

NCA Budget 2024 - NCA LRC Approved 10/2/2023		ESD SBRLF			RBEG			UDC			Unclassified			USDA IRP			TOTAL		
Motion: B. Gladwin Second: C. Witt		Budget 2023	Actual 2023	Budget 2024	Budget 2023	Actual 2023	Budget 2024	Budget 2023	Actual 2023	Budget 2024	Budget 2023	Actual 2023	Budget 2024	Budget 2023	Actual 2023	Budget 2024	Budget 2023	Actual 2023	Budget 2024
Income																			
	Application Fees	0	0	0	0	107	0	700	420	500	0	0	0	300	373	500	1,000	900	1,000
	Bank Interest Income	63	323	902	42	375	952	216	3,337	8,778	91	354	775	250	786	11,372	662	5,176	22,780
	Commitment Fees	0	0	0	0	600	0	3,000	3,900	3,000	0	0	0	3,000	1,995	3,000	6,000	6,495	6,000
	Late Fees	0	302	0	0	297	0	600	703	600	0	0	0	400	3	400	1,000	1,305	1,000
	Loan Interest Income	12,937	12,000	13,420	1,483	3,071	4,975	14,263	28,130	44,357	0	0	0	39,817	43,212	56,717	68,500	86,413	119,469
	Membership Dues Income	0	0	0	0	0	0	0	0	0	13,750	12,950	13,000	0	0	0	13,750	12,950	13,000
Other Income																			
	NCA Meetings	0	0	0	0	0	0	0	0	0	7,700	3,600	7,700	0	0	0	7,700	3,600	7,700
	Grant Income	0	0	0	0	0	0	0	0	0	0	0	45,000	0	0	0	0	0	45,000
	NCREDC Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Recovery of Bad Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income		13,000	12,625	14,321	1,525	4,450	5,927	18,779	36,489	57,235	21,541	16,904	66,475	43,767	46,370	71,989	98,612	116,839	215,949
Gross Profit		13,000	12,625	14,321	1,525	4,450	5,927	18,779	36,489	57,235	21,541	16,904	66,475	43,767	46,370	71,989	98,612	116,839	215,949
Expense																			
	Audit	1,008	1,008	786	0	0	0	2,016	2,016	2,162	0	0	0	3,276	3,276	3,603	6,300	6,300	6,550
	Conference Calls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	General & Administrative																		
	Legal	0	201	580	0	0	0	1,000	0	1,000	0	0	0	1,000	146	420	2,000	347	2,000
	Registration Fee (CHAR 500)	44	44	33	0	0	0	88	88	91	0	0	0	143	143	151	275	275	275
	Supplies	80	73	170	0	0	0	160	180	467	0	0	0	260	254	778	500	507	1,415
	UCC Filings	64	60	48	0	0	0	128	67	132	0	0	0	208	133	220	400	260	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	228	228	171	0	0	0	456	456	470	0	0	0	741	741	784	1,425	1,425	1,425
	Interest Paid to ESD	4,836	4,800	4,050	0	0	0	0	0	0	0	0	0	0	0	0	4,836	4,800	4,050
	Interest Paid to USDA	0	0	0	0	0	0	0	0	0	0	0	0	10,791	10,791	9,666	10,791	10,791	9,666
	Sponsorships	0	0	0	0	0	0	0	0	0	750	0	750	0	0	0	750	0	750
	Meeting Expenses	0	0	0	0	0	0	0	0	0	7,700	3,955	7,700	0	0	0	7,700	3,955	7,700
	Portfolio Management																		
	DANC	7,949	7,949	5,962	0	0	0	15,899	15,899	16,396	0	0	0	25,836	25,836	27,326	49,684	49,684	49,684
	CITEC	1,882	1,882	1,411	0	0	0	3,763	3,763	3,881	0	0	0	6,115	6,115	6,468	11,760	11,760	11,760
Total Expense		16,091	16,246	13,211	0	0	0	23,510	22,468	24,598	8,450	3,955	8,450	50,015	49,080	51,061	98,066	91,749	97,320
Net Income		-3,091	-3,620	1,110	1,525	4,450	5,927	-4,731	14,021	32,637	13,091	12,949	58,025	-6,248	-2,710	20,928	546	25,089	118,629

Notes to Budget 2023

Income

Application fees: 4 applications at \$250 each
 Bank interest: Assumes average balance for all savings accounts (operating checking excluded) of \$1,157,645.38 at 1.5% interest
 Commitment fees: Assumes \$400,000 in closings at 1.5% - Already committed \$390,500
 Late fees: Assumed FY 2023 Budget for FY 2024
 Loan interest income: Assumes \$400,000 in loan closings at 7.5% in addition to all loans expected to pay additional \$30,000 interest (\$15,000 USDA IRP, \$15,000 UDC)
 Membership dues income: Total of 39 Members 28 at \$250 and 11 at \$500 for a total of \$12,500 had two members at \$250 pay late for FY 2022 in FY 2023

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 2024

Expenses

Audit: Based on contract of \$5,800.00 for the Audit and \$750 for the preparation of the CHAR 500 and tax returns
 Conference Calls: We utilize WebEx through DANC and no charge for usage
 Legal: Based on the possible collection of Alisha Mayville and Bowe and Arrow, LLC.
 Registration Fee (Char 500): Based on contract of \$275 filing fee for the CHAR 500/990
 Supplies: Standard assumption of \$500 in addition to the QB Fee of \$915 annually. Actual FY 2023 was higher due to QB of \$457.50 intro fee.
 UCC Filings: Assumes Budget FY 2023.
 Surety Bond: Based on current policy
 D&O Policy: Based on current policy
 Interest Paid to ESD: Based on returning \$75,000 to ESD bringing the balance down to \$405,000 at 1%
 Interest Paid to USDA: Based on 1% of USDA Loans Payable of \$966,585.99 will draw down \$750,000 new loan in amounts of \$250,000 over 3 years
 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 2024

NCA 2024 Expense Allocations

USDA	55%
ESD	12%
UDC	33%
	100%

Income

Application Fees

- Budget 2023 - \$1,000 – Assumed 4 applications at \$250 each
 - Actual 2023 - \$900 – River Creek and LCO Destiny, LLC paid \$200 each and ADK Foothills, LLC and Howell Enterprises, LLC paid \$250 each.
 - **Budget 2024 - \$1,000 – Assumes 4 applications at \$250 each**
 - **Allocations – UDC - \$500 (50%) and USDA IRP - \$500 (50%)**
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Bank Interest Income

- Budget 2023 - \$639
 - Actual 2023 - \$5,176 First 8 months at .10% interest with average bank account balances. Assumed average bank account balances for remaining 4 months (9/1/2023-12/31/2023) at 1.5% interest. The NCA put out an RFP for banking services to get better interest on our savings accounts and Watertown Savings Bank agreed to increase our interest rate from .10% interest to 1.5% interest.
 - **Budget 2024 - \$22,780 – Assumes average balance for all savings accounts (operating account excluded) of \$1,157,645.38 at 1.5% interest. The bank interest income also assumes \$5,415.00 towards USDA IRP – The NCA Board of Director’s authorized the utilization of USDA IRP funds for a Certificate of Deposit due to the increased interest rates. The CD is \$150,000 for 12 months at 3.61% APY with roughly \$5,415 in interest. The funds are restricted to USDA IRP and will help the USDA IRP fund balance.**
 - **Allocations: ESD SBRLF \$902, REBG \$952, UDC \$8,778, Unclassified \$775, and USDA IRP \$11,372**
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Commitment Fees Income

- Budget 2023 – Assumed \$400,000 in closings at 1.5% or \$6,000
 - Actual 2023 – Closed on \$325,000 in closings at 1.5% with an additional ½ commitment fee for RLE Howell Property, LLC totaling \$6,495.00
 - **Budget 2024 – Assumes \$400,000 in closings at 1.5% or \$6,000 – The NCA has \$390,500 in current commitments and expects more in 2024 and as a result this figure is conservative. (Allocations may vary depending on funding source – (UDC - \$3,000; USDA IRP - \$3,000)**
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Late Fees Income

- Budget 2023 - \$1,000 – Assumed roughly the same past due amounts at FY 2022 with Solsberry Enterprises, Alisha Mayville, and KingstonPharma running past due.

- Actual 2023 - \$1,305 – Received late fees from KingstonPharma, Solsberry Enterprises, LLC and Sharrow’s Home Repair. This figure may be higher by year end.
- **Budget 2024 - \$1,000 – Assumes roughly the same late fees for FY 2022 and 2023. Kingston Pharma paid off, Solsberry Enterprises and a few others running past due.**

Loan Interest Income

- Budget 2023 - \$68,500 assumed lower interest rates at 5% and lower loan volume.
- Actual 2023 - \$86,413 – prime interest rate increased significantly from FY 2022 to FY 2023 from approximately 4% in May 2022 to 8.50% in September 2023. The increased interest rate brought the NCA’s loan interest from a floor typically of 5% to 7.25% in addition to increased loan volume.
- **Budget 2024 – \$119,469.00 - Assumes \$400,000 in loan closings at 7.5% interest rate in addition with new loan closings expected to bring in additional interest of \$30,000. The NCA has commitments of \$390,500 and loan volume has been steady and we expect to add an additional \$400,000 so this figure should be conservative.**

Membership Dues Income

- Budget 2023 – \$13,750
- Actual 2023 - \$12,950 – a few members were included in the previous budget that we were unable to retain as members, such as; Bowers and Company, Wladis Law Firm, and Golden Technologies. Projected to retain all remaining members. A few members paid their FY 2022 dues late such as International Paper and SUNY Canton SBDC.
- **Budget 2024 - \$13,000 – assumes 39 members with 30 paying at \$250 and 11 members paying at \$500. All members that are not expected to renew, such as; Bowers and Company, Wladis Law Firm, and Golden Technologies are removed. Assumes retention of all existing members with two additional new members at \$250 each**

Other Income

NCA Meetings

- Budget 2023 – Assumes \$7,700 in income with \$3,850 in sponsorships per event with two events annually.
 - Actual 2023 - \$3,600 – Received \$2,100 in sponsorships for the Annual Meeting and assumes \$1,500 in sponsorships for the Fall Forum.
 - **Budget 2024 – Assumes \$7,700 in income as we regularly do in the budget.**
 - **Allocations – Unclassified**
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Grant Income

- Actual 2023 - \$0.00
- **Budget 2024 – \$45,000 – The NCA was approved for a \$750,000 loan from USDA IRP to recapitalize the revolving loan fund. The USDA IRP loan requires \$50,000 in match. The NCA will provide \$5,000 towards the match and is reaching out to banking institutions for the remaining \$45,000 to be utilized towards the match.**
 - Allocation: USDA IRP 100%

Recovery of Bad Debt

- **The NCA does not anticipate any recovery of bad debt for FY 2024, however, the NCA may send Alisha Mayville dba Relax and Ride to collection. The NCA does not anticipate a bad debt recovery to be conservative.**

EXPENSES

- Budget 2023 – USDA IRP 52%, UDC 32%, and ESD SBRLF 16%
- Actual 2023 – USDA IRP 52%, UDC 32%, and ESD SBRLF 16%
- **Budget 2024 – USDA IRP 55%, UDC 33%, and ESD SBRLF 12% - The NCA is not lending from ESD SBRLF and as payoff's occur the percentage of ESD SBRLF funds in the overall portfolio is also decreasing resulting in the drop from Budget/Actual FY 2023 from 16% to the projected FY 2024 of 12%. The NCA will be primarily lending from USDA IRP and UDC funds. The NCA applied and received an additional loan of \$750,000 from USDA IRP and as a result the portfolio expenses will be primarily divided between USDA IRP and UDC.**
 - **Based on projected balances as of December 2023 that factored in payoffs for GJR Family Enterprises, LLC, and Kingston Pharma LLC with additional loan closings the proposed allocation for FY 2024 would be as follows;**
 - **USDA IRP – 55%, UDC - 33%, and ESD SBRLF - 12%**

Audit Expenses

- Budget 2023 - \$6,300 – Final year of services with Crowley and Halloran unless Audit RFP or negotiation to continue services.
- Actual 2023 - \$5,800 – Budgeted \$5,600, however, the actual amount was \$5,800. The fee for the CHAR 500 of \$700 was reclassified to registration fee with the additional \$250.
- Budget 2024 – \$5,800 – The NCA approached Crowley and Halloran to continue audit services in lieu of putting the contract out for an RFP. Crowley and Halloran indicated that they would like to continue as our auditor and provided a satisfactory proposal that did not substantially depart from the last five years of services. The CHAR 500 fee and filing fee are included under Registration Fee (CHAR 500).
 - Allocations: ESD SBRLF - \$696, UDC - \$1,914, and USDA IRP \$3,190

General and Administrative Expenses

- Budget 2023 - \$3,175
 - Legal - \$2,000 – (UDC - \$1,000, USDA IRP- \$1,000)
 - Registration fee - \$275 (ESD SBRLF - \$44, UDC - \$88, USDA IRP - \$143)
 - Supplies - \$500 – (ESD SBRLF - \$80, UDC - \$160, USDA IRP - \$260)
 - UCC Filings - \$400 – (ESD SBRLF - \$64, UDC - \$128, USDA IRP - \$208)
- Actual 2023 - \$2,064
 - Legal - \$347 – Some legal fees for Bowe and Arrow LLC (ESD SBRLF - \$201 and USDA IRP \$146)
 - Registration fee \$950 – higher due to reclassification of \$700 CHAR 500 fee and \$275 filing fee. Filing fee of \$250 charged instead of \$275. (ESD SBRLF - \$152, UDC - \$304, USDA IRP \$494)
 - Supplies - \$507.00 – largely due to Quickbooks expense of \$457.50 introduction fee that we did not have previously. (ESD SBRLF - \$73, UDC - \$180, USDA IRP - \$254)
 - UCC filings - \$260 – UCC filings and terminations in FY 2023. (ESD SBRLF - \$60, UDC - \$67, USDA IRP - \$133)
- Budget 2024 - \$4,815
 - **Legal - \$2,000 – Assumes some legal fees from Bowe and Arrow, LLC continued collections and Alisha Mayville. (\$1,000 USDA IRP, \$1,000 UDC)**
 - **Registration Fee – \$1,025 - CHAR 500 \$750 per new contract and filing fee of \$275 (ESD SBRLF - \$123, UDC \$338, and USDA IRP 564)**
 - **Supplies - \$1,415 - Standard assumption of \$500 will need to order new checks in addition to the Quickbook’s fee of \$915 annually. (ESD SBRLF - \$170, UDC - \$467, and USDA IRP - \$778)**
 - **UCC Filings - \$400 – Assumes budget FY 2023 figure of \$400. (ESD SBRLF - \$48, UDC - \$132, USDA IRP - \$260)**

Insurance

Surety Bond

- Budget 2023/Actual 2023 - \$1,645 – Based on current policy (USDA IRP – 100%)
- **Budget 2024 - \$1,645 – Based on current policy (USDA IRP – 100%)**

Directors and Officers Policy (D&O Insurance)

- Budget 2023/Actual 2023 - \$1,425 – Based on current policy – (ESD SBRLF - \$228, UDC - \$456, USDA IRP - \$741)
 - **Budget 2024 - \$1,425 – Based on current policy – (ESD SBRLF - \$171, UDC - \$470, USDA IRP - \$784)**
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Interest Paid to ESD SBRLF

- Budget 2023 - \$4,836
- Actual 2023 - \$4,800 – Returned \$445,000 and \$150,000 totaling \$595,000 to ESD SBRLF towards principal reducing the balance from \$1,075,000 in FY 2021 to \$480,000 by the end of FY 2022.
- **Budget 2024 – \$4,050 - Based on returning approximately \$75,000 to ESD SBRLF bringing the balance down to \$405,000 at 1% interest**
 - **The NCA has not been lending from ESD SBRLF and is returning funds to ESD SBRLF in a systematic manner and as a result interest paid to ESD SBRLF has been decreasing.**

Interest Paid to USDA IRP

- Budget 2023 - \$10,791
- Actual 2023 - \$10,791
- **Budget 2024 - \$12,165 – Assumes interest payment of existing loans with USDA IRP (II, III, IV) - \$9,665 and each year the NCA plans to draw down \$250,000 for 3 years and pay interest only payments on those funds. In the first year of draws an additional \$2,500.**

Sponsorships

- Budget 2023 - \$750
- Actual 2023 - \$0
- **Budget 2024 - \$750 – a line item that was added in FY 2023. Kept line item for FY 2024. (Unclassified)**

Meeting Expenses

- Budget 2023 - \$7,700
 - Actual 2023 - \$3,955 - \$1,955.20 for Annual Meeting (actual), and estimated amount for Fall Forum \$2,000. (Unclassified)
 - **Budget 2023 - \$7,700 – income and expenses cancel each other out as it is assumed that sponsorships will cover the events. (Unclassified)**
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Portfolio Management

- **Budget/Actual 2023 (Assumes Freeze at FY 2022 Levels)**
 - CITEC \$11,760
 - DANC \$49,684
 - Total \$61,444 (ESD SBRLF - \$7,949, UDC - \$15,899, and USDA IRP - \$25,836)

- **Budget 2024 (Assumes Freeze at FY 2023 Levels)**
 - CITEC \$11,760
 - DANC \$49,684
 - Total \$61,444 (ESD SBRLF - \$7,373, UDC - \$20,277, and USDA IRP - \$33,794)

**Operating Cash Flow
Unrestricted Cash Transfers 2023 & Projected 2024**

	<u>2023</u>	Actual Loan Interest Income	<u>2024</u>	Projected Loan Interest Income
USDA Approved Annual Admin Fee	\$40,000	\$43,212	\$40,000	\$56,717
USDA Fee Income	\$ 2,450		\$ 3,900	
USDA Interest Paid	<u>\$10,791</u>		<u>\$ 9,666</u>	
Total Cash	\$53,241		\$53,566	
Total USDA Expenses*	\$49,080		\$51,061	
<i>USDA Cash Surplus (Deficit)</i>	<i>\$4,161</i>		<i>\$2,505</i>	

****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>2023</u>	<u>2024</u>
ESD Interest Income	\$12,000	\$13,420
ESD Fee Income	<u>\$ 302</u>	<u>\$ 0</u>
Total Cash	\$12,302	\$13,420
Total ESD Expenses	\$16,246	\$13,211
<i>ESD Cash Surplus (Deficit)</i>	<i>(\$3,944)</i>	<i>\$209</i>

**Released \$6,750 from Membership Income in 2022, Budgeted \$8,898.*

	<u>2023</u>	<u>2023</u>
UDC Interest Income	\$28,130	\$44,357
UDC Fee Income	<u>\$5,023</u>	<u>\$4,100</u>
Total Cash	\$33,153	\$48,457
Total Projected UDC Expenses	\$22,468	\$24,598
<i>UDC Cash Surplus (Deficit)</i>	<i>\$10,685</i>	<i>\$23,859</i>

UDC Interest Account Balance on 8/31/2023-\$30,341.62. Drew \$15,000 in January 2023, will likely draw additional \$10,000 before year end.

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

Condensed Summary

	2023	2024
Cash Available for Admin	\$98,696	\$115,443
Projected Expenses	<u>\$87,794</u>	<u>\$88,870</u>
Cash Available	\$10,902	\$26,573

*Budgeted a deficit of \$4,075 for 2023 so we are performing better. The surplus is primarily within UDC which is good because we can use that in the future for operations.

Discussion Points:

- Shifting admin expenses from ESD SBRLF to USDA IRP and UDC. Still have approximately \$13,000 in expenses to shift to USDA and UDC.
- Fixed \$40,000 from USDA IRP for admin; doesn't matter how much we lend
- Still using membership income to cover admin because of shortfall in ESD SBRLF.
 - 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
 - Used \$6,750 in 2022
- Have a balance of \$38,710 of unrestricted operating funds.