

Regional Development Corporation
2017 Budget

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2017

	Proposed Budget 2017	Approved Budget 2016	Projected 2016	Actual 2015
REVENUES:				
Interest Income - Loans	\$ 420,000	\$ 432,000	\$ 407,022	\$ 379,056
Interest Income - Cash & Inv.	8,664	6,866	1,580	4,922
Administrative Fees	15,000	15,000	17,964	17,531
Other Income	7,500	7,500	14,460	441,188
Total Revenues	451,164	\$ 461,366	441,026	842,697
EXPENSES:				
ECIDA Management Fee*	\$ 335,000	\$ 325,000	\$ 345,714	\$ 335,045
Provision for Loan Losses**	200,000	200,000	75,000	15,729
Rent & Facilities Expenses	18,000	17,000	17,000	17,646
Professional Services	70,500	71,500	35,000	33,395
Marketing & Other Expenses	3,250	3,250	2,101	1,528
Total Expenses	626,750	616,750	474,816	403,343
NET INCOME/(LOSS):	\$ (175,586)	\$ (155,384)	\$ (33,790)	\$ 439,354

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

** Est'd 2017 Loan Balance	\$ 10,500,000
Provision for Loan Losses	(200,000)
Percentage of Loans	1.9%

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed 3 Year Forecast 2018-2020

	Proposed Budget 2017	Forecast 2018	Forecast 2019	Forecast 2020
REVENUES:				
Interest Income - Loans	\$ 420,000	\$ 500,000	\$ 500,000	\$ 500,000
Interest Income - Cash & Inv.	8,664	20,000	20,000	20,000
Administrative Fees	15,000	15,000	15,000	15,000
Other Income	7,500	7,500	7,500	7,500
Total Revenues	451,164	542,500	542,500	542,500
EXPENSES:				
ECIDA Management Fee*	\$ 335,000	\$ 325,000	\$ 330,000	\$ 330,000
Provision for Loan Losses	200,000	200,000	200,000	200,000
Rent & Facilities Expenses	18,000	18,000	19,000	19,000
Professional Services	70,500	75,000	75,000	75,000
General Office Expenses	-	1,000	1,000	1,000
Marketing & Other Expenses	3,250	5,000	5,000	5,000
Total Expenses	626,750	624,000	630,000	630,000
NET INCOME/(LOSS):	\$ (175,586)	\$ (81,500)	\$ (87,500)	\$ (87,500)

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

Regional Development Corporation (RDC)

Proposed 2017 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 2017, the RDC is expected to fund new loans of approximately \$2 million. This will be offset by approximately \$2.2 million in loan repayments into the revolving loan fund. Interest income on loans is expected to be approximately \$420,000 for 2017, which represents a 12% decrease from \$475,000 for 2016.

B. Overview of Changes in 2017 Budget:

The following summarizes the key changes between the 2017 budget and the projected 2016 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 decrease by approximately \$10,000 or 3% in 2017 due to a relatively flat amount of employee time spent on RDC projects.
- The budgeted amount for the provision for loan losses is \$200,000 for 2017. The provision represents approximately 2% of the total 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 \$200,000 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 6% versus a historical portfolio charge-off rate of approximately 19%.

C. Summary of Risk Factors impacting the 2017 Budget:

The following significant risk factors may influence the 2017 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.

Budget Report for Buffalo and Erie County Regional Development Corporation

Run Date: 10/28/2016
Status: UNSUBMITTED

Fiscal Year Ending 12/31/2017

Budget & Financial Plan: Budgeted Revenues, Expenditures, and Changes in Current Net Assets

	Last Year (Actual) 2015	Current Year (Estimated) 2016	Next Year (Adopted) 2017	Proposed 2018	Proposed 2019	Proposed 2020
REVENUE & FINANCIAL SOURCES						
Operating Revenues						
Charges for services	\$17,531	\$17,964	\$15,000	\$15,000	\$15,000	\$15,000
Rentals & Financing Income	\$379,056	\$407,022	\$420,000	\$500,000	\$500,000	\$500,000
Other Operating Revenues	\$441,188	\$14,460	\$7,500	\$7,500	\$7,500	\$7,500
Nonoperating Revenues						
Investment earnings	\$4,922	\$1,580	\$8,664	\$20,000	\$20,000	\$20,000
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	\$842,697	\$441,026	\$451,164	\$542,500	\$542,500	\$542,500
EXPENDITURES						
Operating Expenditures						
Salaries and Wages	\$0	\$0	\$0	\$0	\$0	\$0
Other Employee Benefits	\$0	\$0	\$0	\$0	\$0	\$0
Professional Services Contracts	\$33,395	\$35,000	\$70,500	\$75,000	\$75,000	\$75,000
Supplies and Materials	\$354,219	\$364,816	\$356,250	\$349,000	\$355,000	\$355,000
Other Operating Expenditures	\$15,729	\$75,000	\$200,000	\$200,000	\$200,000	\$200,000
Nonoperating Expenditures						
Payment of principal on bonds and financing arrangements	\$0	\$0	\$0	\$0	\$0	\$0
Interest and other financing charges	\$0	\$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	\$403,343	\$474,816	\$626,750	\$624,000	\$630,000	\$630,000
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0
Excess (deficiency) of revenues and capital contributions over expenditures	\$439,354	(\$33,790)	(\$175,586)	(\$81,500)	(\$87,500)	(\$87,500)

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>



Public Authorities Reporting Information System

Budget Report for Buffalo and Erie County Regional Development Corporation

Fiscal Year Ending 12/31/2017

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Additional Comments: