

Buffalo & Erie County Industrial Land Development Corporation

Proposed 2012 Budget

Presented to Board of Directors 10/17/11



Industrial Land Development Corporation (“ILDC”)

Proposed 2012 Budget + 3 Year Forecast

The Industrial Land Development Corporation (“ILDC”) consists of two sub-funds (Erie County’s Business Development Fund (BDF) and a former SBA micro loan fund that is in the process of being wound-down). The ILDC administers the BDF loan fund on behalf of Erie County for HUD-eligible small businesses that would not otherwise be able to obtain such financing from commercial sources.

A. Overview of Changes in 2012 Budget:

The following summarizes the key changes between the 2012 budget and the projected 2011 results:

- The increase in loan interest income is due to an increase in the BDF loan portfolio as a result of Erie County contributing an additional \$160,000 to the BDF loan fund in 2011. This increase is partially offset by the impact of a wind down of the former SBA micro loan fund.
- The provision for loan losses is expected to increase to \$15,000 in 2012. This increase corresponds to an increase BDF loans funded. Since these loans are to HUD-eligible borrowers (generally those with low or moderate income) and often to start-up micro businesses, the loans present a higher risk profile. The loan loss provision is net of any anticipated collateral sales and guarantees (if applicable).

B. Summary of Risk Factors impacting the 2012 Budget:

The following significant risk factor may influence the 2012 budget:

1. Due to the numerous uncertainties, including the current recession, value of collateral, guarantees, etc, ILDC’s actual loan loss experience may vary significantly from the loan loss amount budgeted.

INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")
Proposed Budget for Fiscal 2012

	Proposed Budget 2012	Projected 2011	YTD - Sept. Actual 2011	Actual 2010
REVENUES:				
Interest Income - Loans	\$ 8,500	\$ 8,461	\$ 6,346	\$ 9,297
Interest Income - Cash & Investments	-	-	-	-
Other Income	150	71,250	71,250	859,559
Total Revenues	8,650	79,711	77,596	868,856
EXPENSES:				
ECIDA Management Fee*	\$ 5,000	\$ 76,667	\$ 75,000	\$ 864,595
Provision for Loan Losses	15,000	10,000	-	(1,427)
Professional Services	1,000	137	103	320
Interest Expense	-	-	-	1,568
General Office Expenses	300	365	274	327
Other Expenses	-	-	-	250
Total Expenses	21,300	87,169	75,377	865,633
NET INCOME/(LOSS) BEFORE NON-RECURRING ITEMS:	\$ (12,650)	\$ (7,457)	\$ 2,219	\$ 3,223
NON-RECURRING ITEMS:				
Unrealized gain on investments	\$ -	\$ -	\$ -	\$ -
Unrelated Business Income Tax	-	-	-	-
Return of Grant Funds	-	-	-	(305,229)
Investment Write-down	-	-	-	-
Grants to Minority Entrepreneurs	-	-	-	-
	-	-	-	(305,229)
NET INCOME/(LOSS):	\$ (12,650)	\$ (7,457)	\$ 2,219	\$ (302,006)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to the ILDC.

INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")
Proposed 3-Year Forecast 2013-2015

	Proposed Budget 2012	Forecast 2013	Forecast 2014	Forecast 2015
REVENUES:				
Interest Income - Loans	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500
Other Income	150	150	150	150
Total Revenues	<u>8,650</u>	<u>8,650</u>	<u>8,650</u>	<u>8,650</u>
EXPENSES:				
ECIDA Management Fee*	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Provision for Loan Losses	15,000	15,000	15,000	15,000
Professional Services	1,000	1,000	1,000	1,000
General Office Expenses	300	300	300	300
Total Expenses	<u>21,300</u>	<u>21,300</u>	<u>21,300</u>	<u>21,300</u>
NET INCOME/(LOSS):	<u>\$ (12,650)</u>	<u>\$ (12,650)</u>	<u>\$ (12,650)</u>	<u>\$ (12,650)</u>

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to the ILDC.

Budget Report for Buffalo and Erie County Industrial Land Development Corporation

Run Date: 10/26/2011
Status: CERTIFIED

Fiscal Year Ending 12/31/2012

Budget & Financial Plan: Budgeted Revenues, Expenditures, And Changes In Current Net Assets

	Last Year (Actual) 2010	Current Year (Estimated) 2011	Next Year (Adopted) 2012	Proposed 2013	Proposed 2014	Proposed 2015
REVENUE & FINANCIAL SOURCES						
Operating Revenues						
Charges for services	\$859,559	\$71,250	\$0	\$0	\$0	\$0
Rentals & Financing Income	\$9,297	\$8,461	\$8,500	\$8,500	\$8,500	\$8,500
Other Operating Revenues	\$1,427	\$0	\$150	\$150	\$150	\$150
Nonoperating Revenues						
Investment earnings	\$0	\$0	\$0	\$0	\$0	\$0
State subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Federal subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Municipal subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Public authority subsidies	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from the issuance of debt	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues & Financing Sources	\$870,283	\$79,711	\$8,650	\$8,650	\$8,650	\$8,650
EXPENDITURES						
Operating Expenditures						
Salaries and Wages	\$0	\$0	\$0	\$0	\$0	\$0
Other Employee Benefits	\$0	\$0	\$0	\$0	\$0	\$0
Professional Services Contracts	\$320	\$137	\$1,000	\$1,000	\$1,000	\$1,000
Supplies and Materials	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Expenditures	\$865,172	\$87,031	\$20,300	\$20,300	\$20,300	\$20,300
Nonoperating Expenditures						
Payment of principal on bonds and financing arrangements	\$0	\$0	\$0	\$0	\$0	\$0
Interest and other financing charges	\$1,568	\$0	\$0	\$0	\$0	\$0
Subsidies to other public authorities	\$0	\$0	\$0	\$0	\$0	\$0
Capital asset outlay	\$0	\$0	\$0	\$0	\$0	\$0
Grants and Donations	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$867,060	\$87,168	\$21,300	\$21,300	\$21,300	\$21,300
Capital Contributions	(\$305,229)	\$0	\$0	\$0	\$0	\$0
Excess (deficiency) of revenues and capital contributions over expenditures	(\$302,006)	(\$7,457)	(\$12,650)	(\$12,650)	(\$12,650)	(\$12,650)

The authority's budget, as presented to the Board of Directors, is posted on the following website: <http://www.ecidany.com/about-us-corporate-reports>