

Regional Development Corporation
2019 Budget

Regional Development Corporation (RDC)

2019 Budget + 3 Year Forecast

The Buffalo and Erie County Regional Development Corporation (“RDC”) presently has one activity – the operation of a federally restricted revolving loan fund that provides loans to eligible businesses that would not otherwise be able to obtain such financing from normal commercial sources.

A. Key Budget Assumptions:

In 2019, the RDC expects to fund new loans of approximately \$2 million. This will be offset by approximately \$850,000 in loan repayments into the revolving loan fund. Interest income on loans is expected to be approximately \$520,000 for 2019, which represents a 2% decrease from the \$530,000 budget for 2018.

B. Overview of Changes in 2019 Budget:

The following summarizes the key changes between the 2019 budget and the projected 2018 results:

- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide to the revolving loan fund, since RDC has no employees of its own. The fee is expected to increase by approximately \$7,000 or 2% in 2019 due increases in salaries and benefits.
- The budgeted amount for the provision for loan losses is \$175,000 for 2019. The provision represents approximately 1.4% 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 \$175,000 provision for loan losses is net of any anticipated collateral sales and SBA and other guarantees (if applicable). Currently, the charge-off rate for loans issued over the past 10 years is approximately 3.4% versus a historical portfolio charge-off rate of approximately 18%.

C. Summary of Risk Factors Impacting the 2019 Budget:

The following significant risk factor may influence the 2019 budget:

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

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Budget for 2019

	Budget 2019	Approved Budget 2018	Projected 2018	Actual 2017
REVENUES:				
Interest Income - Loans	\$ 520,000	\$ 530,000	\$ 411,272	\$ 409,782
Interest Income - Cash & Investments	10,000	4,000	23,411	7,403
Administrative Fees	10,000	10,000	20,884	24,688
Other Income	20,000	17,000	4,929	28,767
Total Revenues	560,000	\$ 561,000	460,497	470,638
EXPENSES:				
ECIDA Management Fee*	\$ 350,000	\$ 357,000	\$ 343,000	\$ 350,968
Provision for Loan Losses**	175,000	175,000	100,000	130,024
Rent & Facilities Expenses	23,000	18,000	18,000	17,659
Professional Services	42,000	51,000	37,500	37,477
Travel, Mileage & Meeting Expenses	2,500	2,500	1,000	-
General Office Expenses	900	1,000	284	3,197
Marketing & Other Expenses	16,075	12,900	22,500	17,341
Total Expenses	609,475	617,400	522,284	556,665
NET INCOME/(LOSS):	\$ (49,475)	\$ (56,400)	\$ (61,787)	\$ (86,027)

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

** Estimated 2019 Loan Balance	\$ 12,916,000
Provision for Loan Losses	\$ 175,000
Percentage of Loans	1.4%

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Three Year Forecast 2020-2022

	Budget 2019	Forecast 2020	Forecast 2021	Forecast 2022
REVENUES:				
Interest Income - Loans	\$ 520,000	\$ 525,000	\$ 530,000	\$ 535,000
Interest Income - Cash & Investments	10,000	10,000	10,000	10,000
Administrative Fees	10,000	15,000	15,000	15,000
Other Income	20,000	10,000	10,000	10,000
Total Revenues	560,000	560,000	565,000	570,000
EXPENSES:				
ECIDA Management Fee*	\$ 350,000	\$ 360,000	\$ 360,000	\$ 360,000
Provision for Loan Losses	175,000	125,000	100,000	100,000
Rent & Facilities Expenses	23,000	23,000	24,000	24,000
Professional Services	42,000	50,000	50,000	50,000
General Office Expenses	900	900	900	900
Marketing & Other Expenses	16,075	5,000	5,000	5,000
Total Expenses	609,475	563,900	539,900	539,900
NET INCOME/(LOSS):	\$ (49,475)	\$ (3,900)	\$ 25,100	\$ 30,100

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

Budget Report for Buffalo and Erie County Regional Development Corporation

Fiscal Year Ending: 12/31/2019

Run Date: 10/29/2018
Status: UNSUBMITTED
Certified Date: N/A

Budgeted Revenues, Expenditures, And Changes in Current Net Assets.

Budget & Financial Plan.

	Last Year (Actual) 2017	Current Year (Estimated) 2018	Next Year (Adopted) 2019	Proposed 2020	Proposed 2021	Proposed 2022
Revenue & Financial Sources						
Operating Revenues						
Charges For Services	\$24,688.00	\$20,884.00	\$10,000.00	\$15,000.00	\$15,000.00	\$15,000.00
Rentals & Financing Income	\$409,778.00	\$411,272.00	\$520,000.00	\$525,000.00	\$530,000.00	\$535,000.00
Other Operating Revenues	\$28,767.00	\$4,929.00	\$20,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Non-Operating Revenues						
Investment Earnings	\$7,403.00	\$23,411.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
State Subsidies / Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Federal Subsidies / Grants	\$0.00	\$0.00	\$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 Non-Operating 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
Total Revenues & Financing Sources	\$470,636.00	\$460,496.00	\$560,000.00	\$560,000.00	\$565,000.00	\$570,000.00
Expenditures						
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	\$37,477.00	\$37,500.00	\$42,000.00	\$50,000.00	\$50,000.00	\$50,000.00
Supplies And Materials	\$389,164.00	\$41,783.00	\$42,475.00	\$28,900.00	\$29,900.00	\$29,900.00
Other Operating Expenditures	\$130,024.00	\$443,000.00	\$525,000.00	\$485,000.00	\$460,000.00	\$460,000.00
Non-Operating Expenditures						
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 Non-Operating Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenditures	\$556,665.00	\$522,283.00	\$609,475.00	\$563,900.00	\$539,900.00	\$539,900.00
Excess (Deficiency) Of Revenues And Capital Contributions Over Expenditures	(\$86,029.00)	(\$61,787.00)	(\$49,475.00)	(\$3,900.00)	\$25,100.00	\$30,100.00

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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: