



Monday April 24, 2023
21 Lodge St., Albany, NY
2:30 p.m.

CAPITALIZE ALBANY
CORPORATION

Capitalize Albany Corporation
Finance and Investment Committee Meeting

Agenda

1. Review of the minutes from the Finance & Investment Committee meeting of March 20, 2023
2. Financial Update
 - a) Investment Update from Graypoint Advisors, LLC
 - b) Quarterly Financial Report & Investment Review
3. Review of Bank Accounts
4. Clinton Market Collective Construction
5. Other Business
 - a) Liberty Park

MINUTES



CAPITALIZE ALBANY
CORPORATION

Date of Meeting: March 20, 2023

Meeting: Capitalize Albany Corporation Finance & Investment Committee Meeting

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 11:00 a.m., March 20, 2023. The meeting was held at 21 Lodge St. Albany, NY 12207.

The following were in attendance:

Committee Members: John Vero, Anders Tomson, and John Harris

Other: Thomas M. Owens, Esq.

Staff: Sarah Reginelli, Thomas Conoscenti, and Amy Horwitz

The meeting was called to order at 11:02 a.m.

Review of the minutes from the Finance & Investment Committee meeting of December 5, 2022

The Committee reviewed the minutes of the Finance & Investment Committee meeting of December 5, 2022. A motion to approve the minutes of the previous Finance & Investment Committee meeting was made by John Harris and seconded by John Vero. The motion was passed with all members voting aye.

Annual Review of Financial Reports

Staff briefed the Committee on the year-end 2022 pre-audited financial and investment report, annual real property report and loan allowances for 2022.

Quarterly Financial Report and Investment Review

Staff noted that BST had prepared the 2022 year-end financials in January, which showed net income before depreciation and program activity to be a net loss of approximately \$77,000 as compared to the budget. It was reported that this was primarily caused by higher than budgeted occupancy expenses resulting from water damage as well as professional service expenses as a result of the contract with BST. In addition, it was noted that the financials correlated to the 2022 audit prepared by UHY, which was a clean audit.

Annual Real Property Report

A list of real property owned by the corporation was shared and reviewed with the Committee. It was noted that the list would be used as part of the annual state reporting due at the end of March.

Loan Allowances 2022

The Committee reviewed the Corporation's loan portfolio. Staff recommended no changes to the loan allowance based on 2022 and highlighting the ACES loan which was paid off in January per approval from the Board in 2022 and Luxury on Pearl which the owner recently passed away and the building had a fire. Staff noted to the Committee that the auditors identified approximately \$7,000 of unrealized loan income which they are recommending be classified as income in the 2023 audit.

Annual Review of Corporate Policies

Staff reviewed the *Finance Committee Charter, Investment Policy and Procurement Policy* with the Committee and recommended no changes. It was noted that Bob Hennes and Alicia Lash of Graypoint Advisors reached out to discuss an administrative change to the account and that they will be attending the April Finance Committee meeting and Board meeting to review the portfolio performance, which may inform any future revisions to the Investment Policy.

123 Madison Avenue Mortgage Satisfaction

Staff reported on a time sensitive request from the borrower to obtain a mortgage satisfaction letter to facilitate a closing of the property. The loan was entered into in 1984 by the Albany Local Development Corporation and was to be paid off in 1999. Although the loan pre-dated the Corporation's use of Quickbooks, staff conducted a thorough review of available materials which included old financial records, minutes and documentation submitted by the borrower, which had been summarized for the Board Chair and Chair of the Finance Committee. Based on its review, staff provided the mortgage satisfaction. After a discussion by the Committee regarding the appropriateness of the satisfaction, a motion was made by John Vero and seconded by John Harris to ratify the mortgage satisfaction. The motion was passed with all members voting aye.

Other Business

Clinton Market Collective

Staff provided an update on recent financial challenges with the project noting that it is expected that the Corporation will need to use the full contingency, as approved in the final budget for the project and may need to request additional funding for items such as soft costs. A more detailed discussion outlining change orders on the project and the anticipated request amount is expected to happen at an upcoming meeting.

Liberty Park Update

Staff updated the Committee on the status of Liberty Park and noted that the Liberty Park Committee will be meeting on Thursday 3/23. Staff reported that three groups submitted qualified proposals for real estate development and advisory services. A discussion was had regarding the overall Liberty Park project.

New Business

The Committee recommended that staff conduct a thorough review of the Corporation's cash accounts in light of recent banking industry activity. Staff agreed to present the accounts at the April Committee meeting.

Adjournment

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

	January 1, 2023 - December 31, 2023				December Adjustment Forecast	2023 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%	\$ 427,618	\$ 490,118	\$ 490,118	\$ -
Real Estate Income	14,259	20,082	(5,823)	-29%	218,512	232,771	236,896	(4,125)
Professional Service Agreement Income	123,557	123,557	0	0%	405,671	529,228	529,228	0
Loan Interest Income	12,337	9,804	2,533	26%	29,412	41,749	39,216	2,533
Fee Income	-	-	-	#DIV/0!	7,250	7,250	7,250	-
Direct Finance Lease Income	-	-	-	0%	-	-	-	-
Investment & Interest Income	35,076	20,729	14,347	69%	63,751	98,827	82,916	15,911
FMV Adj on Fidelity Inv	(85,846)	-	(85,846)	100%	-	(85,846)	-	(85,846)
G/L on Sale/Redemption	169,217	-	169,217	100%	-	169,217	-	169,217
Membership & Event Support	4,250	-	4,250	#DIV/0!	29,250	33,500	33,500	-
TOTAL REVENUE	\$ 335,350	\$ 236,672	\$ 98,678	42%	\$ 1,181,465	\$ 1,516,815	\$ 1,419,124	\$ 97,691
EXPENSE								
Salaries & Fringe Expense	\$ 299,516	\$ 364,400	\$ (64,884)	-18%	\$ 989,102	\$ 1,288,618	\$ 1,353,502	\$ (64,884)
Professional Fees	103,003	100,065	2,939	3%	168,578	271,581	277,859	(6,278)
Administrative Expenses	17,247	15,720	1,527	10%	111,499	128,746	137,610	(8,864)
Interest Expense	-	-	-	0%	1,285	1,285	1,285	-
Real Estate Expenses	-	-	-	100%	2,486	2,486	2,486	-
Occupancy Expense	9,322	13,933	(4,611)	-33%	36,442	45,764	50,375	(4,611)
Bad Debt Expense (recovery)	-	-	-	100%	-	-	-	-
Membership, Event & Marketing Expenses	-	-	-	#DIV/0!	27,500	27,500	27,500	-
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 429,088	\$ 494,117	\$ (65,030)	-13%	\$ 1,336,891	\$ 1,765,979	\$ 1,850,617	\$ (84,638)
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ (93,737)	\$ (257,445)	\$ 163,708	-64%	\$ (155,427)	\$ (249,164)	\$ (431,493)	\$ 182,329
DEPRECIATION	\$ -	\$ -	\$ -	#DIV/0!	\$ 206,822	\$ 206,822	\$ 206,822	\$ -
NET INCOME (LOSS) AFTER DEPRECIATION	\$ (93,737)	\$ (257,445)	\$ 163,708	64%	\$ (362,249)	\$ (455,986)	\$ (638,315)	\$ 182,329
PROJECT & PROGRAM REVENUE								
Liberty Park	\$ 21,776	\$ 153,540	\$ (131,764)	-86%	592,386	614,162	\$ 614,162	\$ -
Capitalize Albany Grant Programs	15,680	-	15,680	100%	3,034,320	3,050,000	3,050,000	-
PPP Loan Forgiveness	-	-	-	100%	-	-	-	-
Total Program Income	\$ 37,456	\$ 153,540	\$ (116,084)	-76%	\$ 3,626,706	\$ 3,664,162	\$ 3,664,162	\$ -
PROJECT & PROGRAM EXPENSE								
Liberty Park Expenses	\$ 62,081	\$ 109,348	\$ (47,267)	-43%	\$ 375,311	437,392	\$ 437,392	\$ 0
Capitalize Albany Grant Programs	15,680	62,500	(46,820)	-75%	\$ 234,320	249,999	250,000	(1)
Clinton Market Collective	82,147	-	82,147	100%	\$ 17,853	100,000	100,000	-
Total Program Expense	\$ 159,909	\$ 171,848	\$ (11,939)	-7%	\$ 627,484	\$ 787,391	\$ 787,392	\$ (1)
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ (122,453)	\$ (18,308)	\$ (104,145)	-569%	\$ 2,999,222	\$ 2,876,771	\$ 2,876,770	\$ 1
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ (216,190)	\$ (275,753)	\$ 59,563	22%	\$ 2,636,973	\$ 2,420,785	\$ 2,238,455	\$ 182,330

These financial statements omit substantially all disclosures required by US GAAP. They have not been subjected to an audit, review or compilation agreement, and therefore no assurance is provided on them.

CAPITALIZE ALBANY CORPORATION
Comparative Balance Sheets
Pre-Audited Draft

	March 31, 2023	Projected December 31, 2023	December 31, 2022
Assets			
Current Assets:			
Cash and cash equivalents	\$ 3,358,090	\$ 2,999,414	\$ 3,345,613
Investments	6,157,527	6,157,527	6,047,993
Restricted cash	2,465,760	2,028,372	2,461,262
Mortgage notes receivable, net	878,124	850,490	1,134,245
Net investment in direct financing leases	648,109	648,109	648,109
Accrued interest receivable	28,075	28,075	26,903
Grants receivable	63,488	63,488	303,216
Lease receivables	-	-	-
Other receivables, net	262,973	262,973	138,372
Property held for investment and lease, net	8,130,099	10,940,124	8,127,264
Property and equipment, net	319,154	302,307	319,154
Other assets	55,794	40,978	38,283
Total assets	\$ 22,367,193	\$ 24,321,857	\$ 22,590,414
Deferred Outflows of Resources	\$ -	\$ -	\$ -
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 64,159	\$ 64,159	\$ 63,452
Due to the City of Albany	64,521	59,521	59,521
Unearned grant and other income	2,494,851	2,057,536	2,517,680
Bonds payable	495,000	255,000	495,000
Revolving loan fund liability	721,162	721,162	718,187
Unearned program support	7,119	7,120	-
Total liabilities	\$ 3,846,812	\$ 3,164,498	\$ 3,853,840
Deferred Inflows of Resources	\$ 1,548,404	\$ 1,548,404	\$ 1,548,404
Net Position			
Net invested in capital assets	\$ 7,951,418	\$ 7,951,418	\$ 7,951,418
Restricted for:			2766984
Debt service	-	-	-
CDBG eligible activities	115,067	115,067	115,067
Other program specific activities	79	-	-
Impact Downtown Albany	-	-	-
Unrestricted	8,905,455	11,542,508	9,121,685
Total net position	\$ 16,972,019	\$ 19,608,993	\$ 17,188,170

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

	<u>Year to Date 2023</u>	<u>Projected December 31, 2023</u>	<u>Year Ended December 31, 2022</u>
Revenues			
Grant income and Contribution Income	\$ 99,956	\$ 4,154,280	\$ 3,806,238
Rental income	14,259	232,771	464,683
Other interest and investment income	118,447	182,198	(227,617)
Interest income on mortgage notes	12,337	41,749	59,070
Gain on sale of properties	-	-	-
Fees and other income	127,807	569,978	535,078
Forgiveness of PPP Loan	-	-	-
	<u>372,806</u>	<u>5,180,976</u>	<u>4,637,452</u>
Total revenues			
Expenses			
Salaries and fringe benefits	299,516	1,288,618	1,120,239
Program and project costs	159,909	986,353	776,451
Interest expense	-	1,285	5,552
Bad debt expenses (recovery)	-	-	(220,581)
Administrative Expenses	129,572	483,937	596,641
	<u>588,997</u>	<u>2,760,193</u>	<u>2,278,302</u>
Total expenses			
Excess of (expenses over revenues) revenues over expenses	(216,191)	2,420,783	2,359,150
Net Position, Beginning of Year	17,188,210	17,188,210	14,829,060
Net Position, End of Month	\$ 16,972,019	\$ 19,608,993	\$ 17,188,210

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CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

	March 31, 2023	Projected December 31, 2023	December 31, 2022
Cash Flows From Operating Activities			
Cash received from customers	\$ (112,326)	\$ 165,296	\$ 580,589
Cash received from grantors	319,830	3,934,144	621,992
Other operating cash receipts	127,807	569,978	535,078
Cash payments to suppliers and grantees	(283,773)	(1,262,762)	(1,292,012)
Cash payments to employees	(299,516)	(1,288,618)	(1,120,239)
Net cash provided by operating activities	<u>(247,978)</u>	<u>2,118,038</u>	<u>(674,592)</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of property held for sale	-	-	(8,645)
Purchase of property held for investment and lease	(2,835)	(3,002,835)	-
Purchase of property and equipment	-	-	(11,976)
Purchase of other assets including purchase options	-	-	(2,713,692)
Proceeds from Paychex Protection Program	-	-	-
Principal payments on bonds payable	-	(240,000)	(225,000)
Interest paid on bonds payable	-	(1,285)	(5,552)
Net cash used in capital and related financing activities	<u>(2,835)</u>	<u>(3,244,120)</u>	<u>(2,964,865)</u>
Cash Flows From Investing Activities			
Interest on cash and cash equivalents and investments	40,196	91,764	70,325
Proceeds from sales and maturities of investments	488,207	414,863	7,317,260
Purchase of investments	(516,736)	(443,392)	(7,355,101)
Issuance of mortgage notes receivable	-	-	-
Repayments received on mortgage notes receivable	256,121	283,758	393,178
Principal payments received under direct financing leases	-	-	-
Net cash used in investing activities	<u>267,788</u>	<u>346,993</u>	<u>425,662</u>
Change in cash and cash equivalents	<u>16,975</u>	<u>(779,089)</u>	<u>(3,213,795)</u>
Cash and cash equivalents and restricted cash:			
Beginning of year	5,806,875	5,806,875	9,020,670
End of year	<u>\$ 5,823,850</u>	<u>\$ 5,027,786</u>	<u>\$ 5,806,875</u>
	March 31, 2023	December 31, 2023	December 31, 2022
Reconciliation of Excess of (Expenses Over Revenues) Revenues Over Expenses to Net Cash Provided by Operating Activities			
Excess of (expenses over revenues) revenues over expenses	\$ (216,191)	\$ 2,420,783	\$ (680,118)
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	206,822	192,329
Adjustment for losses on mortgage notes and other receivables	-	-	(220,581)
Gain on sale of property	-	-	-
Net realized and unrealized losses (gains) on investments	(81,005)	(81,002)	292,874
Interest income on cash and cash equivalents and investments	(40,196)	(91,768)	(76,022)
Interest expense on bonds payable	-	1,285	5,552
Changes in:			
Grants receivable and other receivables	239,728	237,033	(68,612)
Lease receivables	-	-	281,094
Other receivables, accrued interest receivable and other assets	(136,167)	(118,653)	1,050
Accounts payable and accrued expenses	5,707	707	(111,249)
Due to the City of Albany	-	-	-
Unearned grant, program support and other income	(22,829)	(460,144)	(80,065)
Revolving loan fund liability	2,975	2,975	2,414
Deferred inflow of resources	-	-	(213,258)
Net cash provided by operating activities	<u>\$ (247,978)</u>	<u>\$ 2,118,038</u>	<u>\$ (674,592)</u>

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