\$ -	-	\$ -	\$ -
CACRC Grant	33,724	41,515	-	41,515	100%	329,351	370,866	-	370,866
New York Main Street	-	-	-	-	100%	-	-	-	-
<b>Total Program Income</b>	<b>\$ 33,724</b>	<b>\$ 41,515</b>	<b>\$ -</b>	<b>\$ 41,515</b>	<b>100%</b>	<b>\$ 329,351</b>	<b>\$ 370,866</b>	<b>\$ -</b>	<b>\$ 370,866</b>
<b>PROJECT &amp; PROGRAM EXPENSE</b>									
New York Main Street	\$ -	\$ -	\$ -	\$ -	100%	\$ -	-	\$ -	\$ -
Capitalize Albany Amplify and Retail Grants	33,724	41,515	-	41,515	100%	429,351	470,866	100,000	370,866
Impact Downtown Albany	-	-	-	-	-100%	-	-	-	-
<b>Total Program Expense</b>	<b>\$ 33,724</b>	<b>\$ 41,515</b>	<b>\$ -</b>	<b>\$ 41,515</b>	<b>#DIV/0!</b>	<b>\$ 429,351</b>	<b>\$ 470,866</b>	<b>\$ 100,000</b>	<b>\$ 370,866</b>
<b>NET INCOME (LOSS) FROM PROGRAM ACTIVITY</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>#DIV/0!</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ -</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ 41,668</b>	<b>\$ 121,059</b>	<b>\$ (35,411)</b>	<b>\$ 156,470</b>	<b>442%</b>	<b>\$ (92,845)</b>	<b>\$ 28,215</b>	<b>\$ (164,458)</b>	<b>\$ 192,673</b>

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

**Assets**

Current Assets:

	September 30, 2017	Projected December 31, 2017	December 31, 2016
Cash and cash equivalents	\$ 4,974,864	\$ 4,024,463	\$ 4,370,264
Investments	3,597,012	3,597,012	3,525,663
Restricted cash	695,987	713,571	639,776
Mortgage notes receivable, net	2,007,982	2,285,332	2,532,962
Net investment in direct financing leases	191,571	377,478	360,879
Accrued interest receivable	36,734	28,752	38,421
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	-	100,000	112,640
Other receivables, net	88,461	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	333,722	354,246
Other assets	652,038	651,935	658,768

**Total assets**

\$ 14,819,620	\$ 14,243,632	\$ 14,905,081
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**Deferred Outflows of Resources**

\$ -	\$ -	\$ -
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**Liabilities**

Current Liabilities:

Accounts payable and accrued expenses	\$ 72,771	\$ 68,029	\$ 88,781
Due to the City of Albany	72,892	72,892	72,892
Unearned grant and other income	863,365	564,962	904,881
Bonds payable	1,880,000	1,700,000	2,030,000
Revolving loan fund liability	705,619	705,619	704,614
Unearned program support	67,369	67,369	67,365

**Total liabilities**

\$ 3,662,016	\$ 3,178,870	\$ 3,868,533
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**Deferred Inflows of Resources**

\$ -	\$ -	\$ -
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**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	10,005,366	9,912,522	9,884,308
<b>Total net position</b>	<b>\$ 11,157,604</b>	<b>\$ 11,064,760</b>	<b>\$ 11,036,546</b>



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

	Year to Date September 30, 2017	Projected December 31, 2017	Year Ended December 31, 2016
Revenues			
Grant income and Contribution Income	\$ 334,021	\$ 855,772	\$ 775,344
Rental income	112,232	302,321	301,246
Other interest and investment income	126,486	147,904	159,003
Interest income on mortgage notes	65,214	90,322	93,114
Gain on sale of properties	-	-	-
Fees and other income	317,649	409,953	437,301
Total revenues	955,602	1,806,272	1,766,008
Expenses			
Salaries and fringe benefits	492,762	692,500	801,106
Program and project costs	70,581	688,845	466,535
Interest expense	10,638	26,377	29,529
Bad debt expenses (recovery)	1,017	1,017	6,997
Administrative Expenses	259,545	369,318	382,156
Total expenses	834,543	1,778,057	1,686,323
Excess of (expenses over revenues) revenues over expenses	121,059	28,215	79,685
Net Position, Beginning of Year	11,036,546	11,036,546	10,956,861
Net Position, End of Month	\$ 11,157,605	\$ 11,064,761	\$ 11,036,546

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

**Cash Flows From Operating Activities**

	September 30, 2017	Projected December 31, 2017	December 31, 2016
Cash received from customers	\$ 218,465	\$ 439,601	\$ 412,116
Cash received from grantors	293,511	516,858	1,164,756
Other operating cash receipts	317,649	409,953	417,737
Cash payments to suppliers and grantees	(235,531)	(872,305)	(690,116)
Cash payments to employees	(492,762)	(692,500)	(801,106)
Net cash provided by operating activities	<u>101,332</u>	<u>(198,393)</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	(18,879)	(26,377)	(32,308)
Net cash used in capital and related financing activities	<u>(168,878)</u>	<u>(356,377)</u>	<u>(352,308)</u>

**Cash Flows From Investing Activities**

Interest on cash and cash equivalents and investments	60,084	77,745	101,828
Net decrease (increase) in restricted cash	(56,211)	(73,795)	(60,171)
Proceeds from sales and maturities of investments	3,847,747	3,847,747	3,351,824
Purchase of investments	(3,874,776)	(3,874,776)	(3,395,389)
Issuance of mortgage notes receivable	-	(400,000)	(400,000)
Repayments received on mortgage notes receivable	525,997	648,647	298,713
Principal payments received under direct financing leases	169,305	(16,599)	160,182
Net cash used in investing activities	<u>672,146</u>	<u>208,969</u>	<u>56,987</u>

**Change in cash and cash equivalents**

**Cash and cash equivalents:**

<b>Beginning of year</b>	4,370,264	4,370,264	4,162,198
<b>End of year</b>	<u>\$ 4,974,864</u>	<u>\$ 4,024,463</u>	<u>\$ 4,370,264</u>

**Reconciliation of Excess of (Expenses Over Revenues)**

**Revenues Over Expenses to Net Cash Provided by Operating Activities**

	September 30, 2017	Projected December 31, 2017	December 31, 2016
Excess of (expenses over revenues) revenues over expenses	\$ 121,059	\$ 28,215	\$ 79,685
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	196,006	199,306
Adjustment for losses on mortgage notes and other receivables	(1,017)	(1,017)	(2,785)
Gain on sale of property	-	-	-
Net realized and unrealized losses (gains) on investments	(44,320)	(44,320)	(45,054)
Interest income on cash and cash equivalents and investments	(60,084)	(77,746)	(100,195)
Interest expense on bonds payable	18,879	26,377	29,529
Changes in:			
Grants receivable	-	-	-
Other receivables, accrued interest receivable and other assets	10,696	21,120	4,002
Accounts payable and accrued expenses	(16,011)	(20,752)	(40,731)
Due to the City of Albany	112,640	12,640	(12,691)
Unearned grant, program support and other income	(41,515)	(339,920)	391,319
Revolving loan fund liability	1,005	1,005	1,002
Net cash provided by operating activities	<u>\$ 101,332</u>	<u>\$ (198,393)</u>	<u>\$ 503,387</u>