

**Buffalo & Erie County  
Regional Development Corporation  
2023 Budget**

# *Regional Development Corporation (RDC)*

## **2023 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 2023, the RDC expects to fund new loans of around \$2 million. This is expected to be offset by approximately \$870,000 in loan repayments to the RLFs. Interest income on loans is expected to be around \$630,000 for 2023, which represents a 20% increase from the \$523,000 projected for 2022. The main driver of this increase is the expiration of a one-year period of no payments for many of the loans funded with CARES Act grant funds and some larger loans closed from the RDC’s legacy RLF.

### **B. Overview of Changes in 2023 Budget:**

The following summarizes the key changes between the 2023 budget and the projected 2022 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 \$14,000 or 5% in 2023 due to anticipated increases in ECIDA staff salaries and benefits.
- The budgeted amount for the provision for loan losses is \$450,000 for 2023. 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. Currently, the charge-off rate for loans issued over the past 10 years is approximately 5.6% versus a historical portfolio charge-off rate of approximately 6%.

### **C. Summary of Risk Factors Impacting the 2023 Budget:**

The following significant risk factors may influence the 2023 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 2023**

	<b>Budget 2023</b>	<b>Approved Budget 2022</b>	<b>Projected 2022</b>	<b>Actual 2021</b>
<b>REVENUES:</b>				
Interest Income - Loans	\$ 630,000	\$ 565,000	\$ 522,806	\$ 447,255
Interest Income - Cash & Investments	700	500	2,376	2,585
Administrative Fees	15,000	15,000	9,500	0
Grant Income	-	103,093	193,650	5,211,029
Other Income	5,000	5,000	2,485	11,864
Total Revenues	650,700	\$ 688,593	730,817	5,672,733
<b>EXPENSES:</b>				
ECIDA Management Fee*	\$ 286,000	\$ 286,000	\$ 272,000	\$ 268,489
Provision for Loan Losses	450,000	250,000	100,000	429,490
Rent & Facilities Expenses	25,000	25,000	25,000	26,077
Professional Services	56,000	60,050	21,192	43,991
General Office Expenses	3,500	22,000	2,308	3,026
Other Expenses	27,475	22,275	1,656	63,774
Total Expenses	847,975	665,325	422,155	834,847
<b>NET INCOME/(LOSS):</b>	\$ (197,275)	\$ 23,268	\$ 308,661	\$ 4,837,886

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

	<u>2023 Budget</u>	<u>2022 Budget</u>
Provision for Loan Losses		
Estimated Loan Balance	\$ 18,650,000	\$ 17,108,000
Provision for Loan Losses	\$ 450,000	\$ 250,000
Percentage of Loans	2.4%	1.5%

**BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")**  
**Budget and Three Year Forecast 2024-2026**

	<b>Budget 2023</b>	<b>Forecast 2024</b>	<b>Forecast 2025</b>	<b>Forecast 2026</b>
<b>REVENUES:</b>				
Interest Income - Loans	\$ 630,000	\$ 635,000	\$ 640,000	\$ 645,000
Interest Income - Cash & Investments	700	1,000	1,000	1,000
Administrative Fees	15,000	15,000	15,000	15,000
Other Income	5,000	5,000	5,000	5,000
Total Revenues	<u>650,700</u>	<u>656,000</u>	<u>661,000</u>	<u>666,000</u>
<b>EXPENSES:</b>				
ECIDA Management Fee*	\$ 286,000	\$ 330,000	\$ 330,000	\$ 335,000
Provision for Loan Losses	450,000	400,000	400,000	400,000
Rent & Facilities Expenses	25,000	25,000	25,000	25,000
Professional Services	56,000	60,000	60,000	60,000
General Office Expenses	3,500	3,500	3,500	3,500
Marketing & Other Expenses	27,475	5,000	5,000	5,000
Total Expenses	<u>847,975</u>	<u>823,500</u>	<u>823,500</u>	<u>828,500</u>
<b>NET INCOME/(LOSS):</b>	<u>\$ (197,275)</u>	<u>\$ (167,500)</u>	<u>\$ (162,500)</u>	<u>\$ (162,500)</u>

\* 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: 12/31/2023

Run Date: 10/28/2022  
 Status: CERTIFIED  
 Certified Date: 10/28/2022

**Budget & Financial Plan**

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

Last Year (Actual) 2021      Current Year (Estimated) 2022      Next Year (Adopted) 2023      Proposed 2024      Proposed 2025      Proposed 2026

	Last Year (Actual) 2021	Current Year (Estimated) 2022	Next Year (Adopted) 2023	Proposed 2024	Proposed 2025	Proposed 2026
<b>REVENUE &amp; FINANCIAL SOURCES</b>						
Operating Revenues						
Charges For Services	\$0.00	\$9,500.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
Rental And Financing Income	\$447,255.00	\$522,806.00	\$630,000.00	\$635,000.00	\$640,000.00	\$645,000.00
Other Operating Revenues	\$11,864.00	\$2,485.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
<b>Non-Operating Revenues</b>						
Investment Earnings	\$2,586.00	\$2,376.00	\$700.00	\$1,000.00	\$1,000.00	\$1,000.00
State Subsidies/Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Federal Subsidies/Grants	\$5,111,029.00	\$193,650.00	\$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>\$5,572,734.00</b>	<b>\$730,817.00</b>	<b>\$650,700.00</b>	<b>\$656,000.00</b>	<b>\$661,000.00</b>	<b>\$666,000.00</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	\$43,991.00	\$21,192.00	\$56,000.00	\$60,000.00	\$60,000.00	\$60,000.00
Supplies And Materials	\$2,171.00	\$1,665.00	\$1,000.00	\$0.00	\$0.00	\$0.00
Other Operating Expenses	\$788,688.00	\$399,298.00	\$790,975.00	\$763,500.00	\$763,500.00	\$768,500.00
<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>\$834,850.00</b>	<b>\$422,155.00</b>	<b>\$847,975.00</b>	<b>\$823,500.00</b>	<b>\$823,500.00</b>	<b>\$828,500.00</b>
<b>Excess (Deficiency) Of Revenues And Capital Contributions Over Expenses</b>	<b>\$4,737,884.00</b>	<b>\$308,662.00</b>	<b>(\$197,275.00)</b>	<b>(\$167,500.00)</b>	<b>(\$162,500.00)</b>	<b>(\$162,500.00)</b>



Budget Report for Buffalo and Erie County Regional Development Corporation

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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**