



## **Albany County Business Development Corporation**

Board of Directors Meeting  
Virtual – Microsoft Teams

May 19, 2022  
8:30 AM

### **AGENDA**

#### Welcome

1. Review of April 21, 2022 Minutes Allen Maikels
2. Review of April 2022 Financials Amy Thompson and Allen Maikels
3. Signing Resolution / Loan Approval Resolution Madeline Kauffman
4. New Loan Request Kevin Catalano  
Pivotal Optics  
Energy Catalyst Technologies
5. Renewal Kevin Catalano  
Indra Holdings
6. Alliance CEO Report Kevin O'Connor
7. Other Business
8. Adjournment Allen Maikels



**Board of Directors Meeting Minutes  
April 25, 2022**

DIRECTORS PRESENT	Allen Maikels, Marcus Pryor, Pamela Lansing, Jeffrey Stone, George Penn
DIRECTORS ABSENT	Andrew Joyce
COUNSEL PRESENT	Madeline Kauffman
AACA STAFF PRESENT	Kevin O'Connor, Melanie LaRose, Kevin Catalano, Luc Rogers
GUEST PRESENT	Caitlin O'Brien, representing Albany County Legislature Chairman- Andrew Joyce Amy Thompson- CFO-For Hire/BST

Mr. Maikels called the meeting to order at 8:39 a.m.

Mr. Maikels presented the Minutes from the March 17, 2022, meeting. Ms. Lansing motioned to approve, Mr. Stone seconded, and all were in favor.

Ms. Thompson presented March 2022, Financials. Ms. Lansing motioned to approve, Mr. Pryor seconded, and all were in favor.

Ms. Thompson presented Agency Voucher to reimburse the Alliance for first quarter expenses. Mr. Stone motioned to approve, Ms. Lansing seconded, and all were in favor.

Mr. Catalano presented New Loan Request for 1020 Adventures, LLC. Mr. Maikels motioned to approve, Ms. Lansing seconded, and all were in favor. Once all conditions precedent to closing have been satisfied, the ACBDC is authorized to fund and close the loan transaction, including the execution by the Advance Albany County Alliance, as agent of ACBDC, of all documents required to be executed in connection therewith.

Mr. Catalano presented Renewal for The Two Betty's. Ms. Lansing motioned to approve, Mr. Pryor seconded, and all were in favor.

Mr. Catalano started Other Business providing the Board an update on some new request as well as current interest rates. Mr. O'Connor gave an update on Advance Albany County Alliance- STAGE Act, 2022 IPF Conference, Albany County Shovel Ready Site Analysis, and the Broadband project.

Ms. Lansing motioned to adjourn the meeting at 9:05 a.m., Mr. Pryor seconded, and all were in favor.

Respectfully submitted,

Allen Maikels, Secretary/Treasurer

**Albany County Business Development Corporation**  
**Statement of Net Position**  
**As of April 30, 2022**

	<b>Total</b>
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Restricted Cash	
10220 - M&T MM 3324 ALTECH ACBDC	4,514,201.57
10250 - M&T 4113 AI Tech Operating	3,267,763.21
Total Restricted Cash	<u>\$ 7,781,964.78</u>
Unrestricted Cash	
10210 - M&T ACBDC Corp Checking 4105	21,354.82
10255 - M&T 3994 CRAF Operating	3.00
Total Unrestricted Cash	<u>\$ 21,357.82</u>
Total Bank Accounts	<u>\$ 7,803,322.60</u>
Accounts Receivable	
14615 - Loans Receivable-AI Tech LT	11,774,458.21
14620 - Bad Debt Allowance	-88,594.00
15150 - Accrued Loan Interest	32,262.00
Total Accounts Receivable	<u>\$ 11,718,126.21</u>
Total Current Assets	<u>\$ 19,521,448.81</u>
Fixed Assets	
16000 - Furniture & Fixtures	6,588.00
16999 - Accumulated Depreciation	-6,588.00
Total Fixed Assets	<u>\$ 0.00</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 19,521,448.81</u></b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
1-20150 - Accrued Expenses	5,000.00
20015 - Deferred Loan Interest	277.00
20050 - Due to the Chamber	2.74
20051 - Due to Advance Albany Co Alliance	79,712.28
Total Accounts Payable	<u>\$ 84,992.02</u>
Total Current Liabilities	<u>\$ 84,992.02</u>
Total Liabilities	<u>\$ 84,992.02</u>
Net Position	
28615 - Trust Assets	15,650,961.00
30000 - Net Assets	6,176,905.00
Retained Earnings	-2,437,548.24
Net Operating Revenues	46,139.03
Total Net Position	<u>\$ 19,436,456.79</u>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b><u>\$ 19,521,448.81</u></b>

\*\*\*These financial statements omit the statement of cash flow and substantially all disclosures required by US GAAP.  
They have not been subjected to an audit, review or compilation agreement, and therefore no assurance is provided on them.\*\*\*

**Albany County Business Development Corporation**  
**Statement of Revenue, Expenses and Changes in Net Position**

YTD April 2022

	<b>Total</b>
<b>Operating Revenues</b>	
41000 - Application Fees	500.00
44000 - Bank Interest	391.88
44050 - Loan Interest Earned	124,959.43
<b>Total Operating Revenues</b>	<b>\$ 125,851.31</b>
<b>Gross Profit</b>	<b>\$ 125,851.31</b>
<b>Operating Expenses</b>	
50035 - Agency Fee	79,712.28
<b>Total Operating Expenses</b>	<b>\$ 79,712.28</b>
<b>Net Operating Income</b>	<b>\$ 46,139.03</b>
<b>Change in Net Position</b>	<b>\$ 46,139.03</b>
 <b>Net Position (Beginning of Period)</b>	 <b>19,421,807</b>
 <b>Net Position (End of Period)</b>	 <b>19,467,946</b>

**Albany County Business Development Corporation**  
**Budget vs. Actuals: 2022 Budget - FY22 P&L**  
**YTD April 2022**

	<b>Actual</b>	<b>Budget</b>	<b>Budget Variance</b>	<b>% of Budget</b>
<b>Operating Revenues</b>				
41000 - Application Fees	500.00	1,000.00	(500.00)	0.00%
44000 - Bank Interest	391.88	1,300.00	(908.12)	30.14%
44050 - Loan Interest Earned	124,959.43	130,000.00	(5,040.57)	96.12%
<b>Total Operating Revenues</b>	<b>\$ 125,851.31</b>	<b>\$ 132,300.00</b>	<b>-\$ 6,448.69</b>	<b>95.13%</b>
<b>Operating Expenses</b>				
50035 - Agency Fee	79,712.28	100,000.00	(20,287.72)	79.71%
Bad Debt Writeoff	0.00	30,000.00	(30,000.00)	0.00%
<b>Total Operating Expenses</b>	<b>\$ 79,712.28</b>	<b>\$ 130,000.00</b>	<b>-\$ 50,287.72</b>	<b>61.32%</b>
<b>Change in Net Position</b>	<b>\$ 46,139.03</b>	<b>2,300.00</b>	<b>\$ 43,839.03</b>	<b>2006.04%</b>

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## ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

### BOARD OF DIRECTORS RESOLUTION

**WHEREAS**, pursuant to a certain Grant Agreement dated February 16, 1976 (the “**Grant Agreement**”) by and between the New York State Department of Commerce – Trust Fund 226-01, and the United States Department of Commerce, Economic Development Administration (the “**EDA**”), a \$10 million grant under Title IV of the Public Works and Economic Development Act (the “**Grant**”) was awarded to the New York State Department of Commerce to make a loan to the Al Tech Specialty Steel Corporation to purchase two steel manufacturing plants in each of Albany County and Chautauqua County in New York State, which loan funds were, upon repayment, to be used to make loans for economic development in these two counties; and

**WHEREAS**, the New York State Job Development Authority (“**JDA**”) was designated by the New York State Department of Commerce to receive the aforesaid loan repayments from the Albany County steel manufacturing plant purchase, which thereafter used the repayment monies to capitalize a revolving loan fund for Albany County businesses (the “**Al Tech Fund**”), to be administered under and subject to the terms of the Grant Agreement and the applicable EDA regulations; and

**WHEREAS**, by Transfer Agreement dated August 15, 2006 between JDA and Albany County Business Development Corporation (the “**ACBDC**” or the “**Corporation**”), with the consent of EDA, the Al Tech Loan Revolving Loan Fund (both funds and Outstanding Loans (as defined in the Transfer Agreement)) and all rights and obligations under the Grant Agreement were transferred and assigned to and assumed by the ACBDC; and

**WHEREAS**, the ACBDC entered into a certain Agency Agreement effective as of July 1, 2006 with Albany-Colonie Regional Chamber of Commerce, Inc. (the “**A-C Chamber**”) providing for the A-C Chamber to perform certain loan administration and management functions for the Al Tech Fund (the “**Prior Agency Agreement**”); and

**WHEREAS**, with the consent of the ACBDC, the rights and obligations of the A-C Chamber under the Prior Agency Agreement were assigned to and assumed by the Capital Region Chamber of Commerce, Inc. (the “**Regional Chamber**”) by Assignment and Assumption of Agency Agreement dated as of July 21, 2016; and

**WHEREAS**, the Prior Agency Agreement expired and terminated as of June 30, 2021; and

**WHEREAS**, the ACBDC entered into an Agency Agreement effective as of July 1, 2021 with the Advance Albany County Alliance Local Development Corporation (the “**Advance Albany County Alliance**”) providing for administration of the Al Tech Fund by the Advance Albany County Alliance commencing on that date (the “**Agency Agreement**”); and

**WHEREAS**, pursuant to that certain Agreement to Release the EDA Federal Interest in a Revolving Loan Fund Award, executed by the EDA on March 9, 2022 and the ACBDC thereafter, the EDA released its interest in the Al Tech Fund, subject to the terms thereof; and

**WHEREAS**, the Board of Directors of the Corporation desires to ratify and confirm the authority of the Chairperson, Vice Chairperson, Treasurer, or Secretary of the Corporation, and the Chief Executive Officer, Chief Operating Officer, and/or Director of Commercial Lending of the Advance Albany County Alliance, as agents of the Corporation, to sign, execute, and acknowledge certain documents, to take certain actions, and to sign, execute, and acknowledge under seal of the Corporation, as applicable, any and all other instruments in writing necessary or desirable in connection with the usual business of the Corporation.

**NOW, THEREFORE, BE IT RESOLVED**, that the Chairperson, Vice Chairperson, Treasurer, or Secretary of the Corporation, and the Chief Executive Officer, Chief Operating Officer, or the Director of Commercial Lending of the Advance Albany County Alliance, as agents of the Corporation, be and each hereby are authorized in the name and on behalf of the Albany County Business Development Corporation, to (a) sign, execute, and acknowledge, under seal of the Corporation as and where applicable, warranty deeds, foreclosure deeds, other deeds transferring real estate, and discharges of mortgages; (b) take action as necessary, in the acquiring, possessing, selling, transferring, exchanging or otherwise disposing of any and all forms of securities, certificates of deposit, financial instruments, mortgages, or security agreements (including, without limitation, bonds, notes, options, pledges, and certificates of indebtedness and interest of any and every kind or nature, whether secured or unsecured or evidenced by certificates or otherwise); (c) institute proceedings to foreclose mortgages; (d) make entry to foreclose real estate mortgages; (d) sign certificates of entry and to do all necessary acts to complete mortgage foreclosure actions and proceedings; (e) take action as necessary in the acquiring, possessing, selling, transferring, exchanging or otherwise disposing of any and all forms of securities, certificates of deposit, financial instruments, mortgages, or security agreements (including, without limitation, bonds, notes, options, pledges, and certificates of indebtedness and interest of any and every kind or nature, whether secured or unsecured or evidenced by certificates or otherwise); and (f) sign, execute, and acknowledge, under seal of the Corporation as and where applicable, any and all other instruments in writing necessary or desirable in connection with the usual business of the Albany County Business Development Corporation.

ADVANCE ALBANY COUNTY ALLIANCE  
LOCAL DEVELOPMENT CORPORATION

**MEMORANDUM**

<b>To:</b>	
<b>From:</b>	Kevin Catalano, Senior Vice President & Director of Commercial Lending
<b>Date:</b>	
<b>Re:</b>	Loan to <i>[fill in Applicant/Borrower Name]</i>

Reference is made to the loan application submitted by \_\_\_\_\_ *[fill in name of Applicant/Borrower]* and approved by the Board of Directors of the Albany County Business Development Corporation on \_\_\_\_\_ *[fill in date]*. A copy of the Minutes of the Meeting of the Board of Directors approving this loan application accompany this Memo.

Please be advised that all conditions precedent to the closing of the loan transaction have been satisfied as of the date hereof, and funding of the loan is requested.

Please let me know if you have any questions or need any further information.

**Albany County Business Development Corp.**  
**Al Tech Loan Fund**  
**Loan Proposal**  
**May 19, 2022**

**BORROWER:** Pivotal Optics, Inc.

**REQUEST:** \$300,000 (Three-Hundred Thousand Dollars)

**TERM:** 5-year term and amortization

**RATE:** 75% of the prime rate at time of closing.

**PROJECT:** Funds will be used for working capital and inventory to a new technology / hardware company in the telecom space.

The sources and uses of the proposed project financing are follows:

<b>SOURCES</b>		<b>USES</b>	
Al Tech Funds	\$300,000	Inventory	\$200,000
Owners Equity	220,000	Sales Staff	320,000
Bank Financing			
Total	\$520,000	Total	\$520,000

- The \$220,000 is in addition to \$187,000 the owners put in to start the business
- Inventory growth is significant as turnaround times for clients is most important

**COLLATERAL:** Collateral for the Al Tech loan will be a first UCC Lien on all business assets of Pivotal Optics, Inc.

**GUARANTORS:** The Loan will require the unlimited personal guarantees of both James Pascarell and Thomas Adamec.

**BACKGROUND:** (provided as part of Application)  
 Pivotal Optics manufactures Fiber Optic Transceivers (Optics) for Telecom and Enterprise customers. The Pivotal leadership team consists of industry experts with 100+ years combined experience operating technology companies focused on working with customers to develop solutions to save significant money while helping to future proof their network.

Pivotal is a US based company that has been built to scale. From day one we have invested in the technology and people required to support the company's growth. We implemented an ERP system from day one to automate production, shipping, and inventory control. Using our tools and expertise we have streamlined operations to maximize output while minimizing cost. We also have developed a comprehensive reseller program to assist in the support of customers.

Pivotal's fiber solutions enable companies to grow network capacity and keep pace with network demands driven by the ever-growing bandwidth requirements of evolving IT applications, IoT, and new communications technologies like 5G. We provide a variety of fiber optic solutions with different capabilities from 1G to 800G and beyond.

Our products are coded to operate exactly like the transceivers sold by the OEM network hardware vendors. They come with a lifetime warranty and are priced to save customers significant money over the OEM optic solutions.

Pivotal Optics has built a robust supply chain based on long standing relationships with major first-in-class suppliers from diverse countries and geographies to ensure product availability and volumes required to meet customers' requirements. This protects against geographical incidents that may impact lead times and cost. Our proactive supplier qualification streamlines and improves response time and helps to ensure quality.

We work with our customers to support them in the evolution of their network with the highest quality products and at a price that will save them money.

- ⌚ **Key Resources** - 100+ years combined experience operating technology company. Executive leadership, sales & marketing, finance, third engineering and operations.
- ⌚ **Quality Product** – Use only Tier 1 quality raw materials purchased from known suppliers. All new suppliers are fully vetted prior to being onboarded. QA testing is completed prior to shipping.
- ⌚ **Supplier Diversification** – Long standing relationship with major first-in-class suppliers from diverse countries and geographies to ensure product availability and volumes required to meet customers' requirements. Protects against geographical incidents that may impact lead times and cost. Proactive supplier qualification streamlines and improves response time.
- ⌚ **Warranty And Support** – Limited lifetime warranty with tiered replacement timeframe of failed part-based criticality of network. Engineer support 24x7.

- ⌚ **Reliable Coding to Specification** – Transceivers coded to the specific platform requirements to ensure interoperability. Multi-platform and custom coding solutions are available. Coded to MSA specification at a minimum.
- ⌚ **Engineering Support** – Remote, on-site, and resident engineering support. Customer facing engineers to help in the development and validation of solutions. Knowledgeable customer support team to help track orders, product delivery, and RMA processing.
- ⌚ **Inventory When You Need It** – Stock inventory of high runner products to ensure quick delivery. Standard lead time 5-7 days. Will work with customers to develop inventory management programs to meet their specific requirements and help mitigate project risk.
- ⌚ **Scalability** – US based coding, testing, and certification. ERP system implemented from day one to automate production, labeling, shipping, and inventory control. Optimized operations process to maximize output while minimizing cost. Comprehensive reseller program to assist in the support of customers.
- ⌚ **Fair Pricing** – credited to low overhead, streamlined operations, and diverse mature supply chain.
- ⌚ **Mature Company Capabilities** – Experience supporting large customers using structure and governance without the overhead that usually comes with it.

#### **FINANCIALS:**

See attached financial information:  
 2-years of projections for Pivotal Optics  
 2021 Tax Returns for Pivotal Optics  
 2020 Personal tax returns and PFS for James Pascarell  
 2020 Personal tax returns and PFS for Thomas Adamec

**ECONOMIC IMPACT:** The borrower was referred to ACBDC by Key Bank, due to the company being a startup (under 2 years old). The Borrower feels they can double their workforce to 14 within 3 years, 2 positions will be entry-level starting around \$40K annually plus bonus. 5 positions will exceed \$75K annually plus commission.

#### **STRENGTHS**

- Sales are improving, funds will be used to expand inventory and increase the sales team
- Fits the mission of the fund
- Growing company with good client base and experience in the industry

#### **WEAKNESS:**

- While the company is a start-up, 3 owners have been in the industry for years
- Limited collateral, loan is based on owner's knowledge and combined experience
- Client concentration, 5 Companies currently represent 70% of revenues

**OTHER TERMS AND CONDITIONS**

- Assignment of life insurance on the lives of James Pascarell and Thomas Adamec in the amount of \$150,000 each

Pivotal Optics, Inc.  
Profit & Loss Projection  
2022-2023

	Actual													TOTAL
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22		
Sales	17,497	26,799	18,008	24,638	60,000	100,000	125,000	150,000	200,000	300,000	350,000	400,000	1,771,942	
Returns & Allowances														
<b>Total Sales Revenue</b>	<b>17,497</b>	<b>26,799</b>	<b>18,008</b>	<b>24,638</b>	<b>60,000</b>	<b>100,000</b>	<b>125,000</b>	<b>150,000</b>	<b>200,000</b>	<b>300,000</b>	<b>350,000</b>	<b>400,000</b>	<b>1,771,942</b>	
Freight Revenue	32	163	127	223										545
<b>Total Other Revenue</b>	<b>32</b>	<b>163</b>	<b>127</b>	<b>223</b>										545
Cost of Sales	10,272	13,418	10,342	11,888	28,200	47,000	58,750	70,500	94,000	141,000	164,500	188,000	837,870	
Purchase Price Variance	868	(50)	240	(46)										1,012
Freight Expense	1,074	702	567	618	720	1,200	1,500	1,800	2,400	3,600	4,200	4,800	23,181	
Tariff/ Custom Fees	1,673	2,898	1,840	730	1,380	2,300	2,875	3,450	4,600	6,900	8,050	9,200	45,896	
Packaging & Shipping Materials					300	500	625	750	1,000	1,500	1,750	2,000	8,425	
<b>Total COGS</b>	<b>13,887</b>	<b>16,968</b>	<b>12,989</b>	<b>13,190</b>	<b>30,600</b>	<b>51,000</b>	<b>63,750</b>	<b>76,500</b>	<b>102,000</b>	<b>153,000</b>	<b>178,500</b>	<b>204,000</b>	<b>916,384</b>	
<b>Gross Profit</b>	<b>3,642</b>	<b>9,994</b>	<b>5,146</b>	<b>11,671</b>	<b>29,400</b>	<b>49,000</b>	<b>61,250</b>	<b>73,500</b>	<b>98,000</b>	<b>147,000</b>	<b>171,500</b>	<b>196,000</b>	<b>856,103</b>	
<b>Gross Margin</b>	<b>20.8%</b>	<b>37.3%</b>	<b>28.6%</b>	<b>47.4%</b>	<b>49.0%</b>	<b>49.0%</b>	<b>49.0%</b>	<b>49.0%</b>	<b>49.0%</b>	<b>49.0%</b>	<b>49.0%</b>	<b>49.0%</b>	<b>48.3%</b>	
Salary & Wages- Executive														
Salary & Wages- Admin	3,462	3,635	3,808	3,635	3,808	3,808	3,635	3,981	3,808	3,635	3,808	3,808	44,828	
Salary & Wages- Engineering	7,083	7,083	7,083	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	134,999	
Salary & Wages- Sales	3,462	5,000	5,000	17,272	18,750	31,250	31,250	31,250	31,250	31,250	31,250	31,250	268,234	
Commissions		2,000			4,800	8,000	10,000	12,000	16,000	24,000	28,000	32,000	136,800	
Bonuses														
Payroll Taxes	1,684	1,983	1,384	2,687	2,995	4,151	4,285	4,458	4,740	5,316	5,623	5,918	45,224	
Medical & Dental	9,239	10,959	10,031	10,723	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	132,552	
NYS Mandated DBL & PFL	122	103	112	50	120	120	120	120	120	120	120	120	1,347	
Legal			291		200	200	200	200	200	200	200	200	200	4,500
Accounting				5,145	45	75	75	75	75	75	75	75	5,790	
Consultants														
Travel & Lodging	297	406		449	2,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	38,652	
Meals & Entertainment	437	724	704	1,278	2,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	22,643	
IT & Lab Equipment (Not Capitalized)	6,189	447	1,100		500	500	500	500	500	500	500	500	11,736	
Software & Services	1,851	1,871	1,871	2,250	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	27,214	
Promotional Items				162										162
Rent	4,533	4,533	4,533	4,533	4,535	4,535	4,535	4,535	4,535	4,535	4,535	4,535	54,412	
Internet & Telephone	230	230	230	230	250	250	250	250	250	250	250	250	2,920	
Cell Phones	150	150	150	225	150	150	150	150	150	150	150	150	1,875	
Office Supplies	937	387	1,147	49	750	750	750	750	750	750	750	750	8,520	
Insurance- Business	661	691	691	452	661	661	661	661	661	661	661	661	7,786	
Postage & Shipping	126	31	175	53	50	50	50	50	50	50	50	50	785	
R&D Expense					200	200	200	200	200	200	200	200	1,600	
Bank/ ADP Processing Fees		239	562	199	277	300	300	300	300	300	300	300	3,677	
Other Income / Expense														
<b>Total Operating Expenses</b>	<b>40,702</b>	<b>45,940</b>	<b>38,554</b>	<b>51,029</b>	<b>69,678</b>	<b>89,783</b>	<b>91,745</b>	<b>94,264</b>	<b>98,372</b>	<b>106,775</b>	<b>111,255</b>	<b>120,050</b>	<b>958,147</b>	
<b>EBITDA</b>	<b>(37,060)</b>	<b>(35,946)</b>	<b>(33,408)</b>	<b>(39,358)</b>	<b>(40,278)</b>	<b>(40,783)</b>	<b>(30,495)</b>	<b>(20,764)</b>	<b>(372)</b>	<b>40,225</b>	<b>60,245</b>	<b>75,950</b>	<b>(102,044)</b>	
<b>EBITDA Margin</b>	<b>-211.8%</b>	<b>-134.1%</b>	<b>-185.5%</b>	<b>-159.7%</b>	<b>-67.1%</b>	<b>-40.8%</b>	<b>-24.4%</b>	<b>-13.8%</b>	<b>-0.2%</b>	<b>13.4%</b>	<b>17.2%</b>	<b>19.0%</b>	<b>-5.8%</b>	
Depreciation	597	648	648	676	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	22,569	
<b>EBIT</b>	<b>(37,657)</b>	<b>(36,594)</b>	<b>(34,056)</b>	<b>(40,034)</b>	<b>(42,778)</b>	<b>(43,283)</b>	<b>(32,995)</b>	<b>(23,264)</b>	<b>(2,872)</b>	<b>37,725</b>	<b>57,745</b>	<b>73,450</b>	<b>(124,613)</b>	
Net Interest Expense/Income					173									173
Income Taxes- Federal														-
Income Taxes- State														-
Sales Tax	292	223	239	135	100	100	100	100	100	100	100	100	1,689	
<b>Net Income (Loss)</b>	<b>(37,949)</b>	<b>(36,817)</b>	<b>(34,468)</b>	<b>(40,169)</b>	<b>(42,878)</b>	<b>(43,383)</b>	<b>(33,095)</b>	<b>(23,364)</b>	<b>(2,972)</b>	<b>37,625</b>	<b>57,645</b>	<b>73,350</b>	<b>(126,475)</b>	
<b>NI %</b>	<b>-216.9%</b>	<b>-137.4%</b>	<b>-191.4%</b>	<b>-163.0%</b>	<b>-71.5%</b>	<b>-43.4%</b>	<b>-26.5%</b>	<b>-15.6%</b>	<b>-1.5%</b>	<b>12.5%</b>	<b>16.5%</b>	<b>18.3%</b>	<b>-7.1%</b>	

Pivotal Optics, Inc.  
Profit & Loss Projection  
2022-2023

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	TOTAL
Sales	425,000	450,000	500,000	550,000	600,000	600,000	750,000	750,000	750,000	750,000	750,000	750,000	7,625,000
Returns & Allowances													
<b>Total Sales Revenue</b>	<b>425,000</b>	<b>450,000</b>	<b>500,000</b>	<b>550,000</b>	<b>600,000</b>	<b>600,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>7,625,000</b>
Freight Revenue													
<b>Total Other Revenue</b>	<b>-</b>												
Cost of Sales	191,250	202,500	225,000	247,500	270,000	270,000	337,500	337,500	337,500	337,500	337,500	337,500	3,431,250
Purchase Price Variance													
Freight Expense	5,100	5,400	6,000	6,600	7,200	7,200	9,000	9,000	9,000	9,000	9,000	9,000	91,500
Tariff/ Custom Fees	9,775	10,350	11,500	12,650	13,800	13,800	17,250	17,250	17,250	17,250	17,250	17,250	175,375
Packaging & Shipping Materials	2,125	2,250	2,500	2,750	3,000	3,000	3,750	3,750	3,750	3,750	3,750	3,750	38,125
<b>Total COGS</b>	<b>208,250</b>	<b>220,500</b>	<b>245,000</b>	<b>269,500</b>	<b>294,000</b>	<b>294,000</b>	<b>367,500</b>	<b>367,500</b>	<b>367,500</b>	<b>367,500</b>	<b>367,500</b>	<b>367,500</b>	<b>3,736,250</b>
<b>Gross Profit</b>	<b>216,750</b>	<b>229,500</b>	<b>255,000</b>	<b>280,500</b>	<b>306,000</b>	<b>306,000</b>	<b>382,500</b>	<b>382,500</b>	<b>382,500</b>	<b>382,500</b>	<b>382,500</b>	<b>382,500</b>	<b>3,888,750</b>
<b>Gross Margin</b>	<b>51.0%</b>												
Salary & Wages- Executive													
Salary & Wages- Admin	6,865	6,538	7,519	6,865	10,577	10,577	10,096	11,058	10,577	10,096	10,577	10,577	111,923
Salary & Wages- Engineering	13,333	13,333	13,333	13,333	21,667	21,667	21,667	21,667	21,667	21,667	21,667	21,667	218,333
Salary & Wages- Sales	37,917	37,917	37,917	37,917	44,583	44,583	44,583	44,583	44,583	44,583	44,583	44,583	501,667
Commissions	34,000	36,000	40,000	44,000	48,000	48,000	60,000	60,000	60,000	60,000	60,000	60,000	610,000
Bonuses													
Payroll Taxes	11,054	11,255	11,852	7,517	8,084	9,189	10,036	10,107	10,072	10,036	10,072	10,072	119,346
Medical & Dental	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	137,400
NYS Mandated DBL & PFL	120	120	120	120	120	120	120	120	120	120	120	120	1,440
Legal	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Accounting					6,000								6,000
Consultants	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Travel & Lodging	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	96,000
Meals & Entertainment	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
IT & Lab Equipment ( <i>Not Capitalized</i> )	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Software & Services	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
Promotional Items													
Rent	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	66,000
Internet & Telephone	230	230	230	230	230	230	230	230	230	230	230	230	2,760
Cell Phones	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Office Supplies	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Insurance- Business	575	575	575	575	575	575	575	575	575	575	575	575	6,899
Postage & Shipping	50	50	50	50	50	50	50	50	50	50	50	50	600
R&D Expense	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Bank/ ADP Processing Fees	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Other Income / Expense													
<b>Total Operating Expenses</b>	<b>139,294</b>	<b>141,168</b>	<b>152,746</b>	<b>145,757</b>	<b>154,036</b>	<b>170,140</b>	<b>182,507</b>	<b>183,540</b>	<b>183,024</b>	<b>182,507</b>	<b>183,024</b>	<b>183,024</b>	<b>2,000,768</b>
<b>EBITDA</b>	<b>77,456</b>	<b>88,332</b>	<b>102,254</b>	<b>134,743</b>	<b>151,964</b>	<b>135,860</b>	<b>199,993</b>	<b>198,960</b>	<b>199,476</b>	<b>199,993</b>	<b>199,476</b>	<b>199,476</b>	<b>1,887,982</b>
<b>EBITDA Margin</b>	<b>18.2%</b>	<b>19.6%</b>	<b>20.5%</b>	<b>24.5%</b>	<b>25.3%</b>	<b>22.6%</b>	<b>26.7%</b>	<b>26.5%</b>	<b>26.6%</b>	<b>26.7%</b>	<b>26.6%</b>	<b>26.6%</b>	<b>24.8%</b>
Depreciation	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
<b>EBIT</b>	<b>74,956</b>	<b>85,832</b>	<b>99,754</b>	<b>132,243</b>	<b>149,464</b>	<b>133,360</b>	<b>197,493</b>	<b>196,460</b>	<b>196,976</b>	<b>197,493</b>	<b>196,976</b>	<b>196,976</b>	<b>1,857,982</b>
Net Interest Expense/Income													
Income Taxes- Federal	23,237	26,500	30,676	40,423	45,589	40,758	59,998	59,688	59,843	59,998	59,843	59,843	566,395
Income Taxes- State													-
Sales Tax	100	100	100	100	100	100	100	100	100	100	100	100	1,200
<b>Net Income (Loss)</b>	<b>51,619</b>	<b>59,232</b>	<b>68,977</b>	<b>91,720</b>	<b>103,775</b>	<b>92,502</b>	<b>137,395</b>	<b>136,672</b>	<b>137,033</b>	<b>137,395</b>	<b>137,033</b>	<b>137,033</b>	<b>1,290,388</b>
<b>NI %</b>	<b>12.1%</b>	<b>13.2%</b>	<b>13.8%</b>	<b>16.7%</b>	<b>17.3%</b>	<b>15.4%</b>	<b>18.3%</b>	<b>18.2%</b>	<b>18.3%</b>	<b>18.3%</b>	<b>18.3%</b>	<b>18.3%</b>	<b>16.9%</b>

Form **1120**Department of the Treasury  
Internal Revenue Service**U.S. Corporation Income Tax Return**

OMB No. 1545-0123

For calendar year 2021 or tax year beginning \_\_\_\_\_, ending \_\_\_\_\_

**2021**► Go to [www.irs.gov/Form1120](http://www.irs.gov/Form1120) for instructions and the latest information.

<b>A</b> Check if:	Name		<b>B</b> Employer identification number
1a Consolidated return (attach Form 851) <input type="checkbox"/>	PIVOTAL OPTICS INC.		85-3753123
1b Life/nonlife consolidated return <input type="checkbox"/>	Number, street, and room or suite no. If a P.O. box, see instructions.		<b>C</b> Date incorporated
2 Personal holding co. (attach Sch. PH) <input type="checkbox"/>	125 WOLF ROAD, SUITE 315		11/04/2020
3 Personal service corp. (see instructions) <input type="checkbox"/>	City or town, state or province, country, and ZIP or foreign postal code		<b>D</b> Total assets (see instructions)
4 Schedule M-3 attached <input type="checkbox"/>	ALBANY, NY 12205		\$ 360,919.

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

<b>Income</b>	1a Gross receipts or sales	1a	598,983.
	b Returns and allowances	1b	
	c Balance. Subtract line 1b from line 1a	1c	598,983.
	2 Cost of goods sold (attach Form 1125-A)	2	277,377.
	3 Gross profit. Subtract line 2 from line 1c	3	321,606.
	4 Dividends and inclusions (Schedule C, line 23)	4	
	5 Interest	5	
	6 Gross rents	6	
	7 Gross royalties	7	
	8 Capital gain net income (attach Schedule D (Form 1120))	8	
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	
10 Other income (attach statement)	10		
<b>11 Total income.</b> Add lines 3 through 10 ►	11	321,606.	
12 Compensation of officers (attach Form 1125-E)	12	60,030.	
13 Salaries and wages (less employment credits)	13	63,101.	
14 Repairs and maintenance	14		
15 Bad debts	15	449.	
16 Rents	16	28,240.	
17 Taxes and licenses	17	13,276.	
18 Interest (see instructions)	18		
19 Charitable contributions	19		
20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20	3,293.	
21 Depletion	21		
22 Advertising	22	6,688.	
23 Pension, profit-sharing, etc., plans	23		
24 Employee benefit programs	24	89,547.	
25 Reserved for future use	25		
26 Other deductions (attach statement)	26	90,293.	
<b>27 Total deductions.</b> Add lines 12 through 26 ►	27	354,917.	
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28	-33,311.	
29a Net operating loss deduction (see instructions)	29a		
b Special deductions (Schedule C, line 24)	29b		
c Add lines 29a and 29b	29c		
<b>30 Taxable income.</b> Subtract line 29c from line 28. See instructions	30	-33,311.	
31 Total tax (Schedule J, Part I, line 11)	31	0.	
32 Reserved for future use	32		
33 Total payments and credits (Schedule J, Part III, line 23)	33		
34 Estimated tax penalty. See instructions. Check if Form 2220 is attached	34		
<b>35 Amount owed.</b> If line 33 is smaller than the total of lines 31 and 34, enter amount owed	35	0.	
<b>36 Overpayment.</b> If line 33 is larger than the total of lines 31 and 34, enter amount overpaid	36		
<b>37 Enter amount from line 36 you want: Credited to 2022 estimated tax ►</b>	37		

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			May the IRS discuss this return with the preparer shown below?
	Signature of officer	Date	PRESIDENT Title	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Paid</b>	Print/Type preparer's name <b>JEFFREY R. KLAHR, CPA</b>	Preparer's signature <b>JEFFREY R. KLAHR,</b>	Date <b>04/08/22</b>	Check if self-employed <input type="checkbox"/> PTIN <b>P01654923</b>
<b>Preparer</b>	Firm's name ► <b>LUTZ, SELIG &amp; ZERONDA, CPAS, L.L.P.</b>			Firm's EIN ► <b>14-1745230</b>
<b>Use Only</b>	Firm's address ► <b>33 CENTURY HILL DRIVE LATHAM, NY 12110-2113</b>			Phone no. <b>(518) 783-7200</b>

<b>Schedule L</b> Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
1	Cash		68,415.		86,427.
2a	Trade notes and accounts receivable	420,000.		86,692.	
b	Less allowance for bad debts	( )	420,000.	( )	86,692.
3	Inventories		1,520.		111,274.
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (att. stmt.)	STMT 3			21,585.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (att. stmt.)				
10a	Buildings and other depreciable assets	3,770.		21,018.	
b	Less accumulated depreciation	( 105.)	3,665.	( 5,683.)	15,335.
11a	Depletable assets				
b	Less accumulated depletion	( )	( )	( )	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	( )	( )	( )	
14	Other assets (att. stmt.)	STMT 4	0.		39,606.
15	Total assets		495,764.		360,919.
<b>Liabilities and Shareholders' Equity</b>					
16	Accounts payable		1,618.		17,616.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (att. stmt.)	STMT 5	49,392.		7,125.
19	Loans from shareholders		80,000.		0.
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (att. stmt.)				
22	Capital stock: a Preferred stock				
b	Common stock	3.	3.	7.	7.
23	Additional paid-in capital		187,213.		187,220.
24	Retained earnings - Appropriated (attach statement)				
25	Retained earnings - Unappropriated		177,538.		148,951.
26	Adjustments to shareholders' equity (attach statement)		( )	( )	
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		495,764.		360,919.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return**

Note: The corporation may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	- 28,587.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	- 15.	Tax-exempt interest	\$ STMT 6 6,995.	6,995.
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
5	Expenses recorded on books this year not deducted on this return (itemize):		a	Depreciation \$	
a	Depreciation	\$ 2,286.	b	Charitable contributions \$	
Charitable contributions			c	Travel and entertainment	
b					
c					
6	Add lines 1 through 5	2,286.	9	Add lines 7 and 8	6,995.
		- 26,316.	10	Income (page 1, line 28) - line 6 less line 9	- 33,311.

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Schedule L, Line 25)**

1	Balance at beginning of year	177,538.	5	Distributions: a Cash	
2	Net income (loss) per books	- 28,587.	b	Stock	
3	Other increases (itemize):		c	Property	
4	Add lines 1, 2, and 3	148,951.	6	Other decreases (itemize):	
			7	Add lines 5 and 6	
			8	Balance at end of year (line 4 less line 7)	148,951.

PIVOTAL OPTICS INC.

85-3753123

FORM 1120

TAXES AND LICENSES

STATEMENT 1

DESCRIPTION

AMOUNT

PAYROLL TAXES	11,419.
SALES TAX	1,482.
NEW YORK TAXES - BASED ON INCOME	375.
TOTAL TO FORM 1120, LINE 17	13,276.

FORM 1120

OTHER DEDUCTIONS

STATEMENT 2

DESCRIPTION

AMOUNT

BANK CHARGES	1,507.
COMPUTER	31,253.
DUES & SUBSCRIPTIONS	3,221.
INSURANCE EXPENSE	7,313.
MEALS NOT SUBJECT TO LIMITATION	5,626.
OFFICE EXPENSE	7,441.
OUTSIDE SERVICES	16,015.
POSTAGE	533.
PROFESSIONAL FEES	11,219.
RESEARCH AND DEVELOPMENT	2,452.
TELEPHONE	2,255.
TRADESHOWS	789.
TRAVEL	669.
TOTAL TO FORM 1120, LINE 26	90,293.

SCHEDULE L

OTHER CURRENT ASSETS

STATEMENT 3

DESCRIPTION

BEGINNING OF  
TAX YEAR

END OF TAX  
YEAR

PREPAID EXPENSES	2,164.	2,286.
SUPPLIER PREPAYMENTS	0.	19,299.
TOTAL TO SCHEDULE L, LINE 6	2,164.	21,585.

PIVOTAL OPTICS INC.

85-3753123

SCHEDULE L	OTHER ASSETS	STATEMENT 4
DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
DEFERRED TAX ASSET	0.	6,995.
DEPOSITS	0.	32,611.
TOTAL TO SCHEDULE L, LINE 14	0.	39,606.

SCHEDULE L	OTHER CURRENT LIABILITIES	STATEMENT 5
DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
ACCRUED EXPENSES	3,000.	6,750.
FEDERAL ACCRUED TAXES	46,261.	0.
STATE ACCRUED TAXES	131.	375.
TOTAL TO SCHEDULE L, LINE 18	49,392.	7,125.

SCHEDULE M-1	OTHER INCOME RECORDED ON BOOKS NOT INCLUDED IN THIS RETURN	STATEMENT 6
DESCRIPTION	AMOUNT	
DEFERRED TAX BENEFIT	6,995.	
TOTAL TO SCHEDULE M-1, LINE 7	6,995.	

FORM 1125-A	OTHER COSTS	STATEMENT 7
DESCRIPTION	AMOUNT	
FREIGHT	10,716.	
TARIFFS	13,726.	
TOTAL TO LINE 5	24,442.	

STATEMENT(S) 4, 5, 6, 7

Form 1040 Department of the Treasury — Internal Revenue Service (99)  
U.S. Individual Income Tax Return

2020

OMB No. 1545-0074

IRS Use Only — Do not write or staple in this space.

**Filing Status**

Single

Married filing jointly

Married filing separately (MFS)

Head of household (HOH)

Qualifying widow(er) (QW)

Check only  
one box.

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ►

Your first name and middle initial

Last name

Your social security number

064-62-3209

THOMAS J. ADAMEC

If joint return, spouse's first name and middle initial

Last name

Spouse's social security number

122-68-2438

PENNY S. ADAMEC

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

3 CARRIAGE HILL LANE

City, town, or post office. If you have a foreign address, also complete spaces below.

State

ZIP code

SCHENECTADY, NY 12303

Foreign country name

Foreign province/state/county

Foreign postal code

Presidential Election Campaign

Check here if you, or your spouse  
if filing jointly, want \$3 to go to this  
fund. Checking a box below will  
not change your tax or refund.

You  Spouse

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency?  Yes  No

**Standard  
Deduction**

Someone can claim:  You as a dependent  Your spouse as a dependent

Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness**

You:  Were born before January 2, 1956

Are blind

**Spouse:**

Was born before January 2, 1956

Is blind

**Dependents** (see instructions):

If more than four dependents, see instructions and check here ►	(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see instructions):	
			Child tax credit	Credit for other dependents		
	MATTHEW T	ADAMEC	892-96-7514	Son	<input checked="" type="checkbox"/>	<input type="checkbox"/>

1	Wages, salaries, tips, etc. Attach Form(s) W-2 .....	1	203,095.
2a	Tax-exempt interest .....	2a	570.
		b	Taxable interest.....
3a	Qualified dividends .....	3a	742.
4a	IRA distributions.....	4a	
5a	Pensions and annuities.....	5a	263,490.
6a	Social security benefits .....	6a	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here .....	7	<input type="checkbox"/>
8	Other income from Schedule 1, line 9.....	8	362.
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> .....	9	10,848.
10	Adjustments to income:	10a	
	a From Schedule 1, line 22 .....	10b	
	b Charitable contributions if you take the standard deduction. See instructions .....	10c	
	c Add lines 10a and 10b. These are your <b>total adjustments to income</b> .....	11	215,661.
11	Subtract line 10c from line 9. This is your <b>adjusted gross income</b> .....	12	34,243.
12	<b>Standard deduction or itemized deductions</b> (from Schedule A) .....	13	
13	Qualified business income deduction. Attach Form 8995 or Form 8995-A.....	14	34,243.
14	Add lines 12 and 13.....	15	181,418.
15	<b>Taxable income</b> . Subtract line 14 from line 11. If zero or less, enter -0-.....		

BAA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Form 1040 (2020)

16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972    3 <input type="checkbox"/> _____	16	31,632.	
17	Amount from Schedule 2, line 3.	17		
18	Add lines 16 and 17.	18	31,632.	
19	Child tax credit or credit for other dependents.	19	2,000.	
20	Amount from Schedule 3, line 7.	20		
21	Add lines 19 and 20.	21	2,000.	
22	Subtract line 21 from line 18. If zero or less, enter -0.	22	29,632.	
23	Other taxes, including self-employment tax, from Schedule 2, line 10.	23		
24	Add lines 22 and 23. This is your <b>total tax</b> .	24	29,632.	
25	Federal income tax withheld from:			
a	Form(s) W-2.	25a	37,919.	
b	Form(s) 1099.	25b		
c	Other forms (see instructions).	25c	60.	
d	Add lines 25a through 25c.	25d	37,979.	
26	2020 estimated tax payments and amount applied from 2019 return.	26		
27	Earned income credit (EIC).	27		
28	Additional child tax credit. Attach Schedule 8812.	28		
29	American opportunity credit from Form 8863, line 8.	29		
30	Recovery rebate credit. See instructions.	30		
31	Amount from Schedule 3, line 13.	31		
32	Add lines 27 through 31. These are your <b>total other payments and refundable credits</b> .	32		
33	Add lines 25d, 26, and 32. These are your <b>total payments</b> .	33	37,979.	
<b>Refund</b>	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you <b>overpaid</b> .	34	8,347.	
Direct deposit? See instructions.	35a Amount of line 34 you want <b>refunded to you</b> . If Form 8888 is attached, check here. ▶ <input type="checkbox"/>	35a	8,347.	
	▶ b Routing number. 021000322 ▶ c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings			
	▶ d Account number. 483023657866			
Amount You Owe	36 Amount of line 34 you want applied to your 2021 estimated tax.	36		
For details on how to pay, see instructions.	37 Subtract line 33 from line 24. This is the <b>amount you owe now</b> .	37		
	<b>Note:</b> Schedule H and Schedule SE filers, line 37 may not represent all of the taxes you owe for 2020. See Schedule 3, line 12e, and its instructions for details.			
	38 Estimated tax penalty (see instructions).	38		
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS? See instructions.	▶ <input checked="" type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
Joint return? See instructions. Keep a copy for your records.	Designee's name ▶ Joseph M Sicilia CPA	Phone no. ▶ 518-346-5100	Personal identification number (PIN) ▶ 37238	
<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Your signature	Date	Your occupation Consultant	If the IRS sent you an Identity Protection PIN, enter it here (see Inst.) ▶
	▶ Spouse's signature. If a joint return, <b>both</b> must sign.	Date	Spouse's occupation Homemaker	If the IRS sent your spouse an Identity Protection PIN, enter it here (see Inst.) ▶
	Phone no. (518) 355-5994	Email address		
<b>Paid Preparer Use Only</b>	Preparer's name Joseph M Sicilia CPA	Preparer's signature Joseph M Sicilia CPA	Date 4/14/22	PTIN P00237238
	Check if: <input type="checkbox"/> Self-employed			
	Firm's name ▶ Sicilia & Associates, PC		Phone no. 518-346-5100	
	Firm's address ▶ 2312 Broadway Schenectady, NY 12306		Firm's EIN ▶ 14-1751832	

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

Form 1040 (2020)

Name Thomas J Adamec	Business Phone (xxx-xxx-xxxx) (518) 977-3523																																																																																
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Business Name of Applicant/Borrower Pivotal Optics Inc																																																																																	
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**Section 2. Notes Payable to Banks and Others.** (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Names and Addresses of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral
N/A					

**Section 3. Stocks and Bonds.** (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

**Section 4. Real Estate Owned.** (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Real Estate (e.g. Primary Residence, Other Residence, Rental Property, Land, etc.)	Primary Residence		
Address	3 Carriage Hill Lane Schenectady NY 12303		
Date Purchased	08/12/2018		
Original Cost	\$ 600,000.00		
Present Market Value	\$ 650,000.00		
Name & Address of Mortgage Holder	SEFCU		
Mortgage Account Number	1706103627		
Mortgage Balance	\$ 416,000.00		
Amount of Payment per Month/Year	\$ 1,928.00		
Status of Mortgage			

**Section 5. Other Personal Property and Other Assets.** (Describe, and, if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and, if delinquent, describe delinquency.)

**Section 6. Unpaid Taxes.** (Describe in detail as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

N/A

**Section 7. Other Liabilities.** (Describe in detail.)

N/A

**Section 8. Life Insurance Held.** (Give face amount and cash surrender value of policies – name of insurance company and Beneficiaries.)

\$2M  
\$100,000 Cash Value

I authorize the SBA/Lender/Surety Company to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness.

**CERTIFICATION:** (to be completed by each person submitting the information requested on this form and the spouse of any 20% or more owner when spousal assets are included)

By signing this form, I certify under penalty of criminal prosecution that all information on this form and any additional supporting information submitted with this form is true and complete to the best of my knowledge. I understand that SBA or its participating Lenders or Certified Development Companies or Surety Companies will rely on this information when making decisions regarding an application for a loan, surety bond, or participation in the WOSB or 8(a) BD program. I further certify that I have read the attached statements required by law and executive order.-

Signature _____	Date _____	04/11/2022
Print Name _____	Social Security No. _____	064-62-3209
Signature _____	Date _____	
Print Name _____	Social Security No. _____	



**Filing Status**  Single  Married filing jointly  Married filing separately (MFS)  Head of household (HOH)  Qualifying widow(er) (QW)  
 Check only If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying one box. person is a child but not your dependent ►

Your first name and middle initial <b>JAMES A</b>	Last name <b>PASCARELL</b>	Your social security number <b>064-66-2915</b>
If joint return, spouse's first name and middle initial <b>JENNIFER A</b>	Last name <b>PASCARELL</b>	Spouse's social security number <b>013-52-0444</b>
Home address (number and street). If you have a P.O. box, see instructions. <b>455 SNYDERS CORNER ROAD</b>		Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. <b>POESTENSKILL</b>		State <b>NY</b> ZIP code <b>12140</b>
Foreign country name	Foreign province/state/county	Foreign postal code

**Presidential Election Campaign**  
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

You  Spouse

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency?  Yes  No

**Standard Deduction** Someone can claim:  You as a dependent  Your spouse as a dependent  
 Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You:  Were born before January 2, 1956  Are blind Spouse:  Was born before January 2, 1956  Is blind

<b>Dependents</b> (see instructions):		(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions): Child tax credit	Credit for other dependents
If more than four dependents, see instructions and check here ► <input type="checkbox"/>	(1) First name Last name	093-94-6996	Daughter	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	OLIVIA P PASCARELL	066-96-5181	Son	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	JAMES R PASCARELL	067-22-0880	Parent	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	BRIDGET M PASCARELL			<input type="checkbox"/>	<input type="checkbox"/>

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	152,675.
2a	Tax-exempt interest	2a	20,304.
3a	Qualified dividends	3a	18,144.
4a	IRA distributions	4a	
5a	Pensions and annuities	5a	
6a	Social security benefits	6a	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here ► <input type="checkbox"/>	7	-3,000.
8	Other income from Schedule 1, line 9	8	37,423.
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b>	9	238,718.
10	Adjustments to income:	10a	557.
a	From Schedule 1, line 22	10b	300.
b	Charitable contributions if you take the standard deduction. See instructions	10c	857.
c	Add lines 10a and 10b. These are your <b>total adjustments to income</b>	11	237,861.
11	Subtract line 10c from line 9. This is your <b>adjusted gross income</b>	12	24,800.
12	<b>Standard deduction or itemized deductions</b> (from Schedule A)	13	1,485.
13	Qualified business income deduction. Attach Form 8995 or Form 8995-A	14	26,285.
14	Add lines 12 and 13	15	211,576.
15	<b>Taxable income</b> . Subtract line 14 from line 11. If zero or less, enter -0-		

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Form 1040 (2020)

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

BAA REV 04/02/21 PRO

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Form 1040 (2020)

Name James Pascarell	Business Phone (xxx-xxx-xxxx) (518) 977-3523																																																																																
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Life Insurance – Cash Surrender Value Only.....	\$ 0	Mo. Payments	\$ 540																																																																														
(Describe in Section 8)		Loan(s) Against Life Insurance.....	\$ 0																																																																														
Stocks and Bonds.....	\$ 3,000,000	Mortgages on Real Estate.....	\$ 0																																																																														
(Describe in Section 3)		(Describe in Section 4)																																																																															
Real Estate.....	\$ 1,000,000	Unpaid Taxes.....	\$ 0																																																																														
(Describe in Section 4)		(Describe in Section 6)																																																																															
Automobiles.....	\$ 75,000	Other Liabilities.....	\$ 0																																																																														
(Describe in Section 5, and include Year/Make/Model)		(Describe in Section 7)																																																																															
Other Personal Property.....	\$ 0	Total Liabilities.....	\$ 31,000																																																																														
(Describe in Section 5)		Net Worth.....																																																																															
Other Assets.....	\$ 0																																																																																
(Describe in Section 5)		Total	\$ 31,000																																																																														
Total	\$ 5,415,000	Must equal total in assets column.																																																																															
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding-bottom: 5px;">Section 1. Source of Income.</td> <td style="width: 50%; padding-bottom: 5px;">Contingent Liabilities</td> </tr> <tr> <td>Salary.....</td> <td style="text-align: right;">\$ 0.00</td> </tr> <tr> <td>Net Investment Income.....</td> <td style="text-align: right;">\$ 0.00</td> </tr> <tr> <td>Real Estate Income.....</td> <td style="text-align: right;">\$ 0.00</td> </tr> <tr> <td>Other Income (Describe below).....</td> <td style="text-align: right;">\$ 0.00</td> </tr> <tr> <td colspan="2" style="text-align: right; padding-top: 10px;">As Endorser or Co-Maker..... \$ 0.00</td> </tr> <tr> <td colspan="2" style="text-align: right;">Legal Claims &amp; Judgments..... \$ 0.00</td> </tr> <tr> <td colspan="2" style="text-align: right;">Provision for Federal Income Tax..... \$ 0.00</td> </tr> <tr> <td colspan="2" style="text-align: right;">Other Special Debt..... \$ 0.00</td> </tr> </table>		Section 1. Source of Income.	Contingent Liabilities	Salary.....	\$ 0.00	Net Investment Income.....	\$ 0.00	Real Estate Income.....	\$ 0.00	Other Income (Describe below).....	\$ 0.00	As Endorser or Co-Maker..... \$ 0.00		Legal Claims & Judgments..... \$ 0.00		Provision for Federal Income Tax..... \$ 0.00		Other Special Debt..... \$ 0.00																																																															
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Other Special Debt..... \$ 0.00																																																																																	
<p><b>Description of Other Income in Section 1</b> (Alimony or child support payments should not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income)</p> <p>Adjunct Professor Use savings</p>																																																																																	

**Section 2. Notes Payable to Banks and Others.** (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Names and Addresses of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral
N/A					

**Section 3. Stocks and Bonds.** (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

**Section 4. Real Estate Owned.** (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Real Estate (e.g. Primary Residence, Other Residence, Rental Property, Land, etc.)	Primary Residence		
Address	455 Snyders Corners Road		
Date Purchased			
Original Cost	\$ 500,000.00		
Present Market Value	\$ 700,000.00		
Name & Address of Mortgage Holder	n/a		
Mortgage Account Number	n/a		
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

**Section 5. Other Personal Property and Other Assets.** (Describe, and, if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and, if delinquent, describe delinquency.)

**Section 6. Unpaid Taxes.** (Describe in detail as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

N/A

**Section 7. Other Liabilities.** (Describe in detail.)

N/A

**Section 8. Life Insurance Held.** (Give face amount and cash surrender value of policies – name of insurance company and Beneficiaries.)

N/A

I authorize the SBA/Lender/Surety Company to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness.

**CERTIFICATION:** (to be completed by each person submitting the information requested on this form and the spouse of any 20% or more owner when spousal assets are included)

By signing this form, I certify under penalty of criminal prosecution that all information on this form and any additional supporting information submitted with this form is true and complete to the best of my knowledge. I understand that SBA or its participating Lenders or Certified Development Companies or Surety Companies will rely on this information when making decisions regarding an application for a loan, surety bond, or participation in the WOSB or 8(a) BD program. I further certify that I have read the attached statements required by law and executive order.-

Signature _____	Date _____	04/11/2022
Print Name _____	Social Security No. _____	064-66-2915
Signature _____	Date _____	
Print Name _____	Social Security No. _____	

**Albany County Business Development Corp.**  
**AI Tech Loan Fund**  
**Loan Proposal**  
**May 19, 2022**

**BORROWER:** Energy Catalyst Technologies, LLC

**REQUEST:** \$150,000 (One-Hundred and Fifty Thousand Dollars)

**TERM:** 5-year term and year amortization

**RATE:** 75% of the Current Prime Rate

**PROJECT:** Energy Catalyst is looking to borrower funds to purchase the components for their revolutionary heat-pump product to place up to 20 more units in the field for efficiency testing.

The sources and uses of the proposed project financing are follows:

<b>SOURCES</b>		<b>USES</b>	
AI Tech Funds	\$150,000	Purchase Components	\$150,000
Owners Equity			
Total	\$150,000	Total	\$150,000

**COLLATERAL:** Collateral for the AI Tech loan will be a first UCC Lien on all business assets of Energy Catalyst Technologies, LLC.

**GUARANTORS:** The loan will require the personal guarantee on the majority owner, Matthew Desmarais (94%). To date Matthew and his spouse have invested over \$70,000 in the company and significant sweat equity to get the company to this stage.

**BACKGROUND:** (provided by borrower)

In their 2021 Strategic Outlook, NYSERDA noted their plans to convert millions of homes to heat pumps in the next 10 years, yet the millions of homes in NY that are currently heated by a boiler will be left behind because retrofitting is very costly and specialized. Energy Catalyst Technologies (ECT) hopes to capitalize on this untapped market with their patent pending technology which can transform a fossil fuel heating system to a high efficiency geothermal system for 40% lower cost and with 30% better efficiency. Their product will enable millions of homes to be converted to geothermal at a cost that is approachable and reasonable for a middle-income homeowner.

## Product

Their patent pending “Double Hybrid” heat pump will be able to produce hot water for heating, domestic hot water (pre-heated to 115 degrees), hot air and chilled air for AC. Based on the performance of the 5 NYSERDA sponsored demonstration sites, they are seeing a 55-60% improvement in efficiency compared to a typical air source heat pump. ECT’s heat pump also eliminates the need for external buffer tanks, supplemental fan coils, complicated controls, or extensive duct retrofits by seamlessly providing the required BTUs through hot water and hot air at the same time. Their hybrid system leverages established refrigeration principles to reuse a home’s existing heating infrastructure (even baseboards and fin-tube radiators) without being limited by the reduced thermal capacity of lower temperature hot water.

Their novel technology will enable large-scale deployment of high efficiency, geothermal heat pumps for homes with existing boilers, which can reduce GHG emissions by roughly 20,000 lbs of CO<sub>2</sub> annually for a typical home.

ECT’s new Double Hybrid heat pumps are available for sale currently in 36,000, 48,000 and 66,000 BTU sizes. One of the best advantages of these units is that they can be used in homes with forced hot air or hot water heating systems without any unnecessary components.

## Story

ECT started as a geothermal contractor that specialized in thorough assessments and retrofits of homes with hot water boilers. The original concept was to provide a novel method of financing these projects through a utility-like payment method. However, it quickly became clear that these projects are too labor intensive and costly for this type of financing. When the pandemic hit, ECT started building prototypes of a new design in the founder’s basement that leveraged some of the lesser-known energy extraction methods that founder Matt Desmarais had learned in Europe. By mid-summer 2021, ECT had a working prototype that showed enormous promise.

By that Fall, ECT had 5 customers willing to pay \$33,500 for them to install a demonstration unit in their homes. The results conclusively show that the patent pending hybrid hot water and air improves efficiency significantly while also filling the gap left by lower hydronic water temperature. In April, ECT were a NY-GEO Top Job Finalist, which is a national geothermal excellence competition.

## Team

Matt Desmarais CEM, EIT – Matt has 9 years of thermal engineering experience and international experience working in Europe. He came up with the concept of the double hybrid heat pump after working in the industrial heat recovery industry in France from 2017-2019.

David Giza- David has over 25 years of HVAC, commercial refrigeration, and heat pump technician experience.

Sam Chapin – Sam has 30 years of business development experience. He was previously the VP of Sales for PlugIn Stations Online.

**Advisors:**

Mel Chudzik - Professor at the Clarkson Reh School of Business. Mel is a senior business expert and angel investor based in the Capital Region. He helped hundreds of companies over his career. Energy Catalyst worked with the Clarkson Reh School and 4 of his MBA students to build a business plan.

Larry Krause- A retired controls engineer from GE in Schenectady; Larry works with SCORE to help startup companies like ours succeed.

**FINANCIALS:**

See attached financial information:

**ECONOMIC IMPACT:** Al Tech will be working with First Niagara Bank to assist in the financing and providing 90% LTV for the borrower.

**STRENGTHS**

- New technology gaining interest in the geothermal community
- Fits the mission of the fund to support technology companies
- Fits the mission of Albany County trying to establish itself as a green energy hub
- Team is working closely with NYSERDA and NY Geothermal Energy Organization

**WEAKNESS:**

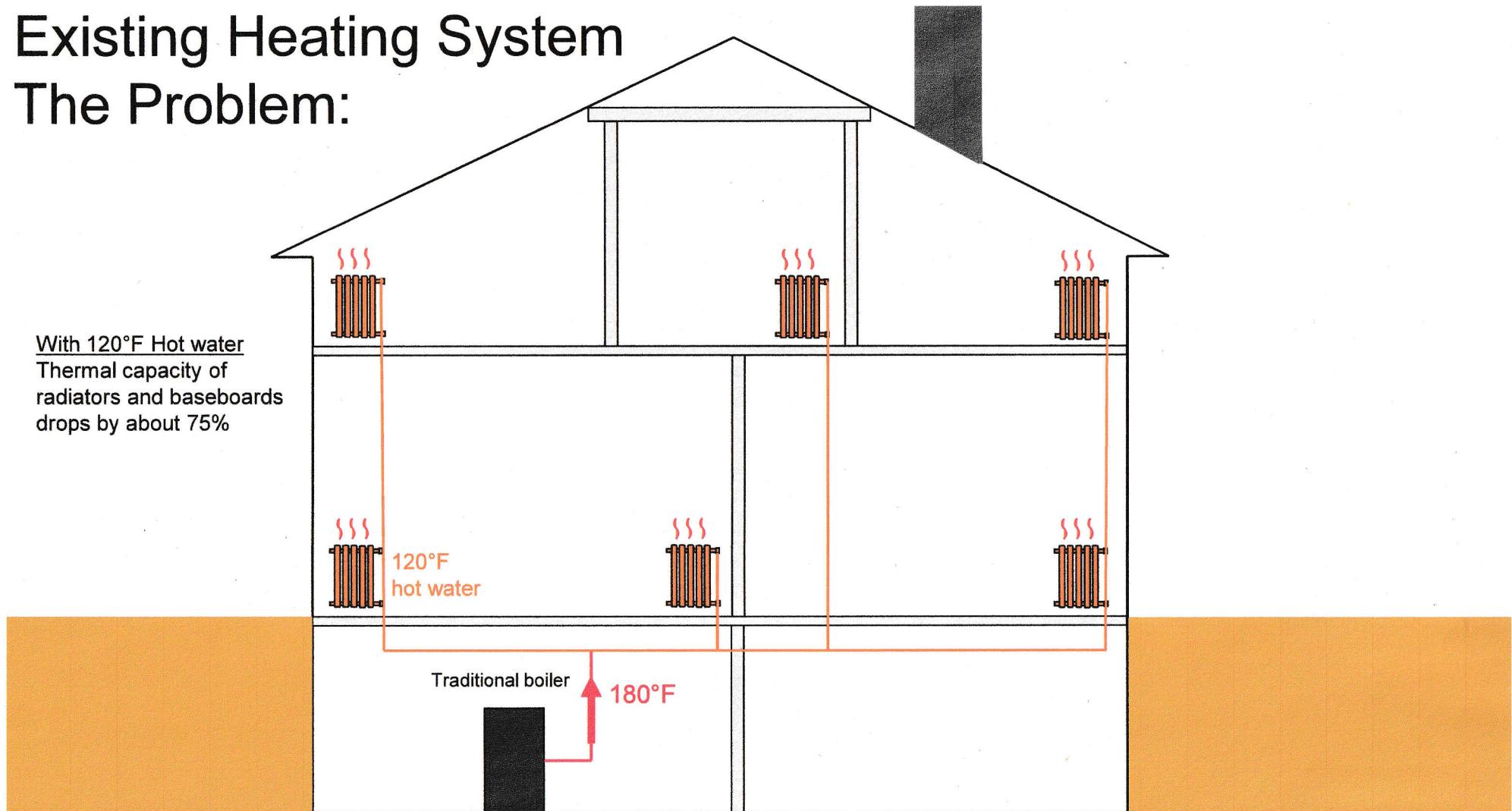
- New company and new technology
- Limited cash-flow to repay the debt

**OTHER TERMS AND CONDITIONS**

- Assignment of life insurance on the life of Matthew Desmarais

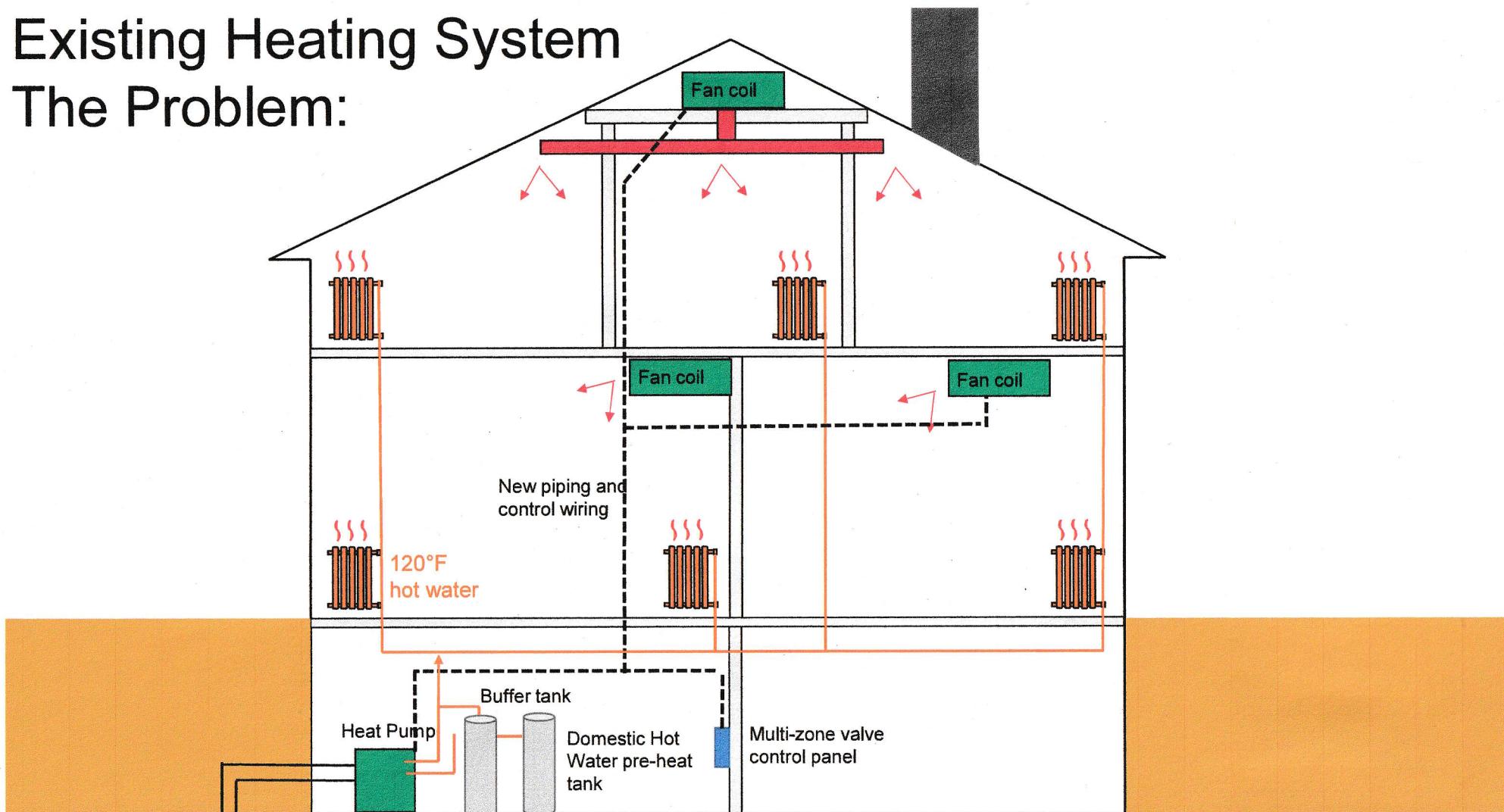
# Existing Heating System

## The Problem:



# Existing Heating System

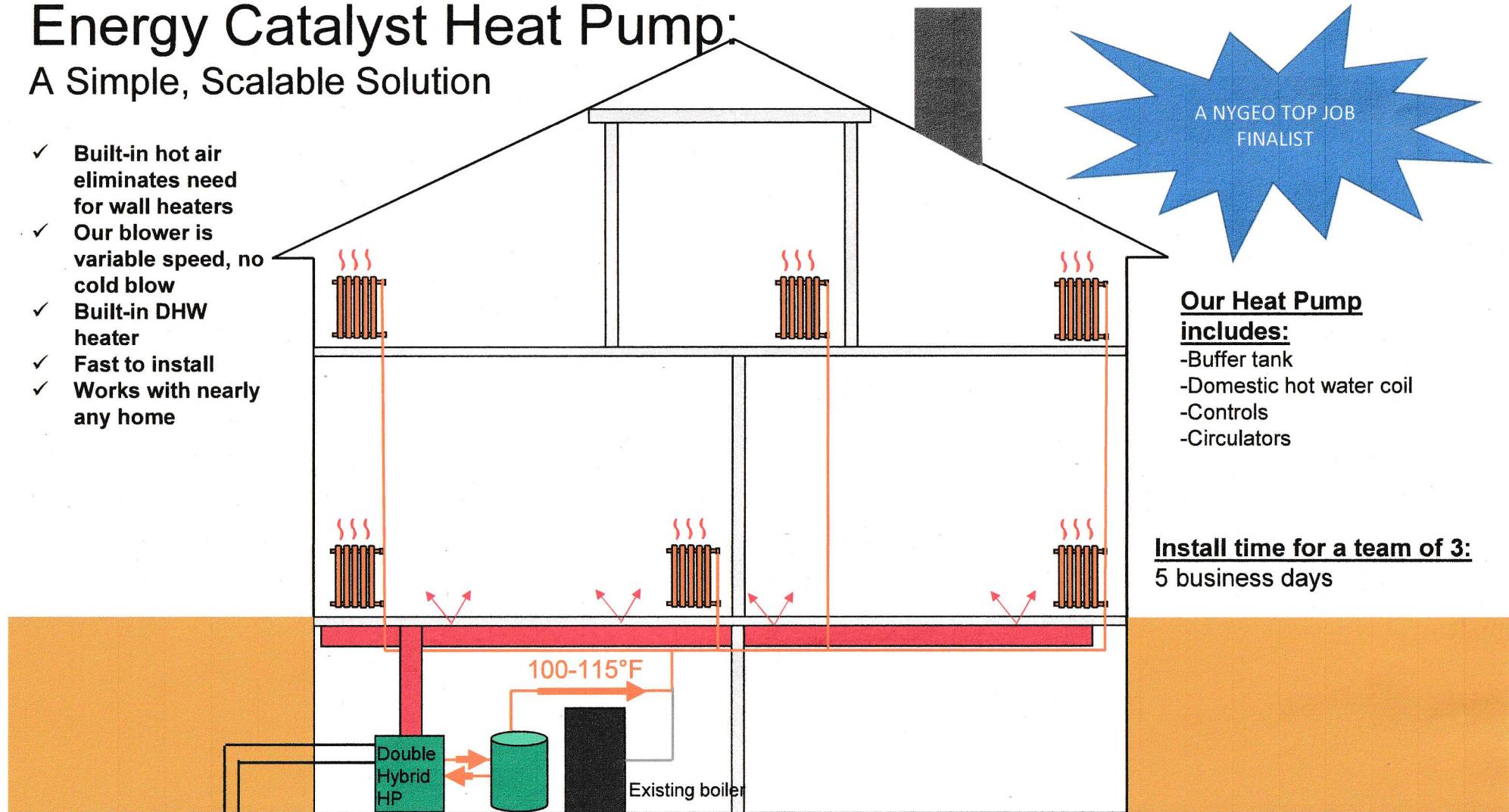
## The Problem:



# Energy Catalyst Heat Pump:

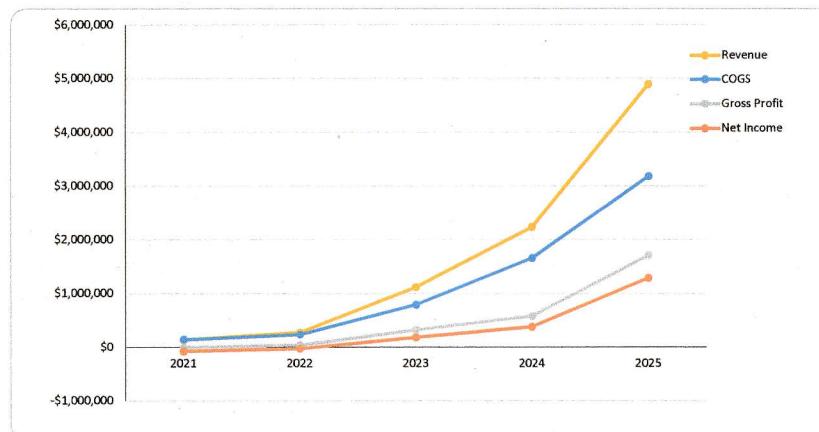
## A Simple, Scalable Solution

- ✓ Built-in hot air eliminates need for wall heaters
- ✓ Our blower is variable speed, no cold blow
- ✓ Built-in DHW heater
- ✓ Fast to install
- ✓ Works with nearly any home



### Energy Catalyst Income Statement

	2021	2022	2023	2024	2025
Units Sold	5	20	80	160	350
Price per Unit	-	\$14,000	\$14,000	\$14,000	\$14,000
Price per System	\$30,000	-	-	-	-
<b>Revenue</b>	<b>\$141,000</b>	<b>\$280,000</b>	<b>\$1,120,000</b>	<b>\$2,240,000</b>	<b>\$4,900,000</b>
Material Cost per Unit	\$10,985	\$8,500	\$8,330	\$7,914	\$7,518
Total Material Cost	\$54,925	\$170,000	\$666,400	\$1,266,160	\$2,631,239
Test Equipment	\$3,000	-	-	-	-
Labor and Overhead	\$0	\$52,000	\$92,000	\$310,600	\$436,772
Fringe Benefits (20% of wages)	-	\$10,400	\$18,400	\$62,120	\$87,354
Tools and Equipment	\$5,605	\$3,655	\$8,765	\$8,365	\$8,365
Packaging	-	\$1,417	\$5,553	\$10,551	\$21,927
Total Installation (HVAC contractor, drilling & ground loop)	\$80,000	-	-	-	-
<b>COGS</b>	<b>\$143,530</b>	<b>\$237,472</b>	<b>\$791,118</b>	<b>\$1,657,796</b>	<b>\$3,185,657</b>
COGS per Unit	\$28,706	\$11,874	\$9,889	\$10,361	\$9,102
<b>Gross Profit</b>	<b>-\$2,530</b>	<b>\$42,528</b>	<b>\$328,882</b>	<b>\$582,204</b>	<b>\$1,714,343</b>
Warehouse Lease Expense	\$2,400	\$6,000	\$12,000	\$18,000	\$18,000
Utility Expense	-	\$1,200	\$1,200	\$1,200	\$1,200
property, auto, liability, WC)	-	\$6,500	\$7,000	\$8,000	\$8,500
Marketing Expense	\$6,655	\$9,324	\$8,355	\$8,509	\$8,666
Wage Expense - Outsourced	\$500	\$20,540	\$16,540	\$16,540	\$16,540
Other Expenses for Installations	\$60,000	-	-	-	-
QuickBooks	-	\$600	\$1,080	\$1,080	\$1,080
Fringe Benefits (20% of wages)	-	\$0	\$0	\$0	\$0
<b>Operating Expense</b>	<b>\$69,555</b>	<b>\$44,164</b>	<b>\$46,175</b>	<b>\$53,329</b>	<b>\$53,986</b>
<b>EBITDA</b>	<b>-\$72,085</b>	<b>-\$1,636</b>	<b>\$282,706</b>	<b>\$528,874</b>	<b>\$1,660,357</b>
Tax (19.8%)	-	-	\$55,976	\$104,717	\$328,751
Patent Amortization	\$854	\$1,139	\$1,139	\$1,139	\$1,139
Depreciation Expense	-	-	-	-	-
Interest Expense	\$870	\$21,392	\$37,564	\$37,564	\$37,564
<b>Net Income</b>	<b>-\$73,809</b>	<b>-\$24,167</b>	<b>\$188,028</b>	<b>\$385,454</b>	<b>\$1,292,904</b>



### **Assumptions**

- (1) Year 2021 is the only year selling a system, so the price includes drilling, contractors, and installing the prototype.
- (2) In 2021 the cost of developing the prototype will be much higher due to R&D. The parts and process are standardized in the year 2022 to decrease cost.
- (3) The test equipment is \$1,800 each and will be used to monitor the prototypes.
- (4) Assembly depends on the number of high skill (\$30/hr) and low skill workers (\$20/hr) needed to manufacture heat pumps in the year.
- (5) The benefits for workers would not apply to the year 2021 since it was temporary work for the technician working on the prototype.
- (6) The initial cost for equipment, such as transportation tools, is higher in the initial years of launch to setup manufacture and delivery of product.
- (7) Average packaging expense is about \$350 per unit.
- (8) The cost of installing is \$35,500 per heat pump, which would include the cost of drilling and the contractor's labor.
- (9) In 2021, a small workspace will be rented for \$400/month, including utilities. The warehouse needs to be 3,000 sq ft so the lease would begin in the 2nd quarter of 2022. The monthly rate is \$1.10 per sq ft.
- (10) The insurance expenses are assumptions to cover property, worker compensation, and general business liabilities.
- (11) The patent amortization is calculated with the expectation of 20 year life for the patent.
- (12) This cost assumes a five-year straight line depreciation for the equipment.
- (13) This expense accounts for the \$200,000 debt with a repayment plan of 30 years at 3.25% interest.
- (14) The marketing expense assumes that there will be investments in strategies that can vary each year.
- (15) The outsourced wage expense is for HR, finance, and legal services, which would be external workforce.
- (16) The insourced wage includes the salary for the CEO, customer service, marketing, operation manager, tech support, and R&D.
- (17) The fringe benefits only apply to the insourced employees and are estimated to be 20% of wages.
- (18) Annual inventory assumes some products are remaining from the previous year, so it is calculated based on multiplying the number of units by the cost of materials per heat pump.

**Energy Catalyst LLC**  
**Profit and Loss**  
**January - December 2021**

	<b>Total</b>
<b>Income</b>	
Sales of Product Income	10,000.00
Services	74,401.60
Uncategorized Income	10,728.06
<b>Total Income</b>	<b>\$ 95,129.66</b>
<b>Gross Profit</b>	<b>\$ 95,129.66</b>
<b>Expenses</b>	
Advertising & Marketing	585.00
Bank Charges & Fees	297.19
Car & Truck	542.31
Contractors	75,880.41
Job Supplies	70,835.83
Legal & Professional Services	52,832.00
Meals & Entertainment	209.46
Office Supplies & Software	1,895.92
Other Business Expenses	145.98
QuickBooks Payments Fees	445.30
Reimbursable Expenses	-30.49
Rent & Lease	258.50
Taxes & Licenses	255.00
<b>Total Expenses</b>	<b>\$ 204,152.41</b>
<b>Net Operating Income</b>	<b>-\$ 109,022.75</b>
<b>Net Income</b>	<b>-\$ 109,022.75</b>

**Notes to 2021 P&L**

Spent about \$50,000 on December 30th 2021 on services that ECT could prepay in tax year 2021 instead of 2022. About \$45,000 of this was Energy Star certification costs for our heat pumps and the rest was purchasing materials or professional subscriptions (for instance NY-GEO).

As a multi-member LLC, the company taxes pass through Matt's personal taxes and he made over \$160k in 2021 because I working 9 months for Blake Equipment

By the end of the 2021, ECT had received none of the \$50,000 in support from NYSERDA and there was \$67,000 in income from demonstration projects that had not been collected. ECT had an issue with a Geothermal driller and couldn't get another driller until February '22, so about half of the demonstration income was still pending, while ECT had already felt most of the costs.

► Go to [www.irs.gov/ScheduleC](http://www.irs.gov/ScheduleC) for instructions and the latest information.

► Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor

Social security number (SSN)

MATTHEW DESMARAIS

009-74-6641

A Principal business or profession, including product or service (see instructions)

B Enter code from instructions

Geothermal energy

999999

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN) (see instr.)

ENERGY CATALYST LLC

E Business address (including suite or room no.) ► 90 HACKETT BLVD APT 2

City, town or post office, state, and ZIP code Albany, NY 12203

F Accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ►G Did you "materially participate" in the operation of this business during 2020? If "No," see instructions for limit on losses . . . . .  Yes  NoH If you started or acquired this business during 2020, check here . . . . . ►  Yes  NoI Did you make any payments in 2020 that would require you to file Form(s) 1099? See instructions . . . . .  Yes  NoJ If "Yes," did you or will you file required Form(s) 1099? . . . . .  Yes  No**Part I Income**

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . . .	► <input type="checkbox"/>	1	27,043
2	Returns and allowances . . . . .	► <input type="checkbox"/>	2	0
3	Subtract line 2 from line 1 . . . . .	► <input type="checkbox"/>	3	27,043
4	Cost of goods sold (from line 42) . . . . .	► <input type="checkbox"/>	4	18,045
5	<b>Gross profit.</b> Subtract line 4 from line 3 . . . . .	► <input type="checkbox"/>	5	8,998
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . . .	► <input type="checkbox"/>	6	
7	<b>Gross income.</b> Add lines 5 and 6 . . . . .	► <input type="checkbox"/>	7	8,998

**Part II Expenses.** Enter expenses for business use of your home **only** on line 30.

8	Advertising . . . . .	18	Office expense (see instructions)	18	125
9	Car and truck expenses (see instructions) . . . . .	19	Pension and profit-sharing plans	19	
10	Commissions and fees . . . . .	20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	20a	a Vehicles, machinery, and equipment . . . . .	20a	
12	Depletion . . . . .	20b	b Other business property . . . . .	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions) . . . . .	21	Repairs and maintenance . . . . .	21	1,186
14	Employee benefit programs (other than on line 19) . . . . .	22	Supplies (not included in Part III)	22	
15	Insurance (other than health) . . . . .	23	Taxes and licenses . . . . .	23	
16	Interest (see instructions):	24	Travel and meals:		
a	Mortgage (paid to banks, etc.) . . . . .	24a	a Travel . . . . .	24a	
b	Other . . . . .	24b	b Deductible meals (see instructions) . . . . .	24b	16
17	Legal and professional services . . . . .	25	Utilities . . . . .	25	
		26	Wages (less employment credits)	26	
		27a	Other expenses (from line 48) . . . . .	27a	1,111
		27b	b Reserved for future use . . . . .	27b	
28	<b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27a . . . . .	28		28	3,890
29	Tentative profit or (loss). Subtract line 28 from line 7 . . . . .	29		29	5,108
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.				
31	<b>Net profit or (loss).</b> Subtract line 30 from line 29.				
	• If a profit, enter on both <b>Schedule 1 (Form 1040)</b> , line 3, and on <b>Schedule SE</b> , line 2. (If you checked the box on line 1, see instructions). Estates and trusts, enter on <b>Form 1041</b> , line 3.				
	• If a loss, you <b>must</b> go to line 32.				
32	If you have a loss, check the box that describes your investment in this activity. See instructions.				
	• If you checked 32a, enter the loss on both <b>Schedule 1 (Form 1040)</b> , line 3, and on <b>Schedule SE</b> , line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on <b>Form 1041</b> , line 3.				
	• If you checked 32b, you <b>must</b> attach <b>Form 6198</b> . Your loss may be limited.				
32a	<input type="checkbox"/> All investment is at risk.	32b	<input type="checkbox"/> Some investment is not at risk.		

Name(s)

MATTHEW DESMARAIS

SSN

009-74-6641

**Part III Cost of Goods Sold (see instructions)**

33	Method(s) used to value closing inventory: a <input checked="" type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation. . . . .
36	Purchases less cost of items withdrawn for personal use . . . . .
37	Cost of labor. Do not include any amounts paid to yourself . . . . .
38	Materials and supplies . . . . .
39	Other costs . . . . .
40	Add lines 35 through 39 . . . . .
41	Inventory at end of year . . . . .
42	<b>Cost of goods sold.</b> Subtract line 41 from line 40. Enter the result here and on line 4 . . . . .

35	3,321
36	14,724
37	
38	
39	
40	18,045
41	0
42	18,045

**Part IV Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43	When did you place your vehicle in service for business purposes? (month/day/year) ►
44	Of the total number of miles you drove your vehicle during 2020, enter the number of miles you used your vehicle for:
a	Business _____ b Commuting (see instructions) _____ c Other _____
45	Was your vehicle available for personal use during off-duty hours? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No
46	Do you (or your spouse) have another vehicle available for personal use? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No
47a	Do you have evidence to support your deduction? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," is the evidence written? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No

**Part V Other Expenses.** List below business expenses not included on lines 8-26 or line 30.

SMALL TOOLS & EQUIPMENT	1,090
BANK SERVICE CHARGES	10
COMPUTER EXP	11
48 Total other expenses. Enter here and on line 27a . . . . .	48 1,111

2021 - W2

Copy B-To Be Filed With Employee's FEDERAL Tax Return		OMB No. 1545-0008	
This information is being furnished to the Internal Revenue Service.			
a. Employee's social security number XXX-XX-6641	1. Wages, tips, other compensation 124744.90	2. Federal income tax withheld 22143.15	
b. Employer ID number (EIN) 06-0691005	3. Social security wages 129831.58	4. Social security tax withheld 8049.56	
d. Control number HRBLEQ-70637	5. Medicare wages and tips 129831.58	6. Medicare tax withheld 1882.56	
c. Employer's name, address, and ZIP code Blake Group Holdings Inc 4 New Park Road East Windsor, CT 06088			
e. Employee's name, address, and ZIP code  Matthew Desmarais 491 State Street Apartment 2A Albany, NY 12203			
7. Social security tips	8. Allocated tips	9.	
10. Dependent care benefits	11. Nonqualified plans	12a. Code See inst. for Box 12 DD 5375.98	
13. Statutory employee	14. Other NYPFL 385.34 Auto Allow 1653.84	12b. Code AA 11941.37	
Retirement plan Y		12c. Code D 5086.68	
Third-party sick pay		12d. Code W 1080.00	
15. State NY	Employer's state ID number 060691005	16. State wages, tips, etc. 124744.90	17. State income tax 8738.73
18. Local wages, tips, etc.	19. Local income tax	20. Locality name	

Form W-2 Wage and Tax Statement

2021

Department of the Treasury - Internal Revenue Service

Copy 2-To Be Filed With Employee's State, City, or Local Income Tax Return		OMB No. 1545-0008	
a. Employee's social security number XXX-XX-6641	1. Wages, tips, other compensation 124744.90	2. Federal income tax withheld 22143.15	
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18. Local wages, tips, etc.	19. Local income tax	20. Locality name	

Form W-2 Wage and Tax Statement

2021

Department of the Treasury - Internal Revenue Service

Copy C-For EMPLOYEE'S RECORDS(See Notice to Employee.)		OMB No. 1545-0008	
This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.			
a. Employee's social security number XXX-XX-6641	1. Wages, tips, other compensation 124744.90	2. Federal income tax withheld 22143.15	
b. Employer ID number (EIN) 06-0691005	3. Social security wages 129831.58	4. Social security tax withheld 8049.56	
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Form W-2 Wage and Tax Statement

2021

Department of the Treasury - Internal Revenue Service

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18. Local wages, tips, etc.	19. Local income tax	20. Locality name	

Form W-2 Wage and Tax Statement

2021

Department of the Treasury - Internal Revenue Service

**Filing Status**  Single  Married filing jointly  Married filing separately (MFS)  Head of household (HOH)  Qualifying widow(er) (QW)  
 Check only If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying one box. person is a child but not your dependent ►

Your first name and middle initial <b>MATTHEW</b>	Last name <b>DESMARAIS</b>			Your social security number <b>009-74-6641</b>
If joint return, spouse's first name and middle initial <b>EMILY</b>	Last name <b>DESMARAIS</b>			Spouse's social security number <b>003-78-8111</b>
Home address (number and street). If you have a P.O. box, see instructions. <b>90 HACKETT BLVD</b>			Apt. no. <b>2</b>	Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
City, town, or post office. If you have a foreign address, also complete spaces below. <b>Albany</b>		State <b>NY</b>	ZIP code <b>12203</b>	<input type="checkbox"/> You <input type="checkbox"/> Spouse
Foreign country name		Foreign province/state/county		Foreign postal code

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency?  Yes  No

**Standard** Someone can claim:  You as a dependent  Your spouse as a dependent

**Deduction**  Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** You:  Were born before January 2, 1956  Are blind Spouse:  Was born before January 2, 1956  Is blind

<b>Dependents</b> (see instructions): If more than four dependents, see instructions and check here ► <input type="checkbox"/>	(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) Check if qualifies for (see instructions): Child tax credit	Credit for other dependents
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1 115,534
2a Tax-exempt interest	2b 104
3a Qualified dividends	3b 32
4a IRA distributions	4b
5a Pensions and annuities	5b 0
6a Social security benefits	6b
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ►	7
8 Other income from Schedule 1, line 9	8 12,465
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b>	9 128,135
10 Adjustments to income: a From Schedule 1, line 22	10a 122
b Charitable contributions if you take the standard deduction. See instructions	10b 300
c Add lines 10a and 10b. These are your <b>total adjustments to income</b>	10c 422
11 Subtract line 10c from line 9. This is your <b>adjusted gross income</b>	11 127,713
12 <b>Standard deduction or itemized deductions</b> (from Schedule A)	12 24,800
13 Qualified business income deduction. Attach Form 8995 or Form 8995-A	13
14 Add lines 12 and 13	14 24,800
15 <b>Taxable income</b> . Subtract line 14 from line 11. If zero or less, enter -0-	15 102,913

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

EEA

Form 1040 (2020)

16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> . . .	16	14,219	
17	Amount from Schedule 2, line 3 . . . . .	17		
18	Add lines 16 and 17 . . . . .	18	14,219	
19	Child tax credit or credit for other dependents . . . . .	19		
20	Amount from Schedule 3, line 7 . . . . .	20		
21	Add lines 19 and 20 . . . . .	21	0	
22	Subtract line 21 from line 18. If zero or less, enter -0- . . . . .	22	14,219	
23	Other taxes, including self-employment tax, from Schedule 2, line 10 . . . . .	23	243	
24	Add lines 22 and 23. This is your <b>total tax</b> . . . . . ►	24	14,462	
25	Federal income tax withheld from:			
a	Form(s) W-2 . . . . .	25a	13,264	
b	Form(s) 1099 . . . . .	25b		
c	Other forms (see instructions) . . . . .	25c		
d	Add lines 25a through 25c . . . . .	25d	13,264	
26	2020 estimated tax payments and amount applied from 2019 return . . . . .	26		
27	Earned income credit (EIC) . . . . .	27		
28	Additional child tax credit. Attach Schedule 8812 . . . . .	28		
29	American opportunity credit from Form 8863, line 8 . . . . .	29		
30	Recovery rebate credit. See instructions . . . . .	30	0	
31	Amount from Schedule 3, line 13 . . . . .	31		
32	Add lines 27 through 31. These are your <b>total other payments and refundable credits</b> . . . . . ►	32		
33	Add lines 25d, 26, and 32. These are your <b>total payments</b> . . . . . ►	33	13,264	
<b>Refund</b>	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you <b>overpaid</b> . . . . .	34	0	
35a	Amount of line 34 you want <b>refunded to you</b> . If Form 8888 is attached, check here . . . . . ► <input type="checkbox"/>	35a	0	
► b	Routing number   . . . . .	► c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
► d	Account number   . . . . .			
36	Amount of line 34 you want <b>applied to your 2021 estimated tax</b> . . . . . ► 36	36		
<b>Amount You Owe</b>	37 Subtract line 33 from line 24. This is the <b>amount you owe now</b> . . . . . ►	37	1,198	
For details on how to pay, see instructions.	<b>Note:</b> Schedule H and Schedule SE filers, line 37 may not represent all of the taxes you owe for 2020. See Schedule 3, line 12e, and its instructions for details.			
38	Estimated tax penalty (see instructions) . . . . . ► 38	38		
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS? See instructions . . . . . ► <input type="checkbox"/> Yes. Complete below. <input checked="" type="checkbox"/> No			
	Designee's name ►	Phone no. ►	Personal identification number (PIN) ►   . . . . .	
<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
Joint return? See instructions. Keep a copy for your records.	Your signature 89654	Date 03-26-2021	Your occupation	
	Spouse's signature. If a joint return, <b>both</b> must sign. 09580	Date 03-26-2021	Spouse's occupation	
	Phone no.	Email address	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) ►   . . . . .	
			If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) ►   . . . . .	
<b>Paid Preparer Use Only</b>	Preparer's signature Preparer's name <b>Stephen C Quinones</b>	Date 03-26-2021	PTIN P00030063	Check if: <input checked="" type="checkbox"/> Self-employed
	Firm's name ► <b>Taxperts</b>	Phone no.	518-272-6069	
	Firm's address ► <b>406 Fulton Street</b>			
	Troy, NY 12180	Firm's EIN ► .		

Name Matthew Desmarais	Business Phone (xxx-xxx-xxxx) (802) 793-0863																																																																																
Home Address 68 Sycamore Street	Home Phone (xxx-xxx-xxxx) (802) 793-0863																																																																																
City, State, & Zip Code Albany, NY 12208																																																																																	
Business Name of Applicant/Borrower Energy Catalyst Technologies																																																																																	
Business Address (if different than home address)																																																																																	
Business Type: <input type="checkbox"/> Corporation <input type="checkbox"/> S-Corp. <input type="checkbox"/> LLC <input checked="" type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietor (does not apply to ODA applicant)																																																																																	
This information is current as of [month/day/year] 05/05/2022 (within 90 days of submission for 7(a)/504/SBG/ODA/WOSB or within 30 days of submission for 8(a) BD)																																																																																	
WOSB applicant only, Married <input type="checkbox"/> Yes <input type="checkbox"/> No																																																																																	
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<p><b>Description of Other Income in Section 1</b> (Alimony or child support payments should not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income)</p> <p>I do not receive a regular salary from Energy Catalyst. I've been working without pay since its inception. For the first two years of Energy Catalyst's existence, I worked a full time job at Blake Equipment as a thermal sales engineer. In 2021, I received a large bonus for being the 2nd best salesperson in the company out of 50+ others. Most of that bonus went into stocks, so that I can pay myself as needed.</p> <p>In addition, my wife makes \$60k per year as a teacher at Chatham HS, her employment provides steady income and high quality health care coverage.</p>																																																																																	

**Section 2. Notes Payable to Banks and Others.** (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Names and Addresses of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral

**Section 3. Stocks and Bonds.** (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value
	Multiple index funds			05/05/2022	\$ 41,816.00

**Section 4. Real Estate Owned.** (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Real Estate (e.g. Primary Residence, Other Residence, Rental Property, Land, etc.)	Investment, 3 family	Primary Residence	
Address	408 Hamilton Street, Albany, NY 12210	68 Sycamore st. Albany, NY 12208	
Date Purchased	12/15/2014	10/15/2020	
Original Cost	\$ 201,286.00	\$ 148,756.00	
Present Market Value	\$ 220,000.00	\$ 220,000.00	
Name & Address of Mortgage Holder	Matthew Desmarais	Matthew Desmarais	
Mortgage Account Number	Wells Fargo	Homestead Funding Co.	
Mortgage Balance	\$ 156,638.00	\$ 141,497.00	
Amount of Payment per Month/Year	\$ 1,875.00	\$ 1,336.00	
Status of Mortgage	Good	Good	

**Section 5. Other Personal Property and Other Assets.** (Describe, and, if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and, if delinquent, describe delinquency.)

**Section 6. Unpaid Taxes.** (Describe in detail as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

\$0

**Section 7. Other Liabilities.** (Describe in detail.)

**Section 8. Life Insurance Held.** (Give face amount and cash surrender value of policies – name of insurance company and Beneficiaries.)

I authorize the SBA/Lender/Surety Company to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness.

**CERTIFICATION:** (to be completed by each person submitting the information requested on this form and the spouse of any 20% or more owner when spousal assets are included)

By signing this form, I certify under penalty of criminal prosecution that all information on this form and any additional supporting information submitted with this form is true and complete to the best of my knowledge. I understand that SBA or its participating Lenders or Certified Development Companies or Surety Companies will rely on this information when making decisions regarding an application for a loan, surety bond, or participation in the WOSB or 8(a) BD program. I further certify that I have read the attached statements required by law and executive order.-

Signature	Matthew Desmarais	Digital signature of Matthew Desmarais DN: cn=Matthew Desmarais, o=Energy Catalyst LLC, ou, email=energy.catalyst.tech@gmail.com, c=US Date: 2022.05.05 09:31:23 -04'00'	Date	05/05/2022
Print Name	Matthew Desmarais		Social Security No.	009-74-6641
Signature			Date	
Print Name			Social Security No.	

May 9, 2022

To Whom It May Concern,

It is my pleasure to write a letter in support of Matthew Desmarais and his company, Energy Catalyst. As the President of the Capital Region chapter of the Association of Energy Engineers, I have recruited Mr. Desmarais to present three times since 2019 on clean energy topics (twice on geothermal) and he is a thought leader in this field. I've personally seen his demonstration units operate in very cold conditions and was impressed by the efficiency and design of the system.

The Energy Catalyst team has our full support and we are confident that they will be successful.

Sincerely,

*Matt Arisohn*

Matt Arisohn, CEM/CMVP

518-588-8815  
matt.arisohn@gmail.com

## CONTRACTORS ARE CALLING IT A GAME CHANGER FOR GEOTHERMAL

G.E.T. Staff

Energy Catalyst is an Albany-based manufacturer of geothermal heat pumps specializing in boiler-to-geothermal conversions. Founded in 2019, Energy Catalyst developed a heat pump that is lower cost and high efficiency for residential hot water heating systems. In the first of a two-part series, founder Matthew Desmarais sits down to talk us through their progress.

### How did you get into geothermal heating and cooling?

Energy Catalyst started as a specialty geothermal contractor in converting homes with baseboard or radiators, but I quickly realized that this is a lot of work! After doing my first conversion "the hard way," I knew that the real problem was the technology and product limitations. When our installation work slowed down during the pandemic, I knew it was time to start designing a better solution. Now our "double hybrid" heat pump allows any home, with any system, to switch to geothermal without a full overhaul.

What makes your heat pump different from other heat pumps?

A traditional boiler supplies heat at 180 degrees. If you switch directly to a heat pump, which has a maximum temperature of 120 degrees, the heating system (baseboards, radiators) loses about 75% of its thermal capacity (i.e., its ability to heat the room). We solve this problem by producing hot water and hot air at the same time, with the same machine. This



Installation of an Energy Catalyst heat pump on a huge 6,000 sq ft house with old baseboards.

Heat pump with panels removed at Averill Park. (Photos: Matthew Desmarais)

is our "double hybrid" patent pending design. Now, we can reuse the existing infrastructure without being limited by it. By passing cold air across the refrigerant, we significantly increase the efficiency of the system by 30 to 40%.

### You mentioned hot air, how does the hot air get into the house?

When installing our system in a typical house, we run ductwork in between the

joists to supply hot air to the first finished floor. In most cases, we add three to four supply registers and one return. In heating mode, we blow a small volume of hot air so that the building does not feel drafty. Keep in mind, 85% or more of the heat is still coming from the home's baseboards or radiators. The ductwork typically takes one to two days to install and allows us to provide the home with air filtration, air conditioning, and heating.

Many thanks  
to our section  
sponsor:



### Your system does air conditioning too?

Yes, during the summer, the heat pump is very efficient at producing air conditioning. When our heat pump runs, hot water is a by-product and we use this to pre-heat the domestic hot water.

So, customers basically get free domestic hot water in the summertime?

Pre-heated hot water, but yes, it's a nice bonus for our customers. A typical geothermal system might be able to do that, but it would require a separate tank and additional components. This feature is built into every one of our products. Our product is designed by contractors, for contractors.

### Tell us about your demo sites.

We have five fully installed demonstration sites in the New York Capital Region. These range from 1,500 square feet to 6,000 square feet. We have a range of homes from new construction to a home built in the 1840s. Our first demo site is in a new construction residential property in Saratoga. It is the only home of our five sites that is new construction. Our prototype has exceeded our expectations for efficiency and performance.

Where do you go from here?

Our five demo sites are NYSERDA-sponsored. We will be receiving third-party verification of performance and efficiency from KW Engineering. We are officially launching our product in March 2022 for retail sale and offering contractor training sessions Q1 and Q2. *Cont'd on p.27*

## The Market Opportunity: In the customers words

 Scott Mansfield <scott.m.mansfield1@gmail.com>  
to Matthew  
Hi Matthew,  
Thank you for getting back to me. We are planning a remodeling project on our house in Vestal, NY and I have been doing quite a lot of research into heating and cooling systems. We are currently using an oil fired boiler for hot water baseboard and DHW while generally only using window units for air conditioning. I would really like to convert all of that to geothermal, but am finding it surprisingly difficult to find a system capable of satisfying those requirements. It looks like this is an area you specialize in and I'd be very interested to hear more about your system and to get an estimate on an installation here. Would you be willing to take on a project in Broome County? There seems to be almost no geothermal installers in the Southern Tier and the other HVAC companies I've spoken with are all just pushing mini-splits. There might be opportunities to expand down here.  
I look forward to hearing from you,  
Scott

 Thomas Geothermal <thomasgeothermal@gmail.com>  
to me  
Thu, Aug 19, 2021, 8:53 AM  
I watched this over coffee this morning. Definitely a new approach to an old problem. While most people see the radiator heat pump conversion problem as having to serve up 180-degree water (or something close to it) that a boiler can, the realization is most boilers are way oversized even for that zero-degree day. So, we do have quite a bit of latitude to successfully deliver lower temperature water on most days. Even our "high temp" water to water heat pumps like the WF 504W11 OptiHeat units - that promise water temps up to 150 degrees - can't quite make it and are down at a COP of 2.6 (on their 040 unit) at 147.5 degrees in the best case. I'm attaching their spec catalog in case you haven't seen it.  
There is indeed a very large market, especially in NYS, for radiator conversions so you seem to be on the right track. I guess the other factor here is the relative unwillingness of our mainstream geo manufacturer's to innovate. They seem to be stuck on the forced air conversions with mostly large and heavy unitary boxes and will often argue that these will produce the best efficiency. This may make them a possible choice for propane or oil forced air systems – but for the most part the existing ductwork in those systems is almost always too small for best performance. These are really not bolt-ins but it is pretty much the approach that Dandelion is taking. It would seem that most customers who like the cozy warmth of a radiator-based system on cold winter nights may not like a purely forced air system that blows prodigious amounts of air at something less than 100 degrees when it's zero out.  
AS I mentioned, maybe we can get up your way in October. Would love to see one of your test cases in action. I did mention to John C that he should think about giving you a slot on one of the NY-GEO Tuesday webinars when they restart. They seemed to be booked though. He seemed to think something at the next conference in March could work. I think we're all looking forward to an in-person event for a change. In the meantime, keep innovating!

 Ronald J Emond <ronaldjemond@gmail.com>  
to me  
Hello,  
I read the article in Green Energy Times about your Geo-Thermal system. I live in Newfields, New Hampshire and would like to have the energy audit performed on our home here at 28 Finn Avenue. We just purchased this home built in 1995 that has base board hot water heating. Our previous home in CT had forced hot air. This house has no air conditioning currently. Before we start adding electric powered heating/cooling pumps to add air conditioning, it seems like your Geo-Thermal unit may be better to help heat our home efficiently and cool it also through the duct work?

Please email me or here is my cell 203-948-5172

Sincerely,

Ronald J Emond DVM  
28 Finn Avenue  
Newfields, NH 03856

 Bob Haring-Smith <bharingsmith@gmail.com>  
to Energy.catalyst.tech  
Sat, Nov 13, 2021, 11:53 AM  
Hi,  
Thanks very much for your presentation today. As I indicated in my chat comment, we have an oil boiler running hot water to baseboards throughout the house. The boiler is about 25 years old and at our annual maintenance visits the past few years, the technician has made noises about its age and the difficulty of doing repairs due to some evident corrosion around some valves (apparently exacerbated by the antifreeze in the system). I had someone come in who I thought would give me an estimate on a heat pump, but said we couldn't use one and instead provided an estimate for a new boiler. We also had someone come to talk about a pellet boiler, but I'd prefer something with even less environmental impact. So, for now, I've been sticking with the existing setup in hopes that technological advances will make a heat pump feasible. I was encouraged by your comments in today's session.  
We are in Peterborough, NH in a house with about 3500 sq. ft. of living area. Heating oil deliveries in 2020 amounted to just under 1200 gallons.  
I'd be happy to hear more of your thoughts on getting a heat pump installed here.  
Many thanks.

## GEOTHERMAL "GAME CHANGER"

*- Cont'd from p.26*



*Heat pump with air handler, blue storage tank on the right.*

2022. These training sessions will ensure there are reliable installers who know our product.

### **How could a reader get involved?**

Come to our scheduled walkthroughs at our demonstration sites. Scheduled walkthroughs will take place 1/11/2022 in Saratoga, 1/13/22 in Hoosick Falls and 1/18/22 in Averill Park. We invite all who are interested to come check out our technology in action.

This winter, Energy Catalyst is offering a thermal capacity audit for residential properties. We will measure the thermal capacity of your home over the winter months in order to take the first step towards switching to geothermal. The audit costs \$300 but the \$300 will be applied as a credit towards an Energy Catalyst heat pump. Anyone interested can email [energy.catalyst.tech@gmail.com](mailto:energy.catalyst.tech@gmail.com) or call them at 802-793-0863. ☺

## AL TECH LOAN FUND - MATURITY EXTENSION REQUEST

<b>Company:</b>	<b>Indra Holdings, LLC</b>	
<b>Operating Company:</b>	<b>Philly's Bar &amp; Grill, Inc</b>	<b>Account #: ALT615</b>

<b>Address:</b>	622 Watervliet-Shaker Road	<b>Disbursed:</b>	\$500,000
	Latham, NY 12110	<b>Amount:</b>	
<b>Phone:</b>		<b>Maturity:</b>	June 1, 2022
<b>Contact Name:</b>	Rakesh Patel	<b>Interest Rate:</b>	2.63%
	Gunvantrai Patel (Father)	<b>Repayment Terms:</b>	\$1,450.22

<b>Principal Balance for Renewal:</b>	\$371,179.74
<b>Proposed Renewal Terms:</b>	60-month term based on a 10-year amortization
<b>Proposed Interest Rate (75% of WSJ Prime):</b>	3.00%
<b>Proposed Renewal Repayment:</b>	\$3,584.14

**Collateral:** Collateral will be a second lien on the property located at 622 Watervliet-Shaker Road, 612 Watervliet-Shaker Road and 20 Denise Drive, behind a first mortgage held by Kinderhook Bank

**Business Description:** Restaurant Bar & Grill and non-flag hotel

**Use of Loan Proceeds:** The main operating company Philly's Bar & Grill expanded and renovated their commercial property located at 622 Watervliet-Shaker Road (Route 155) including, expanding their kitchen and patio dining area along with totally remodeling their outdoor seating area.

### 2021 Site Review Info:

<b>Conducted By:</b>	Kevin Catalano	<b>Visit Date:</b>	October, 2021
<b>Principal Balance as of Date of Review:</b>	\$388,675	<b>Repayment Experience:</b>	Paid as agreed.
<b>Violations:</b>	None		

**Financial Information:** Borrower provided 2020 and 2021 accountant prepared tax returns; spreadsheet attached.

**Narrative & Financial Analysis:** Similar to other restaurants and companies in the hospitality industry, the operating company suffered in 2020. While sales dropped to \$1.183 million in 2020 and they business had negative cash flow, the business had a very strong 2021 demonstrating sales of \$1,884, an increase of over \$700K. 2022 has been off to a strong start with their busy season starting as the patio is open.

Cash flow for 2020 was negative with cash flow of -\$31,615. With an increase in sale in 2021, cash flow increased to \$365,280 an increase of over \$333K.

Mr. Patel also took advantage of the Restaurant Revitalization Fund which is demonstrated on their balance sheet as cash on hand is over \$1.2Million. Philly's was provided \$700,000 from the fund.

*The American Rescue Plan Act established the Restaurant Revitalization Fund (RRF) to provide funding to help restaurants and other eligible businesses keep their doors open. This program will provide restaurants with funding equal to their pandemic-related revenue loss up to \$10 million per business and no more than \$5 million per physical location. Recipients are not required to repay the funding as long as funds are used for eligible uses no later than March 11, 2023.*

Additionally, Mr. Patel is quietly open to selling the 1.5-acre site on the corner of Watervliet Shaker Road and Denise Drive to free up additional cash for long-term growth and sustainability.

**Condition of Physical Collateral:**

(Staff Observation): Restaurant appears in above average condition as Mr. Patel continues to invest in the property.

**Employment:**

FTEs. 5 Full time and 25 part-time employees.

**Employment goals met: why/why not:** yes, employment goals have been met.

**Notes:** None.

Balance Sheet	2021	2020
Cash	1,292,894	328,796
Accounts Receivable		
Inventory	20,000	20,000
other current assets	299,701	330,347
Current Assets		
Loan to Shareholders		
Buildings / Equipment	1,948,068	1,873,043
Less Acc Depreciation	1,147,919	988,686
Total Fixed Assets	800,149	884,357
Intangible Assets		
Less Acc Amortization		
Total Intangible Assets		
other asset	4,874	4,874
Total Assets	2,417,618	1,568,374
Liabilities and Owners Equity		
Accounts Payable		
Mortgages Less then 1 year	277,262	151,820
Other Current Liabilities	10,083	22,460
Total Current Liabilities		
Mortgages more than 1 year	890,835	1,036,512
Loans to Shareholders	3,794	
Total Long-term Liabilities		
other liabilities		
Total Liabilities	1,181,974	1,210,792
Owner's Equity	1,235,644	357,582

**Partnership Return Form 1120-S**

	2021	2020
Sales	1,884,012	1,183,378
COGS	811,814	551,849
Gross Profit	1,072,198	631,529
Other Income	109,887	59,381
<b>Total Income</b>	<b>1,182,085</b>	<b>690,910</b>
<b>Operating Expenses</b>		
Officer Comp	177,337	108,000
Salaries and Wages	232,876	182,633
Repairs and Maintenance	23,949	14,852
Auto and Truck Exp		
Bad Debts		
Rents	87,000	96,000
Insurance		
Taxes / Licenses	56,322	29,627
Interest	15,088	16,038
Depreciation	84,208	82,326
Advertising		
Pension	3,055	6,743
Employee Benefits		224
Other Deductions	236,266	284,446
<b>Total Operating Expenses</b>	<b>916,101</b>	<b>820,889</b>
Less: other income		
Less: Gain/loss sale of asset		
<b>Other Expenses</b>		
<b>Net Profit</b>	<b>265,984</b>	<b>-129,979</b>