

**Buffalo & Erie County
Regional Development Corporation**
2024 Budget

Regional Development Corporation (RDC)

2024 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 2024, the RDC expects to fund new loans of around \$1.8 million. This is expected to be offset by approximately \$1.1 million in loan repayments to the RLFs. Interest income on loans is expected to be around \$720,000 for 2024, which represents a 17% increase from the \$616,000 projected for 2023. The main reason for the increase is an increase in the overall loans outstanding, particularly in the RDC’s legacy RLF. Remaining CARES Act grant income is forecasted to be used in 2023 for administrative costs related to that portfolio.

B. Overview of Changes in 2024 Budget:

Key changes between the 2024 budget and the projected 2023 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 2.5% in 2024 due to anticipated increases in ECIDA staff salaries and benefits.
- The budgeted amount for the provision for loan losses is \$550,000 for 2024. The provision represents approximately 2.7% 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 5.2%, versus a historical portfolio charge-off rate of approximately 6%.

C. Summary of Risk Factors Impacting the 2024 Budget:

The following significant risk factors may influence the 2024 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 2024

	Budget 2024	Approved Budget 2023	Projected 2023	Actual 2022
REVENUES:				
Interest Income - Loans	\$ 720,000	\$ 630,000	\$ 615,582	\$ 536,412
Interest Income - Cash & Investments	20,300	700	75,617	12,973
Administrative Fees	13,750	15,000	21,250	18,625
Grant Income	-	-	97,105	96,545
Other Income	2,500	5,000	625	2,478
Total Revenues	<u>756,550</u>	<u>\$ 650,700</u>	<u>810,180</u>	<u>667,033</u>
EXPENSES:				
ECIDA Management Fee*	\$ 288,000	\$ 286,000	\$ 281,000	\$ 261,664
Provision for Loan Losses	350,000	450,000	100,000	(86,017)
Rent & Facilities Expenses	27,200	25,000	27,200	26,804
Professional Services	51,900	56,000	32,798	31,819
General Office Expenses	3,500	3,500	577	2,729
Other Expenses	18,275	27,475	22,140	8,364
Total Expenses	<u>738,875</u>	<u>847,975</u>	<u>463,715</u>	<u>245,364</u>
NET INCOME/(LOSS):	<u>\$ 17,675</u>	<u>\$ (197,275)</u>	<u>\$ 346,465</u>	<u>\$ 421,670</u>

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

	<u>2024 Budget</u>	<u>2023 Budget</u>
Provision for Loan Losses		
Estimated Loan Balance	\$ 20,078,000	\$ 18,650,000
Provision for Loan Losses	\$ 350,000	\$ 450,000
Percentage of Loans	1.7%	2.4%

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")
Budget and Three Year Forecast 2025-2027

	Budget 2024	Forecast 2025	Forecast 2026	Forecast 2027
REVENUES:				
Interest Income - Loans	\$ 720,000	\$ 725,000	\$ 730,000	\$ 735,000
Interest Income - Cash & Investments	20,300	1,000	1,000	1,000
Administrative Fees	13,750	15,000	15,000	15,000
Other Income	2,500	5,000	5,000	5,000
Total Revenues	<u>756,550</u>	<u>746,000</u>	<u>751,000</u>	<u>756,000</u>
EXPENSES:				
ECIDA Management Fee*	\$ 288,000	\$ 294,000	\$ 300,000	\$ 306,000
Provision for Loan Losses	350,000	400,000	400,000	400,000
Rent & Facilities Expenses	27,200	28,000	28,000	28,000
Professional Services	51,900	55,000	55,000	55,000
General Office Expenses	3,500	3,500	3,500	3,500
Marketing & Other Expenses	18,275	10,000	10,000	10,000
Total Expenses	<u>738,875</u>	<u>790,500</u>	<u>796,500</u>	<u>802,500</u>
NET INCOME/(LOSS):	<u>\$ 17,675</u>	<u>\$ (44,500)</u>	<u>\$ (45,500)</u>	<u>\$ (46,500)</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: 12/31/2024

Run Date: 10/27/2023

Status: CERTIFIED

Certified Date: 10/27/2023

Budget & Financial Plan

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

	Last Year (Actual) 2022	Current Year (Estimated) 2023	Next Year (Adopted) 2024	Proposed 2025	Proposed 2026	Proposed 2027
REVENUE & FINANCIAL SOURCES						
Operating Revenues						
Charges For Services	\$18,625.00	\$21,250.00	\$13,750.00	\$15,000.00	\$15,000.00	\$15,000.00
Rental And Financing Income	\$536,412.00	\$615,583.00	\$720,000.00	\$725,000.00	\$730,000.00	\$735,000.00
Other Operating Revenues	\$0.00	\$0.00	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00
Non-Operating Revenues						
Investment Earnings	\$12,974.00	\$75,617.00	\$20,300.00	\$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	\$96,545.00	\$97,105.00	\$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
Total revenues and financing sources	\$664,556.00	\$809,555.00	\$754,050.00	\$746,000.00	\$751,000.00	\$756,000.00
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	\$31,819.00	\$32,798.00	\$51,900.00	\$55,000.00	\$55,000.00	\$55,000.00
Supplies And Materials	\$2,032.00	\$0.00	\$1,000.00	\$0.00	\$0.00	\$0.00
Other Operating Expenses	\$209,033.00	\$430,292.00	\$683,475.00	\$735,500.00	\$741,500.00	\$747,500.00
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 Nonoperating Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total expenses	\$242,884.00	\$463,090.00	\$736,375.00	\$790,500.00	\$796,500.00	\$802,500.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Excess (Deficiency) Of Revenues And Capital Contributions Over Expenses	\$421,672.00	\$346,465.00	\$17,675.00	(\$44,500.00)	(\$45,500.00)	(\$46,500.00)

Budget Report for Buffalo and Erie County Regional Development Corporation

Fiscal Year Ending: 12/31/2024

Run Date: 10/27/2023

Status: CERTIFIED

Certified Date:10/27/2023

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