

**Buffalo & Erie County
Regional Development Corporation**

2022 Budget

Regional Development Corporation (RDC)

2022 Budget + 3 Year Forecast

The Buffalo and Erie County Regional Development Corporation (“RDC”) operates two federally restricted revolving loan funds (“RLF”) that provide loans to eligible businesses under each RLF’s lending parameters.

A. Key Budget Assumptions:

In 2022, the RDC expects to fund new loans of around \$3.75 million. This is expected to be offset by approximately \$960,000 in loan repayments to the RLFs. Interest income on loans is expected to be around \$565,000 for 2022, which represents a 25% increase from the \$451,000 projected for 2021. The main driver of this increase is the expiration of a one-year period of no payments for many of the loans funded with Coronavirus Aid, Release, and Economic Security (CARES) Act grant funds in 2021.

B. Overview of Changes in 2022 Budget:

The following summarizes the key changes between the 2022 budget and the projected 2021 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 \$2,000 or 0.7% in 2022 due to an anticipated decrease in time charged to RDC.
- The budgeted amount for the provision for loan losses is \$250,000 for 2022. The provision represents approximately 1.5% 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. Currently, the charge-off rate for loans issued over the past 10 years is approximately 2% versus a historical portfolio charge-off rate of approximately 14%.

C. Summary of Risk Factors Impacting the 2022 Budget:

The following significant risk factors may influence the 2022 budget:

1. Due to the numerous uncertainties, including the COVID-19 pandemic, 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.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Budget for 2022

	Budget 2022	Approved Budget 2021	Projected 2021	Actual 2020
REVENUES:				
Interest Income - Loans	\$ 565,000	\$ 540,000	\$ 450,837	\$ 374,669
Interest Income - Cash & Investments	500	2,000	2,994	15,013
Administrative Fees	15,000	15,000	-	13,000
Grant Income	103,093	-	5,201,586	111,015
Other Income	5,000	5,000	14,866	20,561
Total Revenues	<u>688,593</u>	<u>\$ 562,000</u>	<u>5,670,283</u>	<u>534,259</u>
EXPENSES:				
ECIDA Management Fee*	\$ 286,000	\$ 320,000	\$ 288,000	\$ 269,830
Provision for Loan Losses**	250,000	250,000	100,000	111,778
Rent & Facilities Expenses	25,000	25,000	25,000	22,277
Professional Services	60,050	90,600	37,428	150,285
General Office Expenses	22,000	30,200	2,866	306
Other Expenses	22,275	1,775	64,242	7,516
Total Expenses	<u>665,325</u>	<u>717,575</u>	<u>517,537</u>	<u>561,992</u>
NET INCOME/(LOSS):	<u>\$ 23,268</u>	<u>\$ (155,575)</u>	<u>\$ 5,152,746</u>	<u>\$ (27,733)</u>

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

** Estimated 2022 Loan Balance \$ 17,108,000
Provision for Loan Losses \$ 250,000
Percentage of Loans 1.5%

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Budget and Three Year Forecast 2023-2025

	Budget 2022	Forecast 2023	Forecast 2024	Forecast 2025
REVENUES:				
Interest Income - Loans	\$ 565,000	\$ 570,000	\$ 575,000	\$ 580,000
Interest Income - Cash & Investments	500	10,000	10,000	10,000
Administrative Fees	15,000	10,000	15,000	15,000
Grant Income	103,093	-	-	-
Other Income	5,000	10,000	10,000	10,000
Total Revenues	688,593	600,000	610,000	615,000
EXPENSES:				
ECIDA Management Fee*	\$ 286,000	\$ 330,000	\$ 330,000	\$ 335,000
Provision for Loan Losses	250,000	175,000	150,000	150,000
Rent & Facilities Expenses	25,000	25,000	25,000	25,000
Professional Services	60,050	50,000	50,000	50,000
General Office Expenses	22,000	900	900	900
Marketing & Other Expenses	22,275	5,000	5,000	5,000
Total Expenses	665,325	585,900	560,900	565,900
NET INCOME/(LOSS):				
	\$ 23,268	\$ 14,100	\$ 49,100	\$ 49,100

* 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: 12/31/2022

Run Date: 10/27/2021
 Status: CERTIFIED
 Certified Date: 10/27/2021

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

Budget & Financial Plan.

	Last Year (Actual) 2020	Current Year (Estimated) 2021	Next Year (Adopted) 2022	Proposed 2023	Proposed 2024	Proposed 2025
REVENUE & FINANCIAL SOURCES						
Operating Revenues						
Charges For Services	\$13,000.00	\$0.00	\$15,000.00	\$10,000.00	\$15,000.00	\$15,000.00
Rentals & Financing Income	\$374,671.00	\$450,837.00	\$565,000.00	\$570,000.00	\$575,000.00	\$580,000.00
Other Operating Revenues	\$20,561.00	\$14,866.00	\$5,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Non-Operating Revenues						
Investment Earnings	\$15,013.00	\$2,994.00	\$500.00	\$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	\$111,015.00	\$5,201,586.00	\$103,093.00	\$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	\$534,260.00	\$5,670,283.00	\$688,593.00	\$600,000.00	\$610,000.00	\$615,000.00
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	\$150,285.00	\$37,428.00	\$60,050.00	\$50,000.00	\$50,000.00	\$50,000.00
Supplies And Materials	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Operating Expenditures	\$411,707.00	\$480,109.00	\$605,275.00	\$535,900.00	\$510,900.00	\$515,900.00
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	\$561,992.00	\$517,537.00	\$665,325.00	\$585,900.00	\$560,900.00	\$565,900.00
Excess (Deficiency) Of Revenues And Capital Contributions Over Expenditures	(\$27,732.00)	\$5,152,746.00	\$23,268.00	\$14,100.00	\$49,100.00	\$49,100.00



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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