



Audit Committee Meeting

March 26, 2025, 8:30 am
111 Washington Ave, Suite 100, Albany, NY 12210
Conference Room

AGENDA

- | | |
|--|---------------------------|
| 1. Welcome & Roll Call | Rich Rosen, Chair |
| 2. CFO Report | Amy Thompson, CFO |
| a. Review Independence of Auditor (Resolution) | Amy Thompson, CFO |
| i. (action) Resolution 2025-03-01 | |
| b. Review/approve draft Audited Financial Statement & Accept Independent Audit Results | Kevin Testo, Bonadio & Co |
| i. (action) Resolution 2025-03-02 | |
| c. Review of Audit Committee Charter | Amy Thompson |
| i. (action) Resolution 2025-03-03 | |
| d. Review Annual Assessment of Internal Controls | Amy Thompson |
| i. (action) Resolution 2025-03-04 | |
| 3. Other Business | Rich Rosen, Chair |
| 4. Executive Session (if necessary) | Rich Rosen, Chair |
| 5. Adjournment | Rich Rosen, Chair |



**Advance Albany County Alliance
Audit Committee**

ROLL CALL

Board Member	Present/Excused/Absent
Rich Rosen, Chair	
Alan Goldberg, Member	
Alan Alexander, Member	
Laura Zeliger, Member	Excused
Mike Cassidy, Member	
Michael Cinquanti, Member	
Helen Brooks, Member	
Caitlin O'Brien, Ex-Officio	
Michael McLaughlin, Ex-Officio	

**RESOLUTION 2025-03-01
OF THE
ADVANCE ALBANY COUNTY ALLIANCE
LOCAL DEVELOPMENT AUTHORITY
AUDIT COMMITTEE**

WHEREAS, the Advance Albany County Alliance Local Development Corporation (the "Corporation") is a "local authority" as defined within the Public Authorities Law ("PAL") of the State of New York; and

WHEREAS, pursuant to PAL, the Corporation has formed an Audit Committee and adopted a Committee Charter which provides that the Audit Committee shall be responsible for appointing the Corporation's independent auditor and reviewing and approving the Corporation's financial statements, and confirming and assuring the independence of the Corporation's independent auditor; and

WHEREAS, the Corporation's independent auditor is The Bonadio Group, and pursuant to PAL section 2802(5) such auditor shall not (without receiving previous written approval from the Audit Committee: (i) perform booking or other services related to the accounting records or financial statements, (ii) financial information systems design and implementation, (iii) appraisal or valuation services, fairness opinions, or contribution-in-kind reports, (iv) actuarial services, (v) internal audit outsourcing services, (vi) management functions or human services, (vii) broker or dealer, investment advisor, or investment banking services, and (viii) legal services and expert services unrelated to the audit ((i) through (viii) are collectively referred to as the "Independence Criteria"); and

WHEREAS, having reviewed the above Independence Criteria, the Audit Committee finds that The Bonadio Group is fully compliant with such Independence Criteria; and

NOW, THEREFORE BE IT RESOLVED, that the Audit Committee confirms that The Bonadio Group, the Corporation's auditor, is fully "independent" in accordance with PAL.

Dated: March 26, 2025

Chairperson

Motion made by:

Seconded by:

Vote:

**RESOLUTION 2025-03-02
OF THE
ADVANCE ALBANY COUNTY ALLIANCE
LOCAL DEVELOPMENT AUTHORITY
AUDIT COMMITTEE**

WHEREAS, the Advance Albany County Alliance Local Development Corporation (the "Corporation") is a "local authority" as defined within the Public Authorities Law ("PAL") of the State of New York; and

WHEREAS, pursuant to PAL, the Corporation has formed an Audit Committee and adopted a Committee Charter which provides that the Audit Committee shall be responsible for appointing the Corporation's independent auditor and reviewing and approving the Corporation's financial statements; and

WHEREAS, pursuant to prior Board action, the Corporation retained The Bonadio Group to audit the Corporation's 2024 Financial Statements and to perform the Corporation's independent audit for 2024; and

WHEREAS, the Committee has received and reviewed the 2024 Audited Financial Statements and the Independent Audit for 2024 with the independent auditor and staff; and

NOW, THEREFORE BE IT RESOLVED, that the Committee hereby approves 2024 Audited Financial Statements and accepts the Independent Audit, and the Corporation staff is directed to file the above referenced Reports with the appropriate offices and the Public Authorities Reporting Information Systems ("PARIS"), all in accordance with section 2800 of the New York Public Authority Law, and that such Reports be posted on the Corporation's website.

Dated: March 26, 2025

Chairperson

Motion made by:

Seconded by:

Vote:

**ADVANCE ALBANY COUNTY ALLIANCE LOCAL
DEVELOPMENT CORPORATION**

**Financial Statements as of
December 31, 2024 and 2023
Together with
Independent Auditor's Report**

Draft - Subject to Change

INDEPENDENT AUDITOR'S REPORT

March 26, 2025

To the Board of Directors of
Advance Albany County Alliance Local Development Corporation:

Opinion

We have audited the accompanying financial statements of Advance Albany County Alliance Local Development Corporation (a New York nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advance Albany County Alliance Local Development Corporation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Advance Albany County Alliance Local Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Advance Albany County Alliance Local Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Advance Albany County Alliance Local Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Advance Albany County Alliance Local Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,800,986	\$ 623,804
Certificates of deposit	2,000,000	-
Accounts receivable (net of allowance for credit losses \$0)	363,872	90,214
Grants receivable	305,669	-
Prepaid expenses	33,616	19,899
Total current assets	<u>5,504,143</u>	<u>733,917</u>
PROPERTY AND EQUIPMENT, net	<u>358,038</u>	<u>115,637</u>
OPERATING LEASE RIGHT-OF-USE-ASSETS	<u>253,501</u>	<u>320,064</u>
TOTAL ASSETS	<u>\$ 6,115,682</u>	<u>\$ 1,169,618</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 46,102	\$ 28,706
Accrued payroll	10,651	1,966
Deferred income	3,850,000	-
Current portion of operating lease liability	94,814	94,814
Total current liabilities	<u>4,001,567</u>	<u>125,486</u>
OPERATING LEASE LIABILITY, net of current portion	<u>158,687</u>	<u>225,250</u>
TOTAL LIABILITIES	<u>4,160,254</u>	<u>350,736</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,955,428</u>	<u>818,882</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,115,682</u>	<u>\$ 1,169,618</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
REVENUES:		
Contributions and grant revenue	\$ 1,455,669	\$ 500,000
Agency fees	1,043,375	555,737
Interest income	126,228	4,756
Rental income	35,555	47,407
Other income	<u>-</u>	<u>1,956</u>
Total revenues	<u>2,660,827</u>	<u>1,109,856</u>
EXPENSES:		
Program	1,408,051	826,584
Administrative	<u>116,230</u>	<u>72,712</u>
Total expenses	<u>1,524,281</u>	<u>899,296</u>
CHANGE IN NET ASSETS	1,136,546	210,560
NET ASSETS - BEGINNING OF YEAR	<u>818,882</u>	<u>608,322</u>
NET ASSETS - END OF YEAR	<u>\$ 1,955,428</u>	<u>\$ 818,882</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Program Expenses	Administrative Expenses	Total
Salaries and benefits	\$ 629,715	\$ 69,968	\$ 699,683
Legal and professional services	361,964	-	361,964
STAGE grant passthrough	135,000	15,000	150,000
Rent	90,400	10,044	100,444
Office supplies	45,765	5,085	50,850
Advertising	43,418	4,824	48,242
Depreciation	32,697	3,633	36,330
Sponsorship	19,260	2,140	21,400
Travel	15,512	1,722	17,234
Dues and subscriptions	12,789	1,421	14,210
Insurance	10,556	1,173	11,729
Miscellaneous	6,510	723	7,233
Conference	2,759	307	3,066
Filing fees	923	103	1,026
Telephone	783	87	870
Total expenses	<u>\$ 1,408,051</u>	<u>\$ 116,230</u>	<u>\$ 1,524,281</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Expenses	Administrative Expenses	Total
Salaries and benefits	\$ 405,947	\$ 45,105	\$ 451,052
Legal and professional services	172,192	-	172,192
Rent	88,818	9,869	98,687
Office supplies	39,149	4,350	43,499
Depreciation	25,081	2,787	27,868
Sponsorship	22,234	2,471	24,705
Advertising	18,427	2,048	20,475
Dues and subscriptions	14,469	1,608	16,077
Travel	13,001	1,445	14,446
Miscellaneous	10,034	1,114	11,148
Conference	8,367	930	9,297
Insurance	7,357	817	8,174
Filing fees	1,024	114	1,138
Telephone	484	54	538
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 826,584</u>	<u>\$ 72,712</u>	<u>\$ 899,296</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,136,546	\$ 210,560
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	36,330	27,868
Changes in:		
Accounts receivable	(273,658)	(40,517)
Grants receivable	(305,669)	-
Prepaid expenses	(13,717)	(13,277)
Accounts payable	17,396	15,185
Accrued payroll	8,685	783
Deferred income	<u>3,850,000</u>	<u>(3,951)</u>
Net cash flows from operating activities	<u>4,455,913</u>	<u>196,651</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	(2,000,000)	-
Purchase of property and equipment	<u>(278,731)</u>	<u>(107,053)</u>
Net cash flows from investing activities	<u>(2,278,731)</u>	<u>(107,053)</u>
CHANGE IN CASH	2,177,182	89,598
CASH - BEGINNING OF YEAR	<u>623,804</u>	<u>534,206</u>
CASH - END OF YEAR	<u>\$ 2,800,986</u>	<u>\$ 623,804</u>

The accompanying notes are an integral part of these statements.

ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

1. THE ORGANIZATION

Advance Albany County Alliance Local Development Corporation (the Corporation) was formed in November 2020 to relieve and reduce unemployment in Albany County (the County), promote and provide additional adult employment in the County, maintain adult job opportunities in the County, and to carry on scientific distribution of grants to qualifying small businesses in the County. Since its inception, the Corporation has substantially been supported by grants from the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures. Actual results could differ from those estimates.

Cash

The Corporation maintains its cash in bank deposit accounts which may at times exceed federally insured limits. The Corporation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks on cash.

Certificates of Deposit

The Corporation maintains certificates of deposit which consist of highly liquid debt instruments purchased with an original maturity of three months or less and bearing interest of 3.75%.

Accounts Receivable

The Corporation considers accounts receivable to be fully collectible. Accordingly, no allowance for credit losses has been reflected in the financial statements as of December 31, 2024 and 2023. If in the future, management determines that amounts may be uncollectible, an allowance will be established, and operations will be changed when that determination is made. Accounts for which no payments have been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted the account is written off.

Property and Equipment

All acquisitions of property and equipment that materially prolong the useful lives of assets costing over \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Financial Reporting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Corporation's net assets are classified as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as releases from restriction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting (Continued)

The Corporation reports its activities and the related net assets using the following net asset categories:

- Net Assets Without Donor Restrictions – Net assets without donor restrictions include funds available for use without any donor-imposed restrictions. The Board of Directors can authorize use of these funds as it desires to carry on the purpose of the Corporation according to its by-laws.
- Net Assets with Donor Restrictions – Net assets with donor restrictions include resources that have been donated to the Corporation subject to restrictions as specified by the donor. There were no net assets with donor restrictions as of December 31, 2024 and 2023.

Revenue Recognition

Agency Fees

The Corporation maintains agency agreements to perform administrative, managerial, accounting, marketing, compliance, and project development services for the following organizations:

- Albany County Business Development Corporation
- Albany County Pine Hills Land Authority
- Albany County Capital Resource Corporation
- Albany County Industrial Development Agency

The performance obligation is met, and revenue is recognized, when applicable services are performed. The Corporation's transaction price is stated in the annual agency agreement contracted with each organization, and is developed based on the costs of staffing, office equipment, utilities, phone, and computer networking.

Accounts receivable related to agency fees were as follows at December 31:

<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>\$ 363,872</u>	<u>\$ 90,214</u>	<u>\$ 49,697</u>

Rental Income

The Corporation determines if an arrangement is a lease at inception. The Corporation reassesses the determination of whether an arrangement is a lease if the terms and conditions of the contract are changed.

The Corporation recognizes revenue in accordance with the lease agreement. Variable lease payments are generally immaterial and consist of items such as late fees, which are charged to tenants in certain circumstances. The Corporation recognizes variable lease payments as revenue in the period incurred. The Corporation elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component. Non-lease components are generally immaterial and consist of items such as late fees. The single lease component is accounted for under ASC 842.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grant Revenue

Contributions are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from donor restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements.

Deferred revenue arises when resources are received by the Corporation before it has a legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Corporation has legal claim to the resources, the liability for deferred revenue is removed and recognized as revenue.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs, such as salaries and benefits have been allocated amongst the programs and supporting services benefited based on hours spent.

Leases (As Lessee)

In evaluating contracts to determine if they qualify as a lease, the Corporation considers factors such as if the Corporation obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Right-of-use assets (ROU) represent the Corporation's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Corporation is reasonably certain to exercise these options.

For all underlying classes of assets, the Corporation has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Corporation recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

The Corporation elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable.

The Corporation elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component.

Income Tax Status

The Corporation is a non-profit organization generally exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. The Corporation has been classified as a publicly supported organization that is not a private foundation.

Reclassifications

Certain reclassifications of revenue have been made to the 2023 financial statements to conform to the current year presentation.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At December 31, the Corporation has the following financial assets available to meet cash needs for general expenditure within one year of the statement of financial position date:

	<u>2024</u>	<u>2023</u>
Cash	\$2,800,986	\$ 623,804
Certificates of deposit	2,000,000	-
Accounts receivable, net	<u>363,872</u>	<u>90,214</u>
	<u>\$5,164,858</u>	<u>\$ 714,018</u>

The Corporation's ability to meet its cash needs is highly dependent on timely receipt of contributions, which are primarily due from its granting sources and agency fees. The Corporation has designed procedures to collect from these payers as quickly as possible. As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation could also manage vendor relationships to extend payment terms where possible.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Buildings	\$ 251,913	\$ -
Computer software	48,000	48,000
Office furniture and equipment	53,574	47,078
Computer equipment	60,399	40,077
Capital improvements	25,433	25,433
Less: Accumulated depreciation	<u>(81,281)</u>	<u>(44,951)</u>
	<u>\$ 358,038</u>	<u>\$ 115,637</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$36,330 and \$27,868, respectively.

5. RENTAL INCOME

The Corporation sub-leases a portion of their office space to an unrelated tenant and has entered into an operating lease for five years with that tenant. Rental income for the years ended December 31, 2024 and 2023 was \$35,555 and \$47,407, respectively. The Corporation has determined that the office space is predominant in this contract and is accounting for the office component as an operating lease under ASC 842. As a result, the Corporation has presented all rental income on the same line item in the statements of activities. As of October 4, 2024, this lease agreement was terminated by both parties.

6. LEASES

The Corporation leases its office space. The lease is an operating lease and expires in October 2027. The operating lease liability was determined using a remaining lease term of 3 years at a discount rate of 4.27%. The components of total lease cost for the year ended December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 94,814	\$ 94,814

Maturities of operating lease liabilities as of December 31, 2024 are as follows:

2025	\$ 94,814
2026	94,814
2027	<u>79,011</u>
Total lease payments	268,639
Less: Interest	<u>(15,138)</u>
Total present value of lease liability	253,501
Less: Current Portion	<u>(94,814)</u>
	<u>\$ 158,687</u>

Cash paid for amounts included in the measurement of operating lease liabilities totaled \$100,444 and \$98,687 for 2024 and 2023, respectively.

7. SUBSEQUENT EVENTS

During January 2025, the Corporation purchased a building for approximately \$65,000 that is expected to be demolished at an additional cost of approximately \$14,000,000. The Corporation is expected to receive approximately \$13,000,000 in additional grants to be used towards this commitment.

The Corporation has evaluated events through March 26, 2025, which is the date the financial statements were available to be issued.

March 26, 2025

To the Board of Directors of
Advance Albany County Alliance Local Development Corporation:

REQUIRED COMMUNICATIONS

Dear Board Members:

We have audited the financial statements of Advance Albany County Alliance Local Development Corporation (the Corporation) for the year ended December 31, 2024, and have issued our report thereon dated March 26, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 18, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 2 to the financial statements. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were as follows:

- The allocation of costs by program or function
- Allowance for credit losses

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were outlined in Note 3, which details the Corporation's liquidity and availability of financial assets.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

There were no corrected or uncorrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of this letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Advance Albany County Alliance Local Development Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

BONADIO & CO., LLP

Draft - Subject to Change

March 26, 2025

Kevin O'Connor, CEO
Advance Albany County Alliance Local Development Corporation
112 State Street
Albany, NY 12207

Dear Kevin:

Public Authorities, which are authorized under the Not-for-Profit Corporation Law fall under the Public Authorities Accountability Act (PAAA) and Public Authorities Reform Act (PARA) definition if they are affiliated with, sponsored by, or created by a municipal government.

One of the specific requirements of the PAL is Section 2925, subdivision 6 that indicates:

“Each corporation shall annually prepare and approve an investment report which shall include the investment guidelines, as specified in subdivision three of this section, amendments to such guidelines since the last investment report, an explanation of the investment guidelines and amendments, the results of the annual independent audit, the investment income record of the corporation and a list of the total fees, commissions, or other charges paid to each investment banker, broker, dealer, agent, dealer and adviser rendering investment associated services to the corporation since the last investment report. Such investment report may be a part of any other annual report that the corporation is required to make.”

In discussions with the ABO, they have indicated that the annual financial statement audit does not satisfy the requirement above. Furthermore, the requirement extends to not only investments in the conventional sense, but all funds available for deposit in the organization, except for traditional checking and savings type deposits, or trustee directed investments in association with bond issuances. Certificates of deposits would qualify as investments under the regulations.

The complexity of the audit is based primarily on the nature of the organization's investments. Organizations with certificates of deposit or other non-complex investments may be able satisfy the requirements by having an agreed-upon procedures review of its investment policy performed to ensure that the organization is in compliance with said policy.

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Since the Advance Albany County Alliance Local Development Corporation does not have investments that meet the criteria as defined above, there is no audit requirement for December 31, 2024.

Very truly yours,

BONADIO & CO., LLP

Draft - Subject to Change

March 26, 2025

To the Board of Directors of
Advance Albany County Alliance Local Development Corporation:

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Advance Albany County Alliance Local Development Corporation (the Organization) as of and for the year ended December 31, 2024 in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

BONADIO & CO., LLP

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**RESOLUTION 2025-03-03
OF THE
ADVANCE ALBANY COUNTY ALLIANCE
LOCAL DEVELOPMENT AUTHORITY
AUDIT COMMITTEE**

WHEREAS, the Advance Albany County Alliance Local Development Corporation (the "Corporation") is a "local authority" as defined within the Public Authorities Law ("PAL") of the State of New York; and

WHEREAS, pursuant to PAL, the Corporation has formed an Audit Committee and adopted a Committee Charter which provides that the Audit Committee shall review the adequacy of the Committee Charter, report such review to the Board and to recommend any suggested Charter changes to the Board for review and approval; and

WHEREAS, the Audit Committee has completed such review and recommends no changes to the Committee Charter; and

NOW, THEREFORE BE IT RESOLVED, that the Audit Committee shall report to the Board that it has completed such review of the Charter and has no recommend changes to the Charter.

Dated: March 26, 2025

Chairperson

Motion made by:

Seconded by:

Vote:

**ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT
CORPORATION COMMITTEE CHARTER**

Pursuant to the Public Authorities Law and its By-Laws, the Advance Albany County Alliance Local Development Corporation (the “Corporation”) establishes the following board committees with responsibilities pursuant to this written Committee Charter.

PURPOSE

The purpose of this Committee Charter, and the resulting Committees, are to help improve oversight, operations, accountability, and transparency at the Corporation, thereby strengthening public confidence in its operations.

STRUCTURE/COMMITTEES

The Corporation shall have an Executive Committee, Governance Committee, Finance Committee and an Audit Committee (collectively the “Committees”).

1. Committee Membership/Operations.
 - a. Members of the Committees shall be Directors and appointed by not less than a majority vote of the Entire Board, for a one (1) year term or, in the case of appointments due to vacancy(ies), from the time of appointment, and ending at the close of the fiscal year.
 - b. The Committees shall consist of a minimum of three members, one of whom will be the Committee Chairperson. A majority of the Committee members shall be “independent” as defined in section 2825 of the Public Authorities Law.
 - c. The Board Chairperson shall appoint the Chairs of the Committees from the Committee members. The Committee Chairs shall be appointed for a term beginning at the time of the appointment and ending at the close of the subsequent fiscal year.
 - d. Meetings of Committees shall be held at such time and place as shall be fixed by the respective Committee Chair or by vote of a majority of all of the members of the Committee. Written minutes of the proceedings of all Committee meetings shall be kept and reported at the next regular meeting of the Board.
 - e. Unless otherwise provided by resolution of the Board, a majority of all of the members of a Committee shall constitute a quorum for the transaction for business and the vote of a majority of all the members of the Committee shall be an act of the Committee.
2. Executive Committee. The Board may delegate to the Executive Committee the powers and authority of the Board related to the management of the business and affairs of the

Corporation to the extent permitted and/or limited by the Corporation's By-laws or by any relevant provision of law

3. Governance Committee. The Governance Committee is to assure that the Board fulfills its responsibilities for the promotion of competent, honest and ethical conduct by the Corporation in all its operations and enhance public confidence in the Corporation.

- a. Responsibilities. The Committee shall be primarily responsible for:
 - i. Establishing policies to promote honest and ethical conduct by the Corporation's Directors, Officers and employees;
 - ii. Keeping the Board informed of "Best Corporate Practices," reviewing corporate governance trends, updating corporate governance principals and advising appointing authorities of the skills and experience required of potential Directors;
 - iii. Reviewing and updating the Corporation's Ethics, Conflict of Interest and Whistleblower Policies;
 - iv. Reviewing and updating the Corporation's written policies regarding procurement of goods and services and the disposition/acquisition of real property or interests therein;
 - v. Reporting on its proceedings at the next full meeting of the Board;
 - vi. Reviewing the adequacy of the Committee Charter and providing any recommended changes to the Board for consideration/approval;
 - vii. Ensuring the performance of annual Board self-evaluations; and
 - viii. Performing other activities as requested by the Board.

4. Finance Committee. The Finance Committee shall (1) assess and monitor the financial health of the Corporation; (2) ensure that Corporation assets are protected and resources are used appropriately; and (3) assist the Board in understanding the Corporation's financial condition.

- a. Responsibilities. The Committee shall be primarily responsible for:
 - i. In conjunction with the Audit Committee, review and recommend new or revised financial policies to the Board for approval;
 - ii. Ensuring that timely and accurate financial data is presented to the Board;
 - iii. Review and recommend an annual budget for Board approval;
 - iv. Review the financial performance of Corporation against budget projections for the period to-date;
 - v. Review proposals for the issuance of debt by the Corporation and make recommendations to the Board;
 - vi. Make recommendations to the Board concerning the level of debt and nature of debt issued by the Corporation;
 - vii. Develop/review an Investment Policy for the Corporation and recommend Investment Policy changes to the Board for approval;
 - viii. Make recommendations concerning the appointment/retention of bond counsel, investment managers and underwriting firms used by the Corporation and to oversee such individual's/entity's work;

- ix. Reviewing the adequacy of the Committee Charter and providing any recommended changes to the Board for consideration/approval; and
 - x. Performing other activities as requested by the Board.
5. The Audit Committee. The Audit Committee shall assure that the Board fulfills its responsibilities for the Corporation's internal and external audit process, the financial reporting process and reporting, and the system of internal controls over financial reporting.
- a. Responsibilities. The Committee shall be primarily responsible for:
 - i. Reviewing and approving Corporation financial statements;
 - ii. Appointment, dismissal and compensation of any independent auditor employed by the Corporation;
 - iii. Confirming and assuring the independence of the Corporation's independent auditor;
 - iv. Ensuring that non-audit services are not provided by the Corporation's independent auditor;
 - v. Overseeing the work of such independent auditor, including the resolution of disagreements with respect to, and overseeing compliance with accounting policies and principles;
 - vi. Reviewing and overseeing the Corporation's internal audit function;
 - vii. Overseeing the Corporation's systems over internal controls and risk assessment, including information technology security and control;
 - viii. Reporting on its proceedings at the next full meeting of the Board;
 - ix. Providing an open avenue of communication between internal audit, the independent auditors, the Board and staff;
 - x. Reviewing the adequacy of the Committee Charter and providing any recommended changes to the Board for consideration/approval; and
 - xi. Performing other activities as requested by the Board.

**RESOLUTION 2025-03-04
OF THE
ADVANCE ALBANY COUNTY ALLIANCE
LOCAL DEVELOPMENT AUTHORITY
AUDIT COMMITTEE**

WHEREAS, the Advance Albany County Alliance Local Development Corporation (the "Corporation") is a "local authority" as defined within the Public Authorities Law ("PAL") of the State of New York; and

WHEREAS, pursuant to PAL, the Corporation has conducted an annual assessment of the effectiveness of the Corporation's internal control structures and procedures ("Annual Internal Controls Review") for 2024 (attached hereto); and

NOW, THEREFORE BE IT RESOLVED, that the Audit Committee shall report to the Board that it has completed such Annual Internal Controls Review, and staff shall post the Annual Internal Controls Review on the Corporation's website.

Dated: March 26, 2025

Chairperson

Motion made by:

Seconded by:

Vote:

Advance Albany Alliance Local Development Corporation (“AACCA”) 2024 Assessment of the Effectiveness of Internal Controls

Mission:

The mission of the AACCA is as follows:

To collaborate with public, private, and nonprofit interests to create robust economic opportunity for all residents by diversifying the County’s economy through the growth, expansion and attraction of business activity, promotion of strategic infrastructure projects and the active promotion of the County as a business-friendly location.

AACCA Major Business Functions:

No changes have occurred with respect to AACCA’s significant funding sources, mission or objectives of the AACCA during 2024. The above mission statement, adopted in January 2023, is meant to be less “legalese” and easier to communicate/understand as compared to the corporate mission language contained in the Corporation’s Certificate of Incorporation. AACCA’s major business functions, including financial status, operational processes and legal requirements are implemented by staff and reviewed by the Board during AACCA’s publicly advertised and open Board meetings. Minutes of these meetings as well as supporting documents are maintained on AACCA’s website.

Risks Associated with AACCA Operations:

Public meeting rules are in place and regularly followed. The Chair of the Board of Directors is regularly engaged as are other board members. The Treasurer regularly reviews financial information which is then presented to the board and committees at publicly-open meetings. Additionally, for both legal and financial aspects, AACCA utilizes outside sources with expertise in the associated functions to lend additional controls. As such, risks are deemed to be low for all activities and functions within AACCA. A review for 2024 finds no change to the various levels of involvement and approval.

Internal Control Systems in Place:

There exists a set of policies, procedures and guidelines in place at the AACCA which are designed to ensure the AACCA's mission is carried out, and to minimize risk. These items remained in place during 2024. Some of the key internal controls in place include:

- Public meeting and disclosure requirements are in effect and regularly followed
- Board of Directors annually reviews multiple NYS PAAA policies, as required by statute
 - As noted previously, the use of external parties provides additional levels of internal control. Additionally, personnel with appropriate backgrounds and experience are utilized to help identify such items as legal or financial risks
 - Consistent financial and operational reports are provided to management as well as the Treasurer and the full Board of Directors
 - The AACCA annually has a financial audit performed by an independent auditor. This independent financial audit provides an opinion on the financial statements and also includes the audit related assessment of internal controls
 - The Board has addressed internal controls through review and adoption of policies and procedures. These policy and procedures include, but are not limited to the following:
 - Board annual review/approval of NYS PAAA policies
 - Board annual review/acceptance of the following PAL Reports:

- Annual, Procurement, Investment, Audit, Property & related PARIS reports
- Maintenance of the Corporation's website in accordance with ABO guidance
 - Board annually reviews AACCA's mission to ensure the AACCA's primary operations and functions will help fulfill its mission
 - AACCA staff is trained to understand the AACCA objectives, functions, policies, procedures and guidelines
 - Board annual reviews of Conflicts of Interest Policy, and submits a COI Statement
 - Submission of Annual Financial Disclosure in accordance with NYS PAL
 - Monthly financial reports reviewed by Board of Directors
 - Board annual review/approval of Procurement policy
 - Board annual review/approval of an annual Budget
 - Board annual review/approval of AACCA property acquisition & disposition policies
 - Annual external financial audit with Audit Committee oversight

Extent to Which the Internal Control System is Effective:

Management has reviewed the internal control system for 2024 and finds that the items as outlined above remain in place and function as expected. The AACCA's most recent financial audit (for calendar year ending December 31, 2024) identified no material weaknesses or significant deficiencies. Policies and procedures in place are deemed sufficient. As noted previously, AACCA staff regularly reviews updates to pertinent rules.

Corrective Action:

No specific corrective action is indicated to be required at this time. Management consistently works to strengthen controls as needed and/or recommended based on analysis.