Bonadio & Co., LLP
Certified Public Accountants

March 27, 2018

To The Board of Directors of
Albany County Business Development Corporation

INTERNAL CONTROL MATTERS

Dear Board Members:

In planning and performing our audit of the consolidated financial statements of Albany County Business Development Corporation (the Organization) as of and for the year ended December 31, 2017, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in the Organization's internal control that we consider to be significant deficiencies. However, we identified the following control deficiencies:

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Loan Receivable Maturity Reports

While assisting management in preparing the footnotes to the financial statements, it was noted that a report of future loan receivable maturities could not be produced. To ensure the Organization adequately monitors expected payments over the next five years, we recommend management implement an enhanced software system capable of providing amortization schedules on the total loan portfolio.

Documentation of Internal Control Narratives

Although the Organization has written operational procedures surrounding the processing, underwriting, and closing of new loans, there is no mention of management's procedures surrounding the monitoring and analysis of loans once they are disbursed. We recommend management enhance the written narratives to include the methodology of calculating the allowance for uncollectible loans, the frequency of reviewing the allowance, and the procedures performed throughout the year to analyze the credibility of outstanding loans.

We will review the status of these comments during our next audit engagement. This communication is intended solely for the information and use of management 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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