

**Buffalo & Erie County  
Regional Development Corporation  
2025 Budget**

# *Regional Development Corporation (RDC)*

## **2025 Budget + 3 Year Forecast**

The Buffalo and Erie County Regional Development Corporation (“RDC”) operates two revolving loan funds (“RLF”) that provide loans to eligible businesses under each RLF’s lending parameters. One, the Coronavirus Aid, Release, and Economic Security (CARES) Act RLF, has federal restrictions.

### **A. Key Budget Assumptions:**

In 2025, the RDC expects to fund new loans of around \$1.8 million. This is expected to be offset by approximately \$1.3 million in loan repayments to the RLFs. Interest income on loans is expected to be around \$600,000 for 2025, which represents a modest 1.6% increase from the \$591,000 projected for 2024.

### **B. Overview of Changes in 2025 Budget:**

Key changes between the 2025 budget and the projected 2024 results are:

- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide to the revolving loan funds, since RDC has no employees of its own. The fee is expected to increase by \$7,000 or 2.6% in 2025 due to anticipated increases in ECIDA staff salaries and benefits.
- The budgeted amount for the provision for loan losses is \$300,000 for 2025. The provision represents approximately 2.4% of the estimated active loan portfolio balance. The mission of the RDC is to deal primarily with businesses unable to adequately finance operations through normal commercial banking channels. Historically, the loan fund has been a working capital lender, rather than a fixed asset lender, taking junior collateral positions. The CARES Act RLF operates with a higher risk tolerance than our legacy RLF, which will likely result in higher loan losses. The charge-off rate for loans issued over the past 10 years is about 4.5%, versus a historical portfolio charge-off rate of approximately 5%.

### **C. Summary of Risk Factors Impacting the 2025 Budget:**

The following significant risk factors may influence the 2025 budget:

1. Due to the numerous uncertainties, value of collateral, guarantees, etc., RDC’s actual loan losses may vary significantly from the loan loss amount budgeted.
2. Interest income may vary from the budgeted amount as the budget is based on an estimate of active loans. Due to economic factors and the overall business climate, loans closed could vary significantly from estimates.

**BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")**  
**Budget for 2025**

	<b>Budget 2025</b>	<b>Budget 2024</b>	<b>Projected 2024</b>	<b>Actual 2023</b>
<b>REVENUES:</b>				
Interest Income - Loans	\$ 600,000	\$ 720,000	\$ 590,761	\$ 652,208
Administrative Fees	17,500	13,750	3,650	21,250
Grant Income	-	-	12,509	84,596
Other Income	2,500	2,500	24	1,211
Interest Income - Cash & Investments	77,700	20,300	123,771	72,599
<b>Total Revenues</b>	<b>697,700</b>	<b>\$ 756,550</b>	<b>\$ 730,714</b>	<b>\$ 831,864</b>
<b>EXPENSES:</b>				
ECIDA Management Fee*	278,000	288,000	271,000	263,022
Provision for Loan Losses	300,000	350,000	-	(25,986)
Rent & Facilities Expenses	29,000	27,200	24,000	23,778
Professional Services	37,800	51,900	29,356	38,358
General Office Expenses	9,275	3,500	1,775	1,323
Marketing Expense	18,000	18,275	28,273	25,200
<b>Total Expenses</b>	<b>672,075</b>	<b>738,875</b>	<b>354,404</b>	<b>325,694</b>
<b>NET INCOME/(LOSS):</b>	<b>\$ 25,625</b>	<b>\$ 17,675</b>	<b>\$ 376,311</b>	<b>\$ 506,170</b>

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

	<u>2025 Budget</u>	<u>2024 Budget</u>
Provision for Loan Losses		
Estimated Loan Balance	\$ 16,380,000	\$ 20,078,000
Provision for Loan Losses	\$ 300,000	\$ 350,000
Percentage of Loans	1.8%	1.7%
	<u>Legacy Fund</u>	<u>CARES Act RLF</u>
Capital Base	\$ 18,544,268	\$ 5,013,251
Loans outstanding at 8/31/24	12,609,542	3,371,282
Balance remaining	<u>\$ 5,934,726</u>	<u>\$ 1,641,969</u>

**BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")  
2025 Budget and Three Year Forecast 2026-2028**

	<b>Budget 2025</b>	<b>Forecast 2026</b>	<b>Forecast 2027</b>	<b>Forecast 2028</b>
<b>REVENUES:</b>				
Interest Income - Loans	\$ 600,000	\$ 605,000	\$ 610,000	\$ 615,000
Administrative Fees	17,500	15,000	15,000	15,000
Other Income	2,500	5,000	5,000	5,000
Interest Income - Cash & Investments	77,700	50,000	50,000	50,000
Total Revenues	<u>697,700</u>	<u>675,000</u>	<u>680,000</u>	<u>685,000</u>
<b>EXPENSES:</b>				
ECIDA Management Fee*	278,000	284,000	290,000	296,000
Provision for Loan Losses	300,000	300,000	300,000	300,000
Rent & Facilities Expenses	29,000	28,000	28,000	28,000
Professional Services	37,800	40,000	40,000	40,000
General Office Expenses	9,275	3,500	3,500	3,500
Marketing Expense	18,000	10,000	10,000	10,000
Total Expenses	<u>672,075</u>	<u>665,500</u>	<u>671,500</u>	<u>677,500</u>
<b>NET INCOME/(LOSS):</b>	<u>\$ 25,625</u>	<u>\$ 9,500</u>	<u>\$ 8,500</u>	<u>\$ 7,500</u>

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

Budget Report for Buffalo and Erie County Regional Development Corporation  
 Fiscal Year Ending: 12/31/2025

Run Date: 10/24/2024  
 Status: CERTIFIED  
 Certified Date: 10/24/2024

**Budget & Financial Plan** | **Budgeted Revenues, Expenditures, And Changes in Current Net Assets.**

	Last Year (Actual) 2023	Current Year (Estimated) 2024	Next Year (Adopted) 2025	Proposed 2026	Proposed 2027	Proposed 2028
<b>REVENUE &amp; FINANCIAL SOURCES</b>						
Operating Revenues						
Charges For Services	\$21,250.00	\$3,650.00	\$17,500.00	\$15,000.00	\$15,000.00	\$15,000.00
Rental And Financing Income	\$652,208.00	\$590,761.00	\$600,000.00	\$605,000.00	\$610,000.00	\$615,000.00
Other Operating Revenues	\$0.00	\$0.00	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00
<b>Non-Operating Revenues</b>						
Investment Earnings	\$72,599.00	\$123,770.00	\$77,700.00	\$50,000.00	\$50,000.00	\$50,000.00
State Subsidies/Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Federal Subsidies/Grants	\$84,596.00	\$12,510.00	\$0.00	\$0.00	\$0.00	\$0.00
Municipal Subsidies/Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Public Authority Subsidies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Nonoperating Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Proceeds From The Issuance Of Debt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total revenues and financing sources</b>	<b>\$830,653.00</b>	<b>\$730,691.00</b>	<b>\$695,200.00</b>	<b>\$675,000.00</b>	<b>\$680,000.00</b>	<b>\$685,000.00</b>
<b>EXPENDITURES</b>						
Operating Expenditures						
Salaries And Wages	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Employee Benefits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professional Services Contracts	\$38,358.00	\$29,356.00	\$37,800.00	\$40,000.00	\$40,000.00	\$40,000.00
Supplies And Materials	\$667.00	\$0.00	\$1,000.00	\$0.00	\$0.00	\$0.00
Other Operating Expenses	\$285,458.00	\$325,024.00	\$630,775.00	\$625,500.00	\$631,500.00	\$637,500.00
<b>Non-Operating Expenditures</b>						
Payment Of Principal On Bonds And Financing Arrangements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest And Other Financing Charges	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subsidies To Other Public Authorities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capital Asset Outlay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Grants And Donations	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Nonoperating Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total expenses</b>	<b>\$324,483.00</b>	<b>\$354,380.00</b>	<b>\$669,575.00</b>	<b>\$665,500.00</b>	<b>\$671,500.00</b>	<b>\$677,500.00</b>
<b>Excess (Deficiency) Of Revenues And Capital Contributions Over Expenses</b>	<b>\$506,170.00</b>	<b>\$376,311.00</b>	<b>\$25,625.00</b>	<b>\$9,500.00</b>	<b>\$8,500.00</b>	<b>\$7,500.00</b>

Budget Report for Buffalo and Erie County Regional Development Corporation

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Certified Date: 10/24/2024

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

**Additional Comments**