Motion: M. Weir, Second: E. Virkler; NCA Audit/Finance Committee Approved 10/8/2024	Budget 2024	Actual 2024	Budget 2025	Budget 2024	Actual 2024	Budget 2025	Budget 2024	Actual 2024	Budget 2025	Budget 2024	Actual 2024	Budget 2025	Budget 2024	Actual 2024	Budget 2025	Budget 2024	Actual 2024	Budget 2025
Income																		
Application Fees	0	0		0	0		500	500	500	0	0		500	500	500	1,000	1,000	1,000
Bank Interst Income	902	84	54	952	909	977	8,778	7,337	6,167	775	1,849	1,617	11,373	13,383	13,185	22,780	23,562	22,000
Committment Fees	0	0	0	0	375	359	3,000	2,574	719	0	0	0	3,000	4,313	4,922	6,000	7,261	6,000
Late Fees	0	103	0	0	65	0	600	94	600	0	0	0	400	430	400	1,000	693	1,000
Loan Interest Income	13,420	10,265	9,001	4,975	3,500	6,208	44,357	36,998	35,761	0	0	0	56,717	50,268	73,030	119,469	101,032	124,000
Membersip Dues Income	0	0	0	0	0	0	0	0	0	13,000	13,750	14,500	0	0	0	13,000	13,750	14,500
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	40,000	10,000	45,000	40,000	10,000
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	83,609	0	0	0	0	0	20,902	0	0	104,512
Total Income	**14,322**	**10,452**	**9,055**	**5,927**	**4,850**	**7,545**	**57,235**	**47,503**	**127,356**	**21,475**	**19,199**	**23,817**	**116,990**	**108,894**	**122,939**	**215,949**	**190,898**	**290,712**
Gross Profit	**14,322**	**10,452**	**9,055**	**5,927**	**4,850**	**7,545**	**57,235**	**47,503**	**127,356**	**21,475**	**19,199**	**23,817**	**116,990**	**108,894**	**122,939**	**215,949**	**190,898**	**290,712**
Expense																		
Audit	786	786	540	0	0	0	2,162	2,162	2,228	0	0	0	3,603	3,603	3,983	6,551	6,551	6,750
Conference Calls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General & Administrative																		
Legal	580	0	0	0	0	0	1,000	2,226	2,000	0	0	0	420	945	1,000	2,000	3,171	3,000
Registration Fee (CHAR 500)	33	30	22	0	0	0	91	83	91	0	0	0	151	138	162	275	250	275
Supplies	170	187	142	0	0	0	467	584	584	0	1,421	0	778	881	1,044	1,415	3,072	1,770
Miscellaneous	0	0	60	0	0	0	0	0	248	0	0	0	0	0	443	0	0	750
UCC Filings	48	0	0	0	0	0	132	0	200	0	0	0	220	100	200	400	100	400
Insurance																		
Surety Bond	0	0		0	0	0	0	0	0	0	0	0	1,645	1,670	1,645	1,645	1,670	1,645
D&O Policy	171	171	114	0	0	0	470	470	470	0	0	0	784	784	841	1,425	1,425	1,425
Interest Paid to ESD	4,050	4,400	3,703	0	0	0	0	0	0	0	0	0	0	0	0	4,050	4,400	3,703
Interest Paid to USDA	0	0	0	0	0	0	0	0	0	0	0	0	12,165	14,666	16,078	12,165	14,666	16,078
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	3,573	7,700	0	0	0	7,700	3,573	7,700
Portfolio Management																		
DANC	5,962	5,962	3,975	0	0	0	16,396	16,396	16,396	0	0	0	27,326	27,326	29,314	49,684	49,684	49,684
CITEC	1,411	1,411	941	0	0	0	3,881	3,881	3,881	0	0	0	6,468	6,468	6,938	11,760	11,760	11,760
Total Expense	**13,211**	**12,947**	**9,496**	**0**	**0**	**0**	**24,599**	**25,801**	**26,097**	**8,450**	**4,994**	**8,450**	**53,560**	**56,581**	**61,647**	**99,820**	**100,322**	**105,690**
Net Income	**1,111**	**-2,495**	**-442**	**5,927**	**4,850**	**7,545**	**32,636**	**21,702**	**101,260**	**13,025**	**14,205**	**15,367**	**63,430**	**52,314**	**61,292**	**116,129**	**90,575**	**185,022**

Net Income Less Grant Income	**54,820**	**$ 50,575.46**	**$ 175,021.53**
Net Income Less Grant Income/Bad Debt Recovery			**$ 70,509.90**

NCA 2025 Expense Allocations	
USDA	59%
ESD	8%
UDC	33%
	100%

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 $816,566
Late fees: Assumed FY 2024 budget for FY 2025
Loan interest income: Assumes all loans that are paying without any of the defaulted loans with loan interest of $28,000 for $400,000 in closings at 7.0% interest
Membership dues income: Actual - Added 3 members at $250 for 33 members at $250 and 11 Members at $500. Projected Add 3 new members 36 at $250 and 11 Members at $500
Other income: None
NCA Meetings: Based on Fall Forum and Annual Meeting Sponsorship with 2 meetings in person
NCREDC Plan: None
Recovery of bad debt: The NCA may receive some bad debt recoveries in 2024 - LCO Destiny, LLC.

Expenses

Audit: Based on new contract of $6,000 Audit and $750 for Tax Returns
Conference Calls: We utilize WebEx through DANC and no charge for usage
Legal: Factored in an additional $1,000 for a total of $2,000 for UDC for Solsberry Collection and $1,000 for USDA IRP misc., Did not factor in LCO Destiny, LLC hopefully will have minimal legal fees
Registration Fee (Char 500): Based on contract of $275 filing fee for the CHAR 500/990
Supplies: Standard Assumption of $500 and Quickbooks $970, and NEW CITEC Web Hosting $200, and credit reports of $100.00
Miscellaneous: Added to Budget FY 2025 for miscellous General and Admin Expenses per Committee Request
UCC Filings: Assumes Budget FY 2024 for Budget FY 2025.
Surety Bond: Based on current policy
D&O Policy: Based on current policy
Interest Paid to ESD: Based on returning ESD principal received of $29,732 for a new balance for FY 2025 of $370,268
Interest Paid to USDA: Based on USDA IRP Loans Payable of $1,607,806.66 at 1% interest or $16,078
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 2025

Income

Application Fees

- Budget 2024 - $1,000 – Assumes 4 applications at $250 each
    - Allocations – UDC - $500 (50%) and USDA IRP - $500 (50%)
- Actual 2024 - $1,000 – Assumes 4 applications at $250 each
    - Allocations - $500 UDC, $500 USDA IRP
- **Budget 2025 – Assumes 4 applications at $250 each**
    - **Allocations - $500 UDC, $500 USDA IRP**

Bank Interest Income

- 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
- Actual 2024 - $23,562 - Based on actual interest received January through August 2024 and projected for the remaining four months of FY 2024. The CD also matured in September 2024 and the APY increased from 3.61% to 4.14%. Interest income as a result is expected to exceed the budgeted amount of $22,780.
- **Budget 2025 - $22,000 – Assumes the average balance for all savings accounts as of September 2024 of $1,053,379 at 1.53% interest. The CD Matured in September 2024 and the APY is 4.14% and is assumed to be lower once matured based on prime rate decreasing later in FY 2024 to be conservative.**

Commitment Fees Income

- 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)

- Actual 2024 – Closed on $331,320 in loans. We received commitment fees for JL Widrick that has not closed in the amount of $1,687.50, Tug Hill Artisan Roasters Commitment fee $375 and Carbones Harbor Realty, LLC of $2,250.00
    - Allocations (USDA IRP $4,312.50, UDC - $2,573.52, and RBEG - $375.00)
- **Budget 2025 – Assumes $400,000 in loan closings at 1.5% or $6,000 – The NCA has $816,566 in commitments with $669,806 (USDA IRP), $97.840 (UDC) and $48,920.**
    - **Allocation: $4,921.63 USDA IRP, $718.91 (UDC), $359.46 (RBEG)**

Late Fees Income

- 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.
- Actual 2024 - $693 – Received late fees from the following businesses: SBSP Real Estate, River Creek, LLC., Sharrow's Home Repair, and Clifton Fine Hospital
    - USDA IRP - $429.98, UDC - $94.37, RBEG - $65.49, and ESD SBRLF - $103.28
- **Budget 2025 - $1,000 – Assumes the standard $1,000 in late fees.**
    - **UDC - $600, USDA IRP - $400**

Loan Interest Income

- 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.
- Actual 2024 - $101,032 – Loan interest income is lower than expected due to the default of LCO Destiny, LLC and Solsberry Enterprises, LLC. The default of those two loans represents a loss of interest income of $4,551.55 for the remainder of FY 2024. We also had early payoffs for GJR Family Enterprises, LLC., Homes for Humanity Holdings, LLC., Kingston Pharma, LLC., and Long Lake Hotel Corporation.
- **Budget 2025 - $124,000 – The budget figure assumes the projected loan interest income for all loans that are paying on time less any defaulted or delinquent loans. The figure assumes additional loan closings of $400,000 at 7.0% interest or an additional $28,000 in loan interest income.**
    - **Allocations (USDA IRP - $73,030, UDC - $35,761, RBEG - $6,208, ESD SBRLF - $9,001)**

Membership Dues Income

- 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

- Actual – $13,750 Added 3 new members at $250 for a total of 33 members at $250, and 11 members at $500 (Unclassified).

- **Budget 2024 - $14,500 – assumes adding 3 new members at $250 for a total of $36 members at $250 and 11 existing members at $500. (Unclassified 100%)**

Other Income

NCA Meetings

- Budget 2024 – Assumes $7,700 in income as we regularly do in the budget.
    - Allocations – (Unclassified)
- Actual 2024 - $3,600 in income for sponsorships of the Annual Meeting and Fall Forum.
    - Allocations (Unclassified)
- **Budget 2025 - $7,700 per our standard budget assumption.**

Grant Income

- 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%

- Actual 2024 - $40,000 – The NCA will receive $40,000 in Grant Income for FY 2024 The goal was to raise $45,000 for match for the new USDA IRP Loan.
    - Allocation: USDA IRP 100%

- **Budget 2025 - $10,000 – Remaining matching funds for the USDA IRP Loan match.**
    - **Allocation: USDA IRP 100%**

Recovery of Bad Debt

- Budget/Actual 2024 – The NCA did not budget for any bad debt recovery and did not receive any recovery in 2024.

- **Budget 2025 - $104,511.63 – Assumed full recovery of LCO Destiny, LLC. - The NCA could possibly receive a recovery of bad debt in regard to LCO Destiny, LLC as the NCA has a first mortgage position on the building with the JCIDA.**

    - **LCO Destiny, LLC – Outstanding Balance - $104,511.63 – (UDC - $83,609.30, and $20,902.33**

    - **Solsberry Enterprises, LLC. Outstanding Balance $30,921.08 – The amount of this recovery is uncertain and is not included for analysis.**

    - **Alisha Mayville – thus far the credit bureau has not been able to collect and a recovery is not anticipated.**

EXPENSES

- Budget/Actual 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%

- **Budget 2025 – USDA IRP – 59%, UDC 33%, ESD SBRLF – 8% - The NCA is still not lending from ESD SBRLF. Based on the projected balances at the end of year 2024 for each fund with the projected pending loan closings the allocation of expenses remains between USDA IRP and UDC. Troubled loans such as; Solsberry Enterprises, LLC. and LCO Destiny, LLC. were removed for analysis.**

Audit Expenses

- Budget/Actual 2024 – $6,550 ($5,800 Audit and $750 for tax returns)– 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 - $786, UDC - $2,162, and USDA IRP $3,603

- **Budget 2025 - $6,750 – Based on the new contract – ($6,000 Audit and $750 for the Tax Returns)**

    - **Allocations: ESD SBRLF - $540, UDC - $2,227.50, and USDA IRP - $3,982.50)**

General and Administrative Expenses

- 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)

- Actual 2024 - $6,393.35

- Legal - $3,171.00 – Solsberry Enterprises – Verified Service and Complaint - $2,226.00 UDC, Schwerzmann and Wise – TLS and Credo Merger - $245 and USDA Loan Documents for new loan.
- Registration Fee – $250 for CHAR500 and 990 the $750 fee for the Tax Returns is now included under the Audit. (USDA IRP - $137.50, UDC - $82.50, and ESD SBRLF $30).
- Supplies - $2,872.35 – Black Dog Marketing Materials - $1,420.86 (Unclassified), Quickbooks - $970 (ESD SBRLF - $116.40, UDC - $320.10, and USDA IRP - $533.50), Check Order - $386.49 (USDA IRP - $212.57, UDC - $127.54, ESD SBRLF - $46.38), Credit Reports $95 (UDC - $70 – USDA IRP - $25)

- **Budget 2025 - $6,195**
  - **Legal - $3,000 – Solsberry Enterprises (UDC - $2,000) and USDA IRP ($1,000).**
  - **Registration Fee – Assumes $275, although FY 2024 was $250 (USDA IRP - $162.25, UDC - $90.75, ESD SBRLF - $22.00).**
  - **Miscellaneous - $750 – Added by Committee Request in case of any miscellaneous requests for supplies, etc. (USDA IRP - $443, UDC - $248, and ESD SBRLF - $60)**
  - **Supplies - $1,770 – Quickbooks - $970, Credit Reports - $100, Misc. Supplies $500, and NEW CITEC Website Hosting fee $200. (USDA IRP - $1,044.30, UDC - $584.10, and ESD SBRLF - $141.60)**

Insurance

Surety Bond

- Budget 2024 - $1,645 – Based on current policy (USDA IRP – 100%)
- Actual 2024 - $1,670 – Based on current policy with an additional $25 to remove Dave Zembiec and add Marshall Weir (USDA IRP – 100%)
- **Budget 2025 - $1,645 – Based on current policy (USDA IRP – 100%)**

Directors and Officers Policy (D&O Insurance)

- Budget/Actual 2024 - $1,425 – Based on current policy – (ESD SBRLF - $171, UDC - $470, USDA IRP - $784)
- **Budget 2025 - $1,425 – Based on current policy – (ESD SBRLF - $114, UDC - $470.25, and USDA IRP - $840.75)**

Interest Paid to ESD SBRLF

- 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.
- Actual 2024 - $4,400 – Returned $80,000 in principal in December 2023 with a current balance of $400,000.
- **Budget 2025 - $3,703 – Current balance of $400,000 the NCA received $29,732 in principal payments in 2024 and will plan to send that back as a principal payment. The FY 2025 balance would be $370,268 at 1% interest.**

Interest Paid to USDA IRP

- Budget 2024 - $12,165 – Assumes interest payment of existing loans with UDSA 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.
- Actual 2024 - $14,665 – Interest payment for existing debt USDA Loan II, III, IV, V with total interest payments of $9,665.86 for the existing loans. Drawn down $500,000 for USDA IRP in FY 2024 and assumes interest only payment of $5,000. USDA IRP Loan II paid off in September 2024.
- **Budget 2024 - $16,078.07 – Total interest payment calculated based on USDA IRP Loan Balance of $1,607,806.66 and includes the new USDA IRP Loan draw to the full amount of $750,000 with interest only payment of $7,500.**

Sponsorships

- Budget 2024 - $750 – a line item that was added in FY 2023. Kept line item for FY 2024. (Unclassified)
- Actual 2024 - $0 – no sponsorships were paid in FY 2024
- **Budget 2024 - $750 – a line-item committee wanted to keep in place in case we decide to sponsor an event.**

Meeting Expenses

- Budget 2023 - $7,700

- Actual 2023 - $3,573- $3,573.00for the Annual Meeting (actual), and estimated amount for Fall Forum $824.53 (Lunch). (Unclassified)

- **Budget 2023 - $7,700 – income and expenses cancel each other out as it is assumed that sponsorships will cover the events. (Unclassified)**

Portfolio Management

- 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)

- Actual 2024
  - CITEC $11,760
  - DANC $49,684
  - Total $61,444 (ESD SBRLF - $7,373, UDC - $20,276.52, and USDA IRP - $33,794.20)

- **Budget 2025**
  - **CITEC $11,760**
  - **DANC $49,684**
  - **Total $61,444 (ESD SBRLF - $4,915.52, UDC - $20,276.52, and USDA IRP - $36,251.96)**