

NCA Board Approved 10/20/2022

Motion: C. Steria

Second: C. Wilt, Approved 09/29/2022

	ESD SBRLF			RBEG			UDC			Unclassified			USDA IRP			TOTAL		
	Budget 2022	Actual 2022	Budget 2023	Budget 2022	Actual 2022	Budget 2023	Budget 2022	Actual 2022	Budget 2023	Budget 2022	Actual 2022	Budget 2023	Budget 2022	Actual 2022	Budget 2023	Budget 2022	Actual 2022	Budget 2023
Income																		
Application Fees	0	0	0	0	0	0	400	300	700	0	0	0	400	300	300	800	600	1,000
Bank Interest Income	142	63	63	32	42	42	179	216	216	60	91	91	226	250	250	639	662	662
Commitment Fees	0	0	0	0	0	0	3,000	2,625	3,000	0	0	0	3,000	2,625	3,000	6,000	5,250	6,000
Late Fees	358	255	0	94	285	0	0	1,024	600	0	0	0	569	0	400	1,021	1,564	1,000
Loan Interest Income	19,031	14,813	12,937	2,076	2,002	1,483	22,209	16,765	14,263	0	0	0	45,818	39,725	39,817	89,134	73,305	68,501
Membership Dues Income	0	0	0	0	0	0	0	0	0	13,250	13,250	13,750	0	0	0	13,250	13,250	13,750
Other Income																		
NCA Meetings	0	0	0	0	0	0	0	0	0	7,000	3,000	7,700	0	0	0	7,000	3,000	7,700
NCREDC Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recovery of Bad Debt																		
Total Income	19,531	15,131	13,000	2,202	2,329	1,525	25,788	20,930	18,779	20,310	16,341	21,541	50,013	42,900	43,767	117,844	97,631	98,613
Gross Profit	19,531	15,131	13,000	2,202	2,329	1,525	25,788	20,930	18,779	20,310	16,341	21,541	50,013	42,900	43,767	117,844	97,631	98,613
Expense																		
Audit	1,403	1,403	1,008	0	0	0	1,708	1,708	2,016	0	0	0	2,989	2,989	3,276	6,100	6,100	6,300
Conference Calls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General & Administrative																		
Legal	0	1,111	0	0	0	0	1,500	0	1,000	0	0	0	1,500	873	1,000	3,000	1,984	2,000
Registration Fee (CHAR 500)	77	77	44	0	0	0	63	63	88	0	0	0	135	135	143	275	275	275
Supplies	115	50	80	0	0	0	140	131	160	0	0	0	245	152	260	500	333	500
UCC Filings	92	70	64	0	0	0	112	0	128	0	0	0	196	70	208	400	140	400
Insurance																		
Surety Bond	0	0	0	0	0	0	0	0	0	0	0	0	1,645	1,645	1,645	1,645	1,645	1,645
D&O Policy	328	228	228	0	0	0	399	470	456	0	0	0	698	727	741	1,425	1,425	1,425
Interest Paid to ESD	12,500	9,728	4,836	0	0	0	0	0	0	0	0	0	0	0	0	12,500	9,728	4,836
Interest Paid to USDA	0	0	0	0	0	0	0	0	0	0	0	0	12,287	11,907	10,791	12,287	11,907	10,791
Sponsorships	0	0	0	0	0	0	0	0	0	0	0	750	0	0	0	0	0	750
Meeting Expenses	0	0	0	0	0	0	0	0	0	7,000	3,070	7,700	0	0	0	7,000	3,070	7,700
Portfolio Management																		
DANC	11,427	8,819	7,949	0	0	0	13,912	15,775	15,899	0	0	0	24,345	25,090	25,836	49,684	49,684	49,684
CITEC	2,704	2,225	1,882	0	0	0	3,293	3,636	3,763	0	0	0	5,763	5,900	6,115	11,760	11,760	11,760
Total Expense	28,646	23,711	16,091	0	0	0	21,127	21,783	23,510	7,000	3,070	8,450	49,803	49,488	50,015	106,576	98,051	98,066
Net Income	-9,115	-8,579	-3,091	2,202	2,329	1,525	4,661	-853	-4,731	13,310	13,271	13,091	210	-6,588	-6,248	11,268	-420	547

Notes to Budget 2023

Income

Application fees: 4 applications at \$250 each
 Bank interest: Assumes bank deposit average of FY 2022
 Commitment fees: Assumes \$400,000 in closings at 1.5%
 Late fees: If all late fees to be paid by delinquent loans (Mayville, Kingston, Solsberry) come through the NCA should exceed FY 2022 budget
 Loan interest income: Assumes Blast Boss and River Creek (Eventually closing in 2023) Additional Commitments etc.
 Membership dues income: FY 2022 - 29 Members at \$250, and 12 Members at \$500. FY 2023 Assumes retention of all members and two new members at \$250 each
 Other income:

NCA Meetings: Based on Fall Forum and Annual Meeting Sponsorship with 2 meetings in person
 NCREDC Plan: None

Recovery of bad debt: The NCA does not expect any bad debt recoveries in FY 2023

Expenses

Audit: Based on contract of \$5,600.00 and \$700 for 990/CHAR500. Last year of audit services through Crowley and Halloran
 Conference Calls: We utilize WebEx through DANC and no charge for usage
 Legal: Actual FY 2022 - Bowe and Arrow Legal Fees - The NCA may continue to collect on Bowe and Arrow and legal fees of \$1,500 for FY 2023
 Registration Fee (Char 500): Based on contract of \$275 filing fee
 Supplies: Includes credit reports and the NCA ordered new letter head in the amount of \$217.89 in FY 2022. Keep at \$500 for FY 2023. Includes Quickbooks of \$297.00 annually
 UCC Filings: Assumes Budget FY 2022. Actual FY 2022 lower than budget at \$140
 Surety Bond: Based on current policy
 D&O Policy: Based on current policy
 Interest Paid to ESD: Based on the NCA returning \$146,439 in FY 2023 - \$630,000 less \$146,439 of \$483,561 (Interest payment 1% of balance)
 Interest Paid to USDA: Based on 1% of USDA Loans Payable of \$1,079,180.00
 Sponsorships: Per request the additional line for other meeting sponsorships was added in the amount of \$750
 Meeting Expenses: Includes two annual in person meetings
 Portfolio Management: Assumes Freeze for CITEC/DANC FY 2023

NCA 2023 Expense Allocations	
USDA	52%
ESD	16%
UDC	32%
	100%

Income

Application Fees

- Budget 2022- \$800
- Actual 2022 - \$600 -
- **Budget 2023 - \$1,000 – Assumes 4 applications at \$250 each**
 - **Projected Allocations: *USDA IRP (\$300); UDC (\$700)***

Bank Interest Income

- Budget 2022 - \$639
- Actual 2022 - \$662 – USDA IRP \$250, UDC \$216, RBEG \$42, ESD SBRLF \$63, Unclassified \$91
- **Budget 2023 - \$662 – Assumes the bank deposit average of \$55.16 per month for FY 2023**

Commitment Fees

- **Budget FY 2022 – Assumed \$400,000 in closings at 1.5% or \$6,000**
- Actual FY 2022 - \$5,250 includes War Cannon Spirits (\$200,000), BlastBoss (\$100,000), and half the commitment fee for Potsdam Food Co-Op (\$200,000).
- **Budget 2023 - Assumes \$400,000 in closings at 1.5% or \$6,000**

(Funding Source allocations are subject to change based on requests).

Late Fees

- Budget FY 2022 - \$1,021
- Actual FY 2022 - \$579 – Projected \$1,564
 - If loans such as Alisha Mayville, Solsberry Enterprises, and Kingston Pharma make their past due payments with late fees than we should hit the \$1,564 for FY 2022.
- **Budget 2023 - \$1,000 – Assumes roughly the same past due amounts as FY 2022 with Solsberry Enterprises, Alisha Mayville, and Kingston Pharma running past due.**

Loan Interest Income

- Budget FY 2022 - \$89,134 (Rounded). Factors in existing loans with committed loans as of September 2022. The projected loan interest income has loans that are delinquent removed from analysis.
 - Actual FY 2022 - \$73,305 – Loan interest income fell below projections due to early payoffs from Roth Industries, McKinneyGen2, LLC., JEPAL Capital (COVID-19) and Mazer Industries (COVID-19). Additionally the NCA only had one loan closing in 2022 for War Cannon Spirits LLC #4 in the amount of \$200,000.
 - **Budget 2023 - \$68,501 – Loan interest income is projected to be lower than Actual FY 2022 by \$5,304. The budget reflects two loan closings for Blast Boss (\$100,000) and River Creek, LLC (\$75,000). The loan closing for Blast Boss was held up due to a survey issue and is expected to close late FY 2022 early FY 2023.**
 - **The commitments for the Potsdam Food Co-Op for \$200,000 has changed due to the sale of the desired property falling through. The Clubhouse Daycare Center LLC was able to receive their grant without need for the NCA's committed bridge loan.**
 - **The NCA has to commit and close additional loans with minimal loan payoffs to increase loan interest income. The only loan projected to payoff in FY 2023 is War Cannon Spirits #4 for their bridge loan.**
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Membership Dues

Budget 2022 – Assumes \$13,250 (29 Members \$250, 12 Members \$500) – All members expected to pay

Actual 2022 - \$13,250 – All existing members paid

Budget 2023 – Assumes \$13,750 (29 Members \$250, 12 Members \$500) All –Members expected to pay with two new members at \$250 each.

ALL unclassified

Other Income

- Budget 2022 – Typically the NCA budgets \$7,000 annually for in person meetings.
- Actual 2022 – The NCA had two in person meetings and received \$3,000 in sponsorships.
- **Budget 2023**
 - o **Budgeted \$7,700 in meeting sponsorships (Assumes a 10% increase from FY 2022 budget)**
 - o **Currently the Communications Committee has an approximate surplus balance of \$3,393.26 carried forward from FY 2022.**

Allocations Unclassified

Recovery of Bad Debt

- Budget 2022 – The NCA does not expect any bad debt recoveries in FY 2022.
 - Actual 2022 – The NCA did not receive any bad debt recoveries in FY 2022.
 - **Budget 2023 – The NCA does not expect any bad debt recoveries in FY 2023, however, the NCA is pursuing legal action against Bowe and Arrow, LLC.**
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Expenses

- Budget 2022– USDA 49%, ESD SBRLF 23%, UDC 28% (Based on total projected loans receivable as of 12/31/2021 for each funding source).
 - The additional loan closings for War Cannon Spirits \$200,000 (50% USDA, 50% UDC) and Miskarie USA, LLC \$100,000 (100% UDC) were factored into the balances for expense allocations.)
- Actual FY 2022 - Based on a few larger loans paying off such as; Roth Industries and McKinneyGen2, LLC the NCA Audit/Finance Committee revised the proposed allocations from June 2022 through December 2022.
 - The new revised allocation through 12/31/2022 – USDA IRP – 51%, UDC – 33%, and ESD SBRLF -16%
- **Budget 2023 – USDA IRP – 52%, UDC – 32%, and ESD SBRLF – 16%**
 - **Includes closed loan balances for BlastBoss \$100,000 (\$50,000 USDA IRP/\$50,000 UDC), River Creek, LLC (\$30,000 UDC and \$45,000 RBEG). The NCA was informed that the Potsdam Food Co-Op project has changed substantially and will not close as presented and The Clubhouse Day Care Center, LLC no longer requires a bridge loan).**

Audit

- Budget FY 2022 - \$6,100 – per contract with Crowley and Halloran
 - \$5,400 for the audit and \$700 for CHAR500/990 Preparation (USDA IRP \$2,989; ESD SBRLF; \$1,403; UDC \$1,708)
- Actual FY 2022 - \$6,100 – per contract with Crowley and Halloran
 - \$5,400 for the audit and \$700 for CHAR 500/990 Preparation (USDA IRP \$2,989; ESD SBRLF; \$1,403; UDC \$1,708)
- **Budget FY 2022 - \$6,300 – per contract with Crowley and Halloran (FINAL YEAR OF CURRENT CONTRACT)**
 - **\$5,600 for the audit and \$700 for CHAR 500/990 Preparation (USDA IRP \$3,276; ESD SBRLF \$1,008; UDC \$2,016)**

General and Administrative

- Budget 2022 -\$4,875
 - Legal - \$3,000 (\$1,500 USDA, \$1,500 UDC)
 - At time of budget there were no outstanding legal fees, however, Bowe and Arrow may result in legal fees through collections.
 - Registration fee for CHAR 500 - \$975 (\$700 CHAR 500 and \$275 filing fee)* based on contract
 - Supplies – Credit Reports: \$500 (\$245 USDA; \$115 ESD SBRLF; \$140 UDC)
 - This would typically include letterhead although we ordered in 2018 and do not require any in FY 2022
 - UCC Filings - \$400 (\$196 USDA; \$96 ESD; \$112 UDC)
 - Actual 2022 – \$2,732
 - Legal - \$1,984 Bowe and Arrow (\$873 USDA IRP; \$1,111 ESD SBRLF)
 - The legal fees were projected for year end and may end closer to \$3,000. No other accounts are being pursued for collections at this time.
 - Registration Fee – Filing Fee for CHAR500 only - \$275
 - In the past we have included the \$700 fee for the preparation of the 990/CHAR 500 under this category, however in my discussions with Michelle we believe it would be more accurate to include it under the audit expenses and has been adjusted.
 - Supplies - \$333 – includes credit reports and the NCA letterhead order of \$217.89.
 - UCC Filings/Terminations - \$140 – (\$70 USDA IRP; \$70 ESD SBRLF)
 - **Budget 2023 - \$3,175**
 - **Legal – \$2,000 (\$1,000 USDA IRP; \$1,000 UDC) for possible collections for Bowe and Arrow, LLC.**
 - **Registration Fee – Filing Fee for CHAR 500 only - \$275**
 - **Supplies - \$500 – includes credit reports and a new version of Quickbooks**
 - **Quickbooks has expired and is going to Quickbooks Online and the NCA needs to pay an annual fee of \$297 for Quickbooks. (USDA IRP \$260; ESD SBRLF \$80; UDC \$160)**
 - **UCC Filings/Terminations - \$400 – (USDA IRP \$208; ESD SBRLF \$64; UDC \$128)**
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Insurance

- Budget 2022 is \$3,070
 - Fidelity Bond is \$1,645 (USDA IRP)
 - D&O Insurance is \$1,425 (\$698 USDA IRP, \$328 ESD SBRLF, \$399 UDC)
 - Actual 2022 \$3,071
 - Fidelity Bond is \$1,645 (USDA IRP)
 - D&O Insurance \$1,425 (USDA IRP \$727; ESD SBRLF \$228; \$470 UDC)
 - **Budget 2023 is \$3,070**
 - **Fidelity Bond is \$1,645 (USDA IRP)**
 - **D&O Insurance \$1,425 (USDA IRP \$741; \$228 ESD SBRLF; \$456 UDC)**
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Interest Paid to ESD SBRLF

- Budget 2022 - \$12,500 (100% ESD SBRLF)
 - The NCA returned \$500,000 to ESD SBRLF at the end of FY 2020 and as a result our loan amount decreased from \$1,750,000 to \$1,250,000.
 - Actual 2022 - \$9,728 (ESD SBRLF)
 - The NCA returned an additional \$445,000 in FY 2022 resulting in the reduced payment amount.
 - **Budget 2023 - \$4,836 (ESD SBRLF)**
 - **The NCA intends to return an additional \$146,439 to ESD SBRLF and the new balance would be \$630,000. The interest only payment would be based on \$483,561 at 1% interest**
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Interest Paid USDA

- Budget 2022 - \$12,287 - assumes 1% of \$1,228,735 (100% USDA IRP)
 - Actual 2022 - \$11,907 – The NCA paid of USDA loan I and as a result owed less interest than budgeted. (USDA IRP)
 - **Budget 2023 - \$10,791 – assumes 1% of \$1,079,180 (100% USDA IRP)**
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Sponsorships/Dues

- Budget 2022: \$0
- Actual 2022: \$0
- Budget 2023: \$750 – Per discussion with the executive members of the NCA budgeted for sponsorships to membership related events.

Meeting Expenses

- Budget 2022: \$7,000 – includes two meetings in person
- Actual 2022: \$3,070 – Annual Meeting cost \$1,535 and assumes an additional \$1,535 for the Fall Forum.
- **Budget 2023: \$7,700 – assumes two meetings in person with an increase of 10% due to increased costs. The goal is to have sponsorships cover the expenses for all meetings.**

(Unclassified)

Portfolio Management

- Budget 2022 (Assumes Freeze FY 2021 levels)
 - CITEC \$11,760
 - DANC \$49,684
 - Total \$61,444 (USDA IRP \$24,345; ESD SBRLF \$11,427; UDC \$13,912)
- Actual 2022
 - CITEC \$11,760
 - DANC \$49,684
 - Total \$61,444 (USDA IRP \$25,090; ESD SBRLF \$8,819; UDC \$15,775)
- **Budget 2023 – (Assumes Freeze that we have kept the past 5 years)**
 - CITEC \$11,760
 - DANC \$49,684
 - Total \$61,444 (USDA IRP \$25,836; ESD SBRLF \$7,949, UDC \$15,899)

**Operating Cash Flow
Unrestricted Cash Transfers 2022 & Projected 2023**

	<u>2022</u>	Actual Loan Interest Income	<u>2023</u>	Projected Loan Interest Income
USDA Approved Annual Admin Fee	\$40,000	\$39,725	\$40,000	\$39,567
USDA Fee Income	\$ 2,925		\$ 3,600	
USDA Interest Paid	\$11,907		\$10,791	
Total Cash	\$54,832		\$54,391	
Total USDA Expenses*	\$49,488		\$50,015	
USDA Cash Surplus (Deficit)	\$5,344		\$4,376	

**Total expenses includes interest paid to USDA.*

USDA Interest is paid out of fund balance and not from the \$40,000 annual admin fee.

	<u>2022</u>	<u>2023</u>
ESD Interest Income	\$14,813	\$12,937
ESD Fee Income	\$ 0	\$ 0
Total Cash	\$14,813	\$12,937
Total ESD Expenses	\$23,711	\$16,091
ESD Cash Surplus (Deficit)	(\$8,898)	(\$3,154)

**Released \$9570.78 from Membership Income in 2021, Budgeted \$8,621.*

	<u>2022</u>	<u>2023</u>
UDC Interest Income	\$16,765	\$14,013
UDC Fee Income	\$3,949	\$4,200
Total Cash	\$20,714	\$18,213
Total Projected UDC Expenses	\$21,783	\$23,510
UDC Cash Surplus (Deficit)	(\$1,069)	(\$5,297)

UDC Interest Account Balance on 8/31/2022-\$26,486. You will need to pull the difference from this account.

RBEG – Cannot charge any admin expenses against RBEG per regulations.

Condensed Summary

	2022	2023
Cash Available for Admin	\$90,359	\$85,541
Projected Expenses	<u>\$94,982</u>	<u>\$89,616</u>
Cash Available	(\$4,623)	(\$4,075)

*Budgeted a deficit of \$11,187 for 2022 so we are performing better.

Discussion Points:

- Shifting admin expenses from ESD SBRLF to USDA IRP and UDC
- Fixed \$40,000 from USDA IRP for admin; doesn't matter how much we lend
- Still using membership income to cover admin.
 - Used \$14,301 in 2016
 - Used \$11,915 in 2017
 - Used \$11,635 in 2018
 - Used \$0 in 2019
 - Used \$7,728 in 2020
 - Used \$9,570.78 in 2021
- Have a balance of \$35,260.91 of unrestricted operating funds.