

New York Business Development Corporation



NYBDC

Access to Capital for Small Business

www.nybdc.com

**ANNUAL
REPORT**

2015

Members

Adirondack Bank
Adirondack Trust Company
Alpine Capital Bank
Amalgamated Bank
American Community Bank
Apple Bank for Savings
Astoria Bank

Ballston Spa National Bank
Bank Hapoalim
Bank of Akron
Bank of America
Bank of Bennington
Bank of Castile
Bank of Cattaraugus
Bank of China
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Cayuga Lake National Bank
Champlain National Bank
Chemung Canal Trust Company
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Citizens & Northern Bank
Citizens Bank
Community Bank
Country Bank

Delaware National Bank of Delhi
Deutsche Bank Trust Company
Americas
Dime Savings Bank of Williamsburgh

East West Bank
Elmira Savings Bank
Empire National Bank
Empire State Bank
Evans Bank

First National Bank of Dryden
First National Bank of Groton
First National Bank of Jeffersonville
First National Bank of Long Island

First National Bank of Scotia
First Niagara Bank
Five Star Bank
Flushing Bank
Fulton Savings Bank

Genesee Regional Bank
Glens Falls National Bank
& Trust Company
Gold Coast Bank
Gouverneur Savings
& Loan Association
Greater Hudson Bank

Habib American Bank
Hometown Bank of the Hudson Valley
HSBC Bank, USA
Hudson Valley Bank

NYBDC relies on the financial support of its member banks and the New York State Common Retirement Fund to support its operations. In FY 2015, 118 banks and the Common Retirement Fund provided lines of credit totaling \$168.0 million which supplemented our equity and significantly expanded our capacity to meet the needs of small businesses. The support of our member banks and shareholders (both separately listed in this Annual Report) makes NYBDC unique and facilitates the accomplishment of our mission.

Israel Discount Bank of New York

JPMorgan Chase Bank

KeyBank

Lake Shore Savings Bank
Lyons National Bank

M&T Bank
Mahopac National Bank
Maple City Savings Bank
Medina Savings & Loan Association
Metropolitan Commercial Bank
Morgan Stanley Bank

National Bank of Coxsackie
National Bank of Delaware County
National Union Bank of Kinderhook
NBT Bank
New York Commercial Bank
Northfield Bank
Northwest Savings Bank

Oneida Savings Bank
Orange County Trust Company

PathFinder Bank
Patriot Federal Bank
Peoples Neighborhood Bank
People's United Bank
Pioneer Savings Bank
Putnam County Savings Bank

Rhinebeck Savings Bank
Ridgewood Savings Bank
Rondout Savings Bank

Safra National Bank of New York
Salisbury Bank and Trust Company
Santander Bank
Saratoga National Bank and Trust Co.
Savannah Bank
Sawyer Savings Bank
Seneca Savings
Signature Bank
Solvay Bank
State Bank of India
Sterling National Bank
Steuben Trust Company
Suffolk County National Bank

TD Bank
The Berkshire Bank
Tioga State Bank
Tompkins Trust Company
Trustco Bank, New York

Ulster Savings Bank
Upstate National Bank
USNY Bank

Valley National Bank
Victory State Bank

Walden Savings Bank
Wallkill Valley Federal Savings
& Loan Association
Watertown Savings Bank
Westchester Bank

Report on Operations

Nothing seems constant but change...staying mission focused

This year marked the 60th Anniversary of the formation of NYBDC. Despite the passage of time, our mission statement remains unchanged...provide access to capital for creditworthy small businesses that are unable to access credit at reasonable rates and terms from conventional sources. We have done this through loan participations with lending partners or direct lending with subordinate or primary financing. We have facilitated access to a variety of state and federal programs intended to encourage expanded credit boxes and address collateral shortfalls. We have participated in roundtables, discussions, meetings and events in every corner of our state in an effort to gather information about financing gaps and share information about available resources. We have supported and complemented the efforts of our lending partners. All of these efforts are in furtherance of our mission and focus on a single goal – creating opportunity. We see opportunity as the pathway to change and prosperity. We hope that the opportunities we provide affect both immediate and multi-generational benefit to entrepreneurs that reject a safer path to pursue a dream. We see opportunity as a way to promote neighborhoods, communities and regions.

We have terrific resources at our disposal and enjoy incredible partnerships.

Our most important resources are capital, knowledge, discipline, experience and imagination. The New York State Common Retirement Fund and our 118 member banks provide us with access to sufficient capital to meet the needs of the small businesses we serve, and do so in a way that gives us latitude to provide reasonably priced loans for our small business customers. We maintain access to these sources of capital through constant application of other resources – knowledge, discipline and experience. We use these resources each and every day to assess opportunities,

measure risk and make decisions on all manner of issues that impact our small business applicants and borrowers. Finally, we remain relevant and impactful by our imaginations!

Over the years, we have accumulated some key allies and partners who share our belief in the importance of promoting change through opportunity including Empire State Development, the New York State Small Business Development Centers, the New York City Department of Small Business Services, the New York State Economic Development Council, the United States Small Business Administration and the dozens of Community Partners listed elsewhere in this report.

In addition to our work as a lender, we have undertaken other meaningful roles in community development and support ranging from our role as Funds Administrator of the Buffalo Building Reuse Loan Program, a unique private-public partnership to provide gap funding to support development of mixed use property in the City of Buffalo, to our continuing role in the New York City Hurricane Sandy small business recovery effort.

Each year we like to point to a singular achievement that defines our work and advances our mission. This year, it was the final development and launch of the SmartLoan™ Program by our affiliate Excelsior Growth Fund. Over the last few years, we have seen many small businesses journey online to borrow in search of a fast, transparent and predictable process. Unfortunately, this space is crowded by high fee, short term providers that facilitate fast access to cash under circumstances that often result in dramatic and immediate erosion of cash flow resulting from daily payments and longer term impact on the balance sheet occasioned by fees which would approximate 50 percent or more if expressed as an annual percentage rate. At first, our response was to provide a means

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to refinance those loans, but this afforded only cash flow relief as the “fee” could not be avoided by prepayment. As we saw this becoming more and more of a problem, we focused on developing an alternative. Applicants for the SmartLoan™ can complete an online application in approximately 20 minutes, transfer all supporting documentation electronically and expect to receive a decision on the application in less than 48 hours. Once approved, a site visit is scheduled and documents are signed; the loan is funded in not more than five days from approval but often less. At the root of this program is a strategy to work with borrowers to make them credit ready for conventional or SBA products offered by our lending partners and to facilitate the transition to a long-term, full dominion relationship with their bank of account.

The many accomplishments we are proud to report are built on a strong foundation established by key employees that made a huge difference in the evolution of NYBDC. When Chet Sadowski joined NYBDC in 1987 as its seventh employee, the managed loan portfolio was \$21.4 million and

KEY PERFORMANCE INFORMATION:

- Total non-interest income increased 20% to \$14.2 million.
- Total operating income increased 13% to \$20.9 million.
- Loan approvals increased 30% to \$310.4 million.
- Income before provision for income taxes decreased 3.2% to \$3.80 million.
- Managed portfolio increased 10% to \$1.4 billion.
- The three-year return on average equity is 7.85%.
- The three-year return on average assets is 105%.
- The three-year average capital ratio is 13.68%.
- The current capital ratio is 14.09%.
- The NYBDC Foundation (supported by donations from NYBDC and The 504 Company) awarded gifts or grants to 135 not-for-profit organizations.
- The 504 Company continued a national leadership role in both the SBA 504 and Community Advantage Loan Programs and opened an office in Fort Lee, New Jersey.
- NYBDC was named the inaugural winner of the Small Business Leadership Award for Mission Driven Lenders sponsored by the Opportunity Finance Network and the Surdna Foundation. The award included a \$75,000 unrestricted grant to Excelsior Growth Fund.
- Loans to minority- or woman-owned businesses make up 40% of our portfolio.
- Empire State CDC was recognized by SBA as the “Community Advantage Lender of the Year” in ceremonies held in the Old Executive Office Building in Washington, DC.

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annual operating income was \$826.6 thousand. In the 28 years since, we have seen the managed portfolio and annual operating income grow to \$1.4 billion and \$20.9 million, respectively. Also during that time, our equity grew from \$2.5 million to \$30.8 million. In 1987, NYBDC had 131 member banks, 49 of which have ceased to exist as a result of mergers and acquisitions, yet our membership, currently consisting of 118 banks, remains strong. During his tenure at NYBDC, Chet has been as frequently referred to as “Mr. SBA” or “The Big Dog” as he has his given name. During his long and distinguished career, he was a resource and friend to hundreds of bankers and small businesses. He developed relationships based on trust, knowledge and service. He always demonstrated a quiet and confident demeanor that put those around

him at ease. Last but not least, you could always count on Chet for a recommendation for a terrific restaurant! Chet will be retiring as of December 31, 2015 and splitting his time between Staten Island,

St. Martin and Arnold Lake, between trips to visit his children and grandchildren. We will miss Chet and Maureen but they will be always part of the family and the lore of NYBDC.

In closing, thanks to our outstanding staff...each year new records of service and financial performance are established due to

their commitment and dedication to our mission and the mutual support, guidance and encouragement they provide to each other. Despite this growth and the geographic separation of our offices, we work as a strong team to stay mission focused in a changing world.



James J. Byrnes, Patrick J. MacKrell, Herbert G. Chorbajian

Patrick J. MacKrell
President & CEO

New York Business Development Corporation
The 504 Company

James J. Byrnes
Chairman of the Board
New York Business Development Corporation

Herbert G. Chorbajian
Chairman of the Board
The 504 Company

From retiring Chairman of the Board Jim Byrnes:

It has been a pleasure to serve on the NYBDC board since 1996 and as chairman for the past 10 years. I am so proud of the many successes that NYBDC has accomplished – in terms of financial results and even more importantly, in terms of serving the needs of small business communities throughout New York by helping businesses grow, prosper, and create jobs. These successes are a tribute to the hard work of our staff, the high ethical standards throughout the organization, and strong partnerships with banks and other institutions. The future is bright thanks to the leadership of our committed and competent board and our strong management team. Thank you for the privilege of working with such a great company.



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Financial Services, Inc.
New York, New York



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Trust Company
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Development Corporation
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Development Council
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Association
New York, New York



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Community Bank, N.A.
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President & CEO
The First National
Bank of Long Island
Glen Head, New York



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CyberSynchs
New York, New York



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Retired New York
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New York

The 504 Company Board of Directors



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The Canandaigua National
Bank and Trust Company
Pittsford, New York



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City of Jersey City
Jersey City, New Jersey



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United Group
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Development Authority
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Teal, Becker
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IDA and LDC
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KeyBank
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Gary Moyer
Executive Vice President
Tompkins VIST Bank
Wyomissing, Pennsylvania



John Murgatroyd
Regional Sales Manager
SBA Division
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Flemington, New Jersey



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Senior Vice President
First Niagara Financial Group
Albany, New York



Michael Quigley
Executive Vice President
BankUnited
Melville, New York



Timothy D. Romig
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Customers Bank
Reading, Pennsylvania



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Senior Vice President
HSBC Bank USA
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Robert K. Streb
Specialty Finance
Sales Manager
JPMorgan Chase
Shelton, Connecticut



Joseph A. Vanella
Vice President
Wells Fargo & Company
Melville, New York



Joseph Whaley
President & CEO
5th Avenue Chocolatiere, Ltd.
Rockville Centre, New York



Cider Belly Doughnuts

Albany, New York

Cider Belly Doughnuts rose from humble beginnings. Siblings Jennifer Jones Novak and Andy Novak helped their sister, Jessica Stephens, serve her first Cider Bellies from a farm in rural Meredith, New Hampshire in 2011. Word of the pillowy, sweet confections spread quickly, with online food blogs and food magazines singing their praises.

The three siblings grew up in Albany, and Jennifer and Andy decided to return to their hometown and open a doughnut shop. Andy, a graduate of the Rochester Institute of Technology, was developing a business plan and calculating the costs for opening a shop in Albany's busy downtown corridor. He discovered quickly that there were very limited options for start-up financing. He found it particularly difficult to obtain financing for start-up restaurants, an industry known for low profit margins and success rates, he learned.

Several people pointed the siblings to The 504 Company. "And the rest is history. I honestly don't know if we would have been able to open without them. They've been fantastic. It would have been very difficult to get the funding we needed elsewhere," Andy said.

Jennifer and Andy received a \$90,000 loan through the Small Business Administration's Community Advantage Loan Program. They used the loan to make over the 2,800-square-foot former coin shop on North Pearl Street in Albany, New York, a commercial strip that is heavily traveled by cars and foot traffic alike. Their greatest expense was a grease hood (there's a lot of splatter to contain when you're frying thousands of doughnuts a week) and two doughnut robots that produce the signature cakes.

"We were pretty confident going in that the shop would do pretty well. We couldn't be happier with the Albany location, and are looking forward to a second one," Andy said. The shop sources products locally whenever possible, buying cider—a staple in all their doughnut recipes—from Samascott Orchards in Kinderhook, New York, coffee from a roaster in Catskill, New York and bagels and scones from area bakeries.

The shop opened in July 2014, and already the siblings are planning a second location, this one in nearby Latham, New York. Cider Belly employs nine in the Albany shop; the Latham shop will employ an additional seven or eight people.

The Community Advantage Loan Program was designed to drive economic growth and create jobs in underserved communities by lending to small businesses that cannot access funding through traditional methods. The targeted program launched in early 2011 and provides SBA 7(a) loans up to \$250,000 for business acquisitions, leasehold improvements, refinancing debt, equipment and working capital.

Andy and Jennifer worked with a small business adviser and the Capital Region Chamber of Commerce to develop a business plan and access other services. The 504 Company facilitated the Community Advantage loan.

"We were able to complete the financing for the build-out and fit-up of the new store under the SBA's Community Advantage program. The results are delicious and speak for themselves," said Steve Willard, senior vice president, The 504 Company.

Cider Belly Doughnuts plans to continue its expansion efforts, eventually establishing agreements with franchisees or creating an employee-ownership program.



Andy Novak and Jennifer Jones Novak



Halmark Architectural Finishing Corp.

Brooklyn, New York

The future of Halmark Architectural Finishing Corp. was on the line when employees approached Rachel Lazarus about buying the metal coatings and engraving company. The second-generation owner had passed away, and his family, with no experience in the coatings industry, wanted to sell the business. Lazarus was enjoying a good career at her father's painting and window-guard manufacturing company, but she saw the potential in Halmark. She also knew that ten jobs were in jeopardy.

"I felt confident I could build and grow this company. I saw this as a great chance to make a lateral move in my field and strike out on my own," said Lazarus, a 2009 graduate of Barnard College in Manhattan with a bachelor's degree in economic history.

Lazarus bought the business using her own money and a small bank loan. The company is now a New York State-certified Women-owned Business Enterprise. But funding was a little trickier when Lazarus decided to buy the building that Halmark had been leasing since the company's founding in 1979. She planned to have solar panels installed on the roof and had received grants to defray some of the costs. Still, the costs remaining on such systems are high, and traditional lenders generally do not fund them.

Long-time NYBDC advocate Val Miceli helped Lazarus secure benefits through the New York City Industrial Development Agency and referred her to Chet Sadowski. NYBDC partnered with The 504 Company to provide financing for a \$1.0275 million loan to cover the property purchase and the solar panels.

Buying the company's operating facility was important to the future of the business because the state-issued permits that are necessary to operate some of Halmark's special equipment are attached to the property rather than the company.

"Having the permits tied to the address was an important consideration in purchasing this property," Lazarus said. "The permits are so specialized that chances of getting them associated with another building were slim."

Lazarus has restored Halmark Architectural to profitability in the four years she has owned the business.

"Through the NYBDC and 504 Loan Programs, we were able to help the borrower seize the opportunity to purchase the building and to continue to operate successfully," said Chet Sadowski, senior vice president, NYBDC.

Val Miceli, president of Val Funding Inc., helped Lazarus obtain IDA benefits. Upon meeting Lazarus, Miceli was immediately impressed with the young woman's drive and determination. "There was no doubt that I needed to assist her in her goal by leading her to NYBDC. Today she owns her building and her business is growing," Miceli said.

Halmark Architectural Finishing Corp. is expanding through Lazarus' efforts. Several more employees have been added, and Lazarus recently bought a bus- and smoking-shelter manufacturing company that will allow Halmark to broaden its offerings. "Often, commercial customers want companies that both manufacture and paint their products," Lazarus said. The equipment from the newly acquired company, Columbia Equipment Company Inc. in New York City, will allow Halmark to manufacture windows, doorframes, flashing and other products. Lazarus has applied for a second loan through The 504 program, which she will use to buy property and relocate Columbia Equipment from Queens to the Brooklyn location.



Rachel Lazarus



Kittinger Furniture

Buffalo, New York

Ray Bialkowski spent 15 years at Kittinger Furniture developing his unique craft as a cabinetmaker, eventually working his way up to leading the entire cabinet department. When the specialty furniture manufacturer closed in 1995 following a bout of legal and financial troubles, Bialkowski and his wife, Karen, opened a small furniture company of their own. Soon after, they learned that Kittinger's, including the "Kittinger Furniture" name that carried a 90-year legacy of the highest quality craftsmanship, was for sale.

The Bialkowskis bought and reopened Kittinger Furniture in 1996, reinstating dozens of jobs and restoring life to a company with an international reputation for producing some of the world's best furniture. Kittinger's signature hand-carved South American mahogany pieces grace the West Wing of the White House, the homes of other heads of state around the world, and many other prominent locations.

In 2014, the lease price for the 60,000 square feet of space the company occupied was going up considerably. The Bialkowskis found the perfect solution; a vacant, run-down, 22,000-square-foot roller skating rink that was facing demolition. In addition to offering a very efficient layout for furniture manufacturing, the rink was located in Clarence, one of the wealthiest communities in the area, providing a prime location for Kittinger's retail outlet.

The couple planned to buy the building. The first bank turned them down, but Bank of Akron was much more receptive. In partnership with The 504 Company, Bank of Akron created a \$1.7 million financing package that enabled the Bialkowskis to buy, renovate and expand the former skating rink by 15,000 square feet.

"Bank of Akron was more comfortable lending with The 504 Company as a partner in the transaction," Ray Bialkowski said. The bank saw the value in supporting a small business with 150-year-old roots with such a large economic impact and strong ties to the community.

"Bank of Akron is a community bank that focuses on providing funding for small businesses within their market," said Marytherese Hayes, vice president, commercial lending, Bank of Akron. "The Bank of Akron was pleased to partner with The 504 Company to assist the Kittinger Company in financing their new location in Clarence. This new location provides the company with more visibility and access to the local market, along with more space and improved manufacturing efficiency."

The largest cost for building upgrades involved adapting the open space for manufacturing, and making enormous improvements to the building's electrical system. "Increasing the availability of power was the most dramatic cost," Bialkowski said.

This is the second time the furniture company has secured an SBA loan. In 2010, the Bialkowskis worked with The 504 Company to access a 504 loan to open their Kittinger Gallery, a retail outlet and showroom that has since moved to the new location in Clarence. The company's solid history, well-managed operations and growing business model made them a perfect candidate for the second loan.

"When we first worked with Mr. Bialkowski, it was to assist him with the opening of a retail outlet for the high-quality furniture produced by Kittinger Furniture. The retail store was the first ever for Kittinger and has been a great success," said Michael A. Taylor, senior vice president, The 504 Company. "Last year Mr. Bialkowski sought additional financing to purchase a new facility for the Kittinger Furniture manufacturing facility. The new facility allowed a Buffalo business with a long history of success in our region to secure a long-term and more efficient facility."



Ray and Karen Bialkowski



Mangino Buick GMC

Ballston Spa, New York

Three basic principles guided the Manginos when they opened their Buick dealership 37 years ago: treat your employees like family, get involved in your community, and provide your customers with good transportation at a fair price. This mantra helped the family grow their upstate New York dealership into a successful sales and service operation—so successful, in fact, that a complete makeover became the only solution for the small, aging building that was bursting at the seams.

Mangino Buick worked with their bank to structure an SBA 504 loan transaction and connected them with The 504 Company. Together, M&T Bank and The 504 Company assembled a \$3.95 million loan package that allowed Mangino Buick to raze the old building and construct, equip, and furnish a new 35,000-square-foot showroom on the same property.

“The loan allowed us to move forward with constructing the building we wanted, with a financing structure that worked for all concerned. Before that we were scrambling for ideas,” said Ralph Mangino Jr., whose father, Ralph, and late mother, Mary, opened the dealership in 1978. Today, Ralph Jr. and his sisters, Patty Mangino and Tina Mangino-Coffey own the business. The family also owns a Chevrolet dealership in the neighboring city of Amsterdam.

During the yearlong construction process, the Mangino Buick service department operated in the old space until the new service center was completed. A vacant house on the property served as sales and office space for six months while the spacious new showroom was built. “The Mangino Buick project represents a substantial investment in the dealership and also the Ballston Spa community. The Manginos are longtime General Motors dealers, and when they needed to build a new Buick facility for their Ballston Spa location, M&T Bank was able to provide them with financing options,” said Herschel Gornbein, vice president of M&T Bank.

“The new construction triggered a boost in business,” said Ralph Mangino Jr., “with sales for this year up 30 percent.”

“Mangino’s project exemplifies how leveraging a company’s existing value through the SBA 504 program can make a strong brand even stronger,” said Ross Pancoe, vice president of The 504 Company. “Mangino Buick now has a state-of-the-art dealership that will support the growth of its business for many years to come. Mangino Buick has experienced significant sales and job growth since the dealership was completed. It is a project that may not have had happened if not for the SBA 504 program,” Pancoe said.

Since opening the new showroom in March 2014, two more service technicians and two more sales people have been hired. “We’re adding jobs,” Ralph Mangino Jr. said. “Without help from M&T and The 504 Company, I’m not sure our project would have been realized.”



Ross Pancoe (NYBDC), Tina Mangino-Coffey, Michael Coffey, Sr., Patricia Mangino, Ralph Mangino, Jr., Ralph Mangino, Sr., and Herschel Gornbein (M&T Bank)



Mobile Fueling Solutions

West Nyack, New York

More and more companies are relying on natural gas to fuel their vehicle fleets, and Luis Pereira and Dean Sloane were convinced that a new patented technology from Argentina would be successful in reducing both costs and greenhouse gas emissions in the United States.

The partners needed a substantial amount of money to get their company, Mobile Fueling Stations, off the ground. “We were looking to establish a credit line in the banking industry. But because of a lack of experience with the technology and the start-up nature of our business, we faced roadblocks in the traditional lending space,” Pereira said.

Pereira and Sloane learned that their startup was a perfect fit for NYBDC and the Small Business Administration’s 7(a) Loan Program. Proceeds from a 7(a) loan may be used to create or expand a new business, or acquire an existing one. Through NYBDC, Pereira and Sloan accessed a \$650,000 loan that they used to buy two trucks and equip them with the technology necessary to deliver natural gas to fleets in the eastern U.S. The natural gas is transported to fleet vehicles in pods developed by Australian company, Galileo S.A.

There are fewer than 1,000 compressed natural gas stations in the U.S.; fleets that run on natural gas must travel to these stations to fill up their tanks. These trips waste time and fuel, and add to the country’s carbon footprint. Mobile Fueling brings the natural gas to the fleet vehicles, offering a cleaner, more efficient way for fleets to fill their tanks.

Pereira said Mobile Fueling’s business model is the only one of its kind in the country. This on-site truck fueling system works successfully in other countries, and he and Sloane saw great demand for it here in this country.

“We recognized there was a huge hole in the market and thought, ‘How can we address this?’ said Pereira, before starting Mobile Fueling Solutions with Sloane in 2013. Mobile Fueling Solutions’ two trucks began delivering natural gas to fleets in mid-2015.

Tamara Underwood, vice president, NYBDC, said “the SBA’s 7(a) program, which provides credit opportunities to companies unable to obtain traditional financing, was the company’s ideal answer. The concept was sound and the demand was clearly there. The SBA 7(a) program was an excellent fit for supporting this start-up in acquisition of the trucks, CNG pods and related fit-out and licensing costs.”

The trucks are fueling such businesses as Manhattan Beer, and the partners plan to add more trucks and pods in 2016. Currently, the company serves fueling needs within a 75-mile radius of Morristown, including Long Island, New York City, Westchester County and Connecticut. So far, the business created six jobs. More hires are expected.

Pereira said NYBDC provided an opportunity that no traditional lender offered.

“They were open to learning about the technology and what it could do for the community,” Pereira said. “NYBDC allowed us to prove that the concept that we have works, that the technology works, and that we are capable of putting it on the market. No other lender was willing to do that.”



Luis Pereira and Dean Sloane



Sloop Brewing

Elizaville, New York

Sloop Brewing operated from a Poughkeepsie garage for four years, turning a small profit while producing small batches of microbrew. The tiny brewing company was getting noticed in the Hudson Valley, and soon the owners were offered a distribution agreement through the Craft Beer Guild to market Sloop's products in Dutchess, Ulster, Greene and Columbia counties.

Owners Adam Watson and Justin Taylor knew that demand for their product was growing too large to manage from a garage, so they set out to find more space.

"At first we were selling at farmers markets. Then we were supplying kegs to bars and restaurants. Our three-barrel system could only produce so much," said Watson, who met Taylor while the two were students at SUNY New Paltz.

The pair found suitable space at Vosburgh Orchards, an apple orchard just outside Hudson, and raised equity from friends and family to pay for a new 30-barrel brewing system. After exhausting those resources, Watson and Taylor were referred to NYBDC. NYBDC vice president Greg Powell introduced Taylor and Watson to John Klassen at Rhinebeck Bank.

The 504 Company partnered with Rhinebeck Bank and NYBDC to issue the \$475,000 in funding that Sloop used to buy brewing equipment. In addition, NYBDC provided Sloop Brewing with a \$135,000 SBA 7(a) loan for working capital, including inventory, payroll, utilities and other operating expenses.

"After being in business for just two years, Adam Watson and Justin Taylor were able to profitably produce, market and sell their product locally," said Gregory J. Powell, vice president, NYBDC. "In order to scale their business, they needed a much larger equipment set-up and working capital for ingredient purchases. The SBA 504 and 7(a) Loan Programs allowed them to maximize their borrowings and preserve capital for future growth. With participation by Rhinebeck Bank, NYBDC and The 504 Company, we were able to provide the necessary financing to support Sloop Brewing's expansion."

John Klassen, community lender, Rhinebeck Bank, said "The Sloop project brought new life to Vosburgh Orchards, and has become a destination for locals and people visiting from outside the area."

"Sloop Brewing was an excellent partnership of a pair of organized and well-prepared entrepreneurs, Rhinebeck Bank and NYBDC. The bank's comfort with the local economy and the well thought-out business plan of Taylor and Watson aided the project's approval. NYBDC's flexibility in funding during the construction phase of the project ensured everything ran smoothly," Klassen said.

Sloop Brewing's five signature brews include: Sloop Solstice, a Belgian-style ale; The Red C and The Black C, variations of an India pale ale; and The Sauer Peach and The Black Razz, versions of a German sour ale. Sloop has received many local awards for its beers, and *Hudson Valley Magazine* listed The Red C as the number one beer in the Hudson Valley.

Sloop's market reach now expands from Westchester to Saratoga, and Taylor and Watson are moving their product into New York City and parts of western New York. The orchard now features a Sloop Brewing Tasting Room, and the brewing operation employs four people. Two new hires will include a salesperson and another employee for the tasting room.

"Greg and NYBDC made things easy," Watson said. Now, instead of brewing 100 barrels a year, Sloop will brew between 400 to 500 barrels in 2015. In 2016, production should increase to 750 barrels a year.



Adam Watson and Justin Taylor

Jeans

Fund



Each Friday, NYBDC employees trade their business attire for jeans and in return for their comfortable attire, they make a contribution to the *Jeans Fund*. Those *Jeans Fund* resources are coordinated by a committee of NYBDC employees and are used as funding for year-round volunteer efforts and as donations to charitable organizations. This year, more than 50 employees participated in events and the *Jeans Fund* contributed more than \$10,000 to Ronald McDonald House, Adopt-A-

Family, Habitat for Humanity and two classrooms in economically challenged areas.

Through the *Jeans Fund*, NYBDC staff spent two summer evenings volunteering to prepare dinner for the residents of the Ronald McDonald House of the Capital Region. Each team planned a menu, had it approved by Ronald McDonald staff and prepared and served the meal. The groups cooked for and served more than 30 people. The NYBDC teams received a tour of the facility and



Habitat for Humanity



spent time with the families at the RM house.

Jeans Fund resources were also used to provide supplies for two classrooms. There are many local schools that don't have adequate funding, and, as a result, teachers pay for many school supplies out-of-pocket. The committee identified and adopted classrooms at Arbor Hill Elementary in Albany and P.S. 236 in the Bronx (University Heights section). ***Jeans Fund*** money was used to buy supplies for use in the classroom, as well as supplies for individual students. Employees provided 63 backpacks and the school supplies requested by the teachers for each student and the classroom. NYBDC staff had the opportunity to visit the classrooms and students to see the impact of these donations.

NYBDC staff participated in two Team Build Days with Habitat for Humanity of Schenectady County. Staff completed a variety of projects at the site, including site preparation, netting, landscaping/yard clean-up, installation of dry-wall, flooring, blue board insulation, and siding.

NYBDC employees participated in the Albany County-sponsored Adopt-a-Family Program. A group of NYBDC volunteers shopped to meet all of the "wish list" items of the adopted family (a single mother and her three school-aged children). The family was extremely appreciative of the kindness and acknowledged that the ***Jeans Fund*** resources made their holiday season a memorable one.

The committee has also assembled Homeless Care Packages, which will be distributed in Albany. Packages include a small Stewart's gift card, socks, gloves, scarf, chapstick, food and personal care items.

The ***Jeans Fund*** has helped NYBDC make an impact on local communities and encourages our staff work together for a cause.

Backpacks for Classrooms



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President & CEO
New York Business
Development Corporation
Albany, New York

During 2015, the NYBDC Foundation provided financial support to the following not-for-profit organizations:

Ace in the Hole Foundation, Westhampton Beach, NY
Achieve, Inc., Binghamton, NY
Albany College of Pharmacy, Albany, NY
Albany Police Athletic League, Albany, NY
Albany Stratton VA Medical Center, Albany, NY
American Cancer Society, Atlanta, GA
Avon Food Pantry, Avon, NY
Baldwinsville Meals on Wheels, Baldwinsville, NY
Bed-Stuy Campaign Against Hunger, Brooklyn, NY
Belmont Arthur Avenue LDC, Bronx, NY
Boys & Girls Club of Oyster Bay-East Norwich, Oyster Bay, NY
Burchfield Penney Art Center, Buffalo, NY
Camp Venture, Nanuet, NY
Capital City Rescue Mission, Albany, NY
Capital District YMCA, Albany, NY
Capital Region Sponsor-A-Scholar Inc., Albany, NY
Capital Region Youth Tennis Foundation, Albany, NY
Catholic Charities - Archdiocese of NY, New York, NY
Catholic Charities - Diocese of Albany, Albany, NY
Central New York Community Foundation, Syracuse, NY
Chaminade High School Development Fund, Mineola, NY
Chemung County Historical Society, Elmira, NY
Clemens Center, Elmira, NY
Community Food Pantry of St. Mary's, Mohegan Lake, NY
Community Foundation for the Twin Tiers, Sayre, PA
Community Foundation of Elmira, Elmira, NY
Community Maternity Services, Albany, NY
Community Voices Heard, Newburgh, NY
Coney Island Lighthouse Mission, Brooklyn, NY
Corning Community College, Corning, NY
Corning Community Food Pantry, Corning, NY
Cortland Respiratory Theater, Cortland, NY
Danielle House, Binghamton, NY
Development Chenango, Norwich, NY
Double H Ranch, Lake Luzerne, NY
Eagle Star Housing Inc., Spencerport, NY
ENABLE, Syracuse, NY
Equinox, Inc., Albany, NY
Face To Face, Great Neck, NY
Glens Falls Family YMCA, Glens Falls, NY
Food Bank of Central New York, Syracuse, NY
Food Bank of the Southern Tier, Elmira, NY
Francis House, Syracuse, NY
Gleaners Community Kitchen, Canandaigua, NY
Greater Glens Falls Salvation Army, Glens Falls, NY

Greenpoint Food Pantry, Brooklyn, NY
Guthrie Healthcare System, Elmira, NY
Habitat for Humanity - Greater Newburgh, Newburgh, NY
Hope House Ministries, Port Jefferson, NY
Hope House, Inc., Albany, NY
Hudson River Housing, Poughkeepsie, NY
Inspire Foundation, Goshen, NY
Inspire S-VE, Inc., Spencer, NY
Ithaca Neighborhood Housing Services, Ithaca, NY
Ithaca Public Education Initiative, Ithaca, NY
LaSalle School, Albany, NY
Latinos Unidos of the Hudson Valley, Newburgh, NY
Launch NY, Buffalo, NY
Little Sisters of the Poor, Albany, NY
Living Resources Corp., Albany, NY
Long Island Teen Challenge, West Babylon, NY
Louis Segreto 26 Foundation Inc., Holtsville, NY
Make-A-Wish Foundation of NENY, Albany, NY
Mary's Haven, Saratoga Springs, NY
Masbia, Brooklyn, NY
Maureen's Haven, Riverhead, NY
Mom's House, Johnson City, NY
Montgomery Free Library, Montgomery, NY
Muscular Dystrophy Association, Rochester, NY
National Abolition Hall of Fame & Museum, Peterboro, NY
Neighborhood Housing Services of NY, New York, NY
New Hope Family Worship Center, Brooklyn, NY
New York Junior Tennis & Learning, Woodside, NY
Open Arms Care Center, Inc., Riverhead, NY
Orange County Firefighters Museum, Montgomery, NY
Parson's Child & Family Center, Albany, NY
Peconic Bay Medical Center, Riverhead, NY
Pet Peeve's Inc., Woodbury, NY
Reaching Out Services, Brooklyn, NY
Red Hook Initiative, Brooklyn, NY
Red House Arts Center, Syracuse, NY
Regional Food Bank of NENY, Latham, NY
Rehabilitation Support Services, Inc., Altamont, NY
Rockaway Development & Revitalization, Far Rockaway, NY
Ronald McDonald House Charities, Albany, NY
Rosewell Park Alliance Foundation, Buffalo, NY
Samaritan House, Binghamton, NY
Sarah House, Syracuse, NY
Saratoga Cty. Economic Opportunity Council, Ballston Spa, NY
Serenity House of Victor, Inc., Victor, NY

Siena College, Loudonville, NY
Smithtown Emergency Food Pantry, Smithtown, NY
SoBRO, Bronx, NY
Southern Tier Independence Center, Inc., Binghamton, NY
Spencer VanEttan Community Food Cupboard, Spencer, NY
St. Anne's Institute, Albany, NY
St. John's University, Jamaica, NY
St. Joseph's Home for the Aged, Huntington, NY
St. Lawrence University, Canton, NY
St. Peter's Hospital Foundation, Albany, NY
The Bay View Family YMCA, Webster, NY
The Brooke Jackman Foundation, Inc., Mill Neck, NY
The Consultation Center of the RCDA, Albany, NY
The INN (Interfaith Nutrition Network), Hempstead, NY
The Long Island Crisis Center, Bellmore, NY
The Marty Lyons Foundation, Commack, NY
The Michael Magro Foundation, Hicksville, NY
The North Fork Spanish Apostolate, Riverhead, NY
The North Shore INN, Glen Cove, NY
The Retreat, East Hampton, NY
The Viscardi Center, Albertson, NY
Theresian House Foundation, Albany, NY
Tioga County Open Door Mission, Owego, NY
Tioga County Rural Ministries, Owego, NY
Tioga Opportunities, Inc., Owego, NY
Town of Montgomery Food Pantry, Montgomery, NY
Trinity Alliance, Albany, NY
Tri-Village Little League, Delmar, NY
UAlbany Young Entrepreneurs Academy, Albany, NY
United Way of Northeastern New York, Albany, NY
United Way of Northern New York, Watertown, NY
United Way of Ulster County, Kingston, NY
Unlimited Potential, Saratoga Springs, NY
USO Fort Drum, Fort Drum, NY
Vanderhyden Hall, Wynantskill, NY
Vera House, Syracuse, NY
Village of Montgomery Museum, Montgomery, NY
Volunteer Transportation Center, Inc., Watertown, NY
Wait House, Glens Falls, NY
Watertown Urban Mission, Watertown, NY
Wildwood Foundation, Schenectady, NY
Women's Enterprise Development Center, White Plains, NY
YMCA of Greater New York, New York, NY
YMCA of Long Island, Glen Cove, NY
York College Foundation, Jamaica, NY

NYBDC Stockholders

Adirondack Trust Company	First Niagara Bank	NYSEG Retirement Benefit Plan
Ballston Spa National Bank	Flushing Bank	Orange County Trust Company
Bank of America	Fulton Savings Bank	Paragon Home Loans, Inc.
Bank of Castile	Glens Falls National Bank & Trust Company	PathFinder Bank
Bank of Greene County	Greater Binghamton Chamber of Commerce	Phoenix Home Life Mutual Insurance Company
Bank of New York Company, Inc.	Guardian Life Insurance Company	Pleasant Valley Wine Company
Barclays Bank	Hope Gas, Inc.	Procter & Gamble Pharmaceuticals, Inc.
Berkshire Bank	HSBC Bank USA	ReliaStar Life Insurance Company
Capital One Bank	Jeffersonville Bancorp	Rochester Business Alliance
Cattaraugus County Bank	Joseph Davis, Inc.	Rochester Gas and Electric Corporation
Central Hudson Gas & Electric Corp.	JPMorgan Chase Bank	Santander Bank
Chamber of Commerce of Orange County	JPMorgan Chase Community Development Corporation	Security Mutual Life Insurance Company of New York
Chemung Financial Corporation	KeyBank	Shults, David A.
Chenango County Chamber of Commerce, Inc.	KeyCorp	Starwood Hotels & Resorts Worldwide, Inc.
Citizens Bank	Level 3 Communications	Sterling National Bank
Citizens Communications	Lincoln First Real Estate Credit Corporation	Steuben Trust Company
Columbian Mutual Life Insurance Company	Manufacturers & Traders Trust Company	TD Bank
Combined Life Insurance Company of New York	Mohawk Valley Chamber of Commerce	Teachers Insurance & Annuity Association of America
Community Bank	Montgomery County Chamber of Commerce	Tioga State Bank
Council of Industry	National Bank of Delaware County	Tompkins Trust Company
Delaware & Hudson Railway Company	National Grid	Ulster Savings Bank
Delaware National Bank of Delhi	NatWest Equity Corp.	Valley National Bank
Drof and Company	NBT Bank	Verizon Communications
Elmira Savings Bank	New York Life Insurance Company	Wells Fargo
Federal Deposit Insurance Corp. (FDIC)	New York State Electric & Gas Corp.	
Finch, Barbara L.S.	Northeastern New York Community Trust	



“Helping small businesses start and grow here in New York demands a solid team effort. NYBDC continues to be a real team player through the delivery of SBA financial assistance programs and their support of our many initiatives and events. NYBDC consistently demonstrates its commitment to growing and maintaining a strong, vibrant and diverse small business community.”

*Bernard J. Paprocki
Syracuse District Director
U.S. Small Business Administration*

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Assistant Secretary



"The member banks of the New York Bankers Association are proud to partner with NYBDC to create lending opportunities that are vital to our state's economy and our communities. NYBDC is an energetic and innovative organization which is making a meaningful difference in New York."

*Michael P. Smith
President & CEO
New York Bankers Association*



"The NYBDC's ability to source, fund and partner with banks on loans for small businesses is an integral part of the successful community bank system throughout New York State."

*John J. Witkowski
President & CEO
Independent Bankers
Association of New York
State*

Community Partners provide loan referrals and technical assistance to our borrowers

Adirondack Economic Development Corporation
 Albany-Colonie Regional Chamber of Commerce
 Albany Local Development Corporation
 Amherst Industrial Development Agency
 Bedford Stuyvesant Restoration Corporation
 Bronx Overall Economic Development Corporation
 Brooklyn Economic Development Corporation
 Brooklyn (Kings County) Hispanic Chamber of Commerce
 Broome County Industrial Development Agency
 Business Council of Westchester
 Catskill Watershed Corporation
 Cattaraugus Empire Zone Corporation
 Center for Economic Growth
 Central New York Regional Planning & Development Board
 Chamber of Schenectady County
 City of Middletown Industrial Development Agency
 City of Mount Vernon Urban Renewal Agency
 Clinton County Area Development Corporation
 Community Development Corporation of Long Island, Inc.
 Cornell Agriculture & Food Technology Park
 Cortland County BDC-IDA
 County of Chautauqua Industrial Development Agency
 County of Orleans Industrial Development Agency
 County of Otsego Industrial Development Agency
 Development Authority of the North Country
 Dutchess County Economic Development Corporation
 Economic Development Corporation (Warren County)
 Economic Development Corporation for Erie County

Evergreen
 Essex County Industrial Development Agency
 Fulton County Chamber of Commerce
 Genesee County Economic Development Center
 Herkimer County Industrial Development Agency
 Hudson Development Corporation
 Jefferson County Industrial Development Corporation
 Livingston County Industrial Development Agency
 Local Development Corporation of East New York
 Local Development Corporation of Laureton, Rosedale and Springfield Gardens
 Lockport Industrial Development Agency
 Mohawk Valley Chamber of Commerce
 Mohawk Valley Economic Development Growth Enterprises Corporation
 Montgomery County Chamber of Commerce
 Montgomery County Economic Opportunity and Development
 Morris Park Local Development Corporation
 NFC Development Corporation
 New York State Small Business Development Centers
 Ogdensburg Growth Fund Development Corporation
 Ontario County Industrial Development Agency
 Orange County Business Development Corporation
 Orange County Partnership
 Putnam County Economic Development Corporation
 Queens Economic Development Corporation
 REDEC Relending Corporation
 Renaissance Economic Development Corporation
 Rensselaer County Industrial Development Agency
 Rensselaer County Regional Chamber of Commerce

Rensselaer Gateway Development Corporation
 Rockaway Development & Revitalization Corporation
 Rockland Business Association
 Rockland Economic Development Corporation
 Rome Industrial Development Corporation
 Saratoga Economic Development Corporation
 Schenectady Economic Development Corporation
 Schoharie County Planning & Development Agency
 Schuylar County Partnership for Economic Development
 Seneca County Industrial Development Agency
 Southern Tier Economic Growth, Inc.
 Southwest Brooklyn Industrial Development Corporation
 Steuben County IDA
 Sullivan County Chamber of Commerce
 Sullivan County Partnership for Economic Development
 Tier Information & Enterprise Resources, Inc.
 Tioga County Economic Development & Planning
 Tompkins County Area Development, Inc.
 Ulster County Development Corporation
 Washington County Local Development Corporation
 Washington Heights and Inwood Development Corporation
 Wayne County Industrial Development Agency
 West Brighton Community Local Development Corporation
 Westchester County Association Inc.
 Women's Enterprise Development Center, Inc.
 Women's Venture Fund, Inc.
 Wyoming County Industrial Development Agency
 Yates County Industrial Development Agency
 Yonkers Community Development Agency
 Yonkers Local Assistance Corporation



"In today's economy, NYBDC has been a reliable and invaluable partner for New York's small businesses that need capital to operate and grow. NYBDC has been especially successful in supporting women- and minority-owned businesses, and businesses owned by veterans. Importantly, NYBDC is developing new ways to support small businesses in New York State. Recent initiatives to provide small dollar loans and investments in venture capital firms will allow NYBDC to expand its reach to deliver resources to other categories of small and start-up businesses. NYBDC is THE capital solution for small business in New York State."

Brian McMahon
 Executive Director
 New York State Economic Development Council

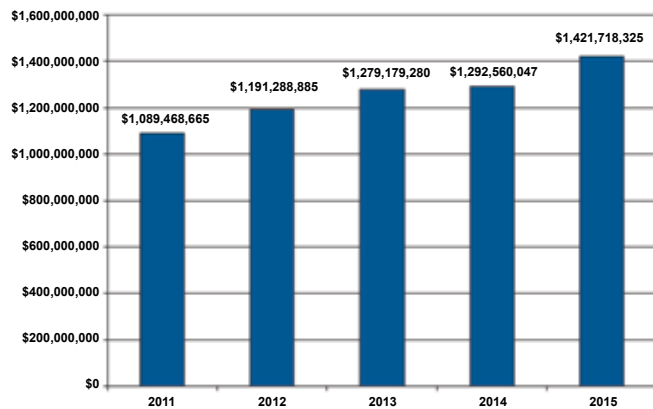
COMBINED STATEMENTS OF FINANCIAL CONDITION – September 30, 2015 and 2014

	2015	2014
Assets		
Loans receivable	\$201,744,089	\$210,355,260
Less allowance for loan losses	(5,829,732)	(5,748,924)
Net loans receivable	195,914,357	204,606,336
Cash	505,962	878,621
Restricted cash	4,437,209	4,255,867
Accrued interest receivable	915,188	949,866
Investments	2,889,313	2,451,144
Deferred tax benefit	2,610,194	2,819,822
Other assets	4,498,651	2,920,024
	\$211,770,874	\$218,881,680
Liabilities and Equity		
Liabilities		
Notes payable:		
Members	\$50,000,000	\$45,000,000
New York State Common Retirement Fund	66,239,917	73,203,856
Bank and other lines of credit	38,662,490	49,438,473
Bank term loans	14,892,300	13,794,468
Other obligations	3,272,392	3,364,016
Total notes payable	173,067,099	184,800,813
Accrued interest payable	431,396	418,762
Accrued expenses and other liabilities	7,478,184	4,739,616
Total liabilities	180,976,679	189,959,191
Equity		
Capital stock, no par value, authorized 500,000 shares; issued and outstanding		
215,829 shares (217,444 shares in 2014), \$5 stated value per share	1,079,145	1,087,220
Paid-in capital	3,443,626	3,572,955
Retained earnings	19,851,447	18,318,565
Accumulated other comprehensive income	126,655	146,358
Total NYBDC stockholders' equity	24,500,873	23,125,098
Net assets of Empire State Certified Development Corporation	6,238,610	5,797,391
Accumulated other comprehensive income	54,712	-
Total ESCDC net assets	6,293,322	5,797,391
Total equity	30,794,195	28,922,489
	\$211,770,874	\$218,881,680

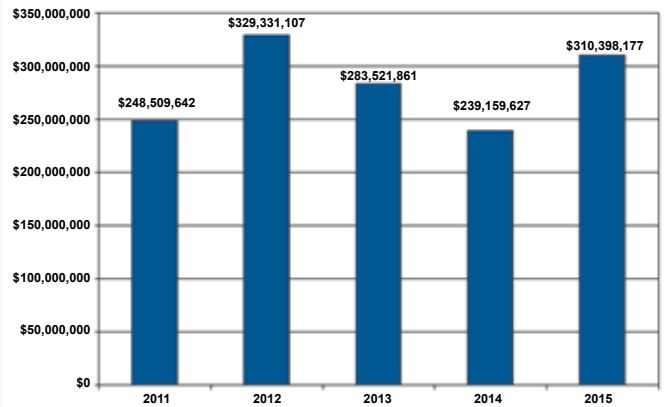
COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME – Years Ended September 30, 2015 and 2014

	2015	2014
Interest income	\$11,462,836	\$11,613,645
Interest expense	4,769,234	4,959,322
Net interest income	6,693,602	6,654,323
Provision for loan losses	613,412	301,243
Net interest income after provision for loan losses	6,080,190	6,353,080
Fees and other income	14,268,474	11,884,675
Income before operating expenses	20,348,664	18,237,755
Operating expenses:		
Salaries and employee benefits	10,842,595	8,949,550
Other expenses	5,699,568	5,357,214
Total operating expenses	16,542,163	14,306,764
Income before provision for income taxes	3,806,501	3,930,991
Provision for income taxes	1,573,412	1,476,466
Net income	2,233,089	2,454,525
Other comprehensive income		
Net unrealized gains on investment securities available for sale, net of tax	35,009	75,198
Comprehensive income	\$2,268,098	\$2,529,723

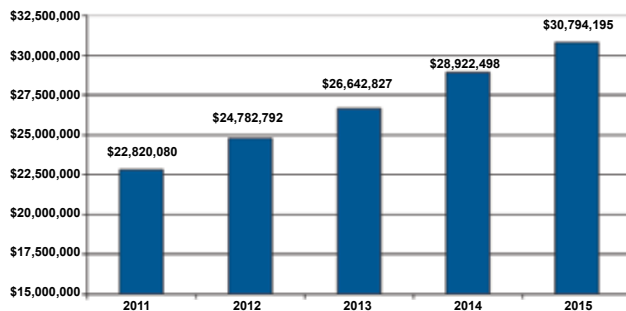
COMBINED LOAN PORTFOLIO: At September 30, 2015, the combined total loan portfolio managed exceeded \$1.42 billion, an increase of 10% over the previous year-end and 30% over 2011.



COMBINED LOAN APPROVALS: Combined loan approvals as of September 30, 2015 exceeded \$310 million, a 30% increase over the prior year.

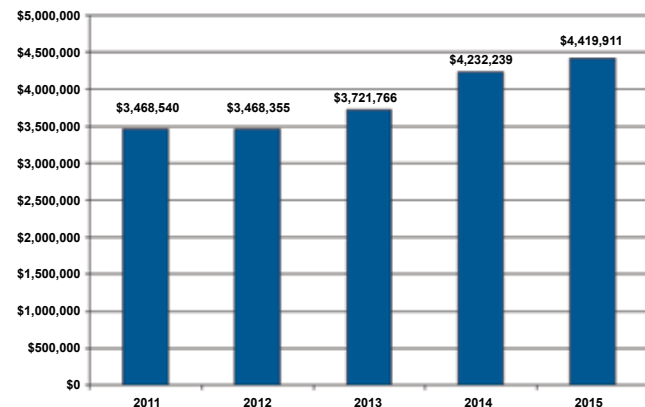


COMBINED EQUITY: Combined equity reached \$30.8 million by September 30, 2015.

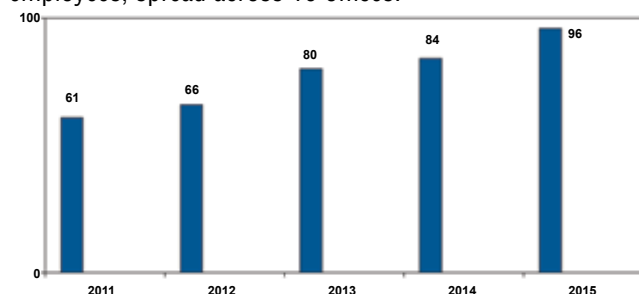


COMBINED INCOME BEFORE LOAN LOSSES AND TAXES:

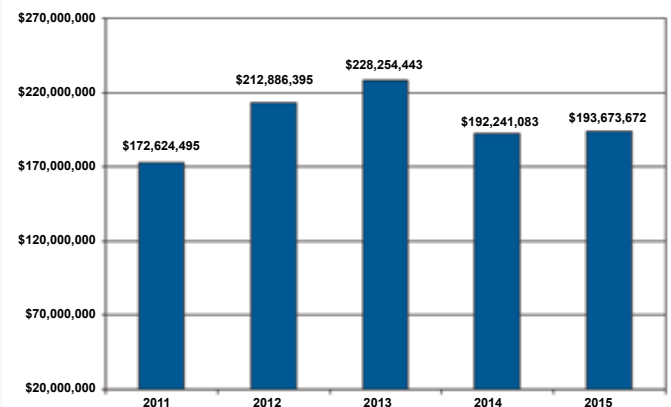
Combined income before income taxes is 4% greater than the prior fiscal year, reaching \$4.42 million as of September 30, 2015.



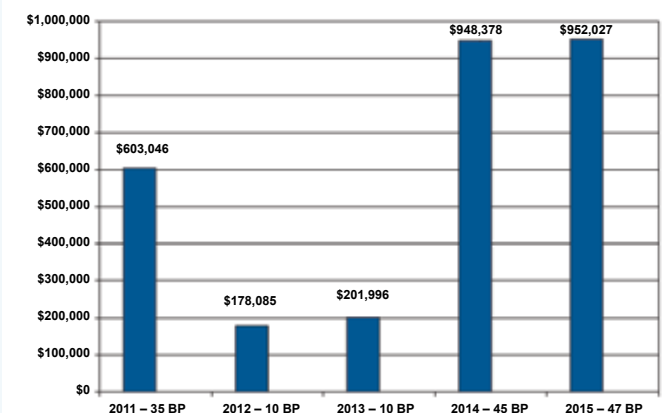
NYBDC Staffing Levels: NYBDC has grown its staffing base by 57% over the past 5 years, and now employs 96 full time employees, spread across 10 offices.



COMBINED LOAN VOLUME: The combined loan volume as of September 30, 2015 exceeded \$193.0 million or approximately 97% of the budgeted volume for the year.



LOAN LOSSES: Loan losses (charge-offs, net of recoveries) for NYBDC are \$952.0 thousand for FY 2015. This figure represents approximately 47 basis points of the loan receivable balance (\$202.0 million).





NEW YORK LOCATIONS

Albany

50 Beaver Street
Albany, NY 12207
(518) 463-2268

Binghamton

2 Court Street
Binghamton, NY 13901
(607) 584-3397

Buffalo

300 International Drive
Williamsville, NY 14221
(716) 626-3423

Long Island

534 Broadhollow Road
Melville, New York 11747
(516) 845-2700

New York City

5 Hanover Square
New York, NY 10004
(212) 785-5642

Rochester

70 Linden Oaks
Rochester, NY 14625
(585) 662-4150

Syracuse

The Tech Garden
235 Harrison Street
Syracuse, New York 13202
(315) 453-8196

White Plains

445 Hamilton Avenue
White Plains, NY 10601
(914) 358-6404

PENNSYLVANIA LOCATIONS

Philadelphia

1515 Market Street
Philadelphia, PA 19102
(855) 504-PENN (7366)

Pittsburgh

2009 Mackenzie Way
Cranberry, PA 16066
(855) 504-PENN (7366)

NEW JERSEY LOCATIONS

Fort Lee

2050 Center Avenue
Fort Lee, NJ 07024
(201) 346-0300