

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

**Financial Statements and Required Reports
Under the Uniform Guidance as of
December 31, 2021
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 17, 2022

To the Board of Directors of
Albany County Business Development Corporation:

Opinion

We have audited the accompanying financial statements of Albany County Business Development Corporation (a New York not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Albany County Business Development Corporation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Albany County Business Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Albany County Business 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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INDEPENDENT AUDITOR'S REPORT

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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 Albany County Business 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 Albany County Business Development Corporation's ability to continue as a going concern for a reasonable period of time.

Report on Summarized Comparative Information

We have previously audited Albany County Business Development Corporation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 17, 2022 on our consideration of Albany County Business Development Corporation's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Albany County Business Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Albany County Business Development Corporation's internal control over financial reporting and compliance.

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Operating cash	\$ 21,357	\$ 101,995
Restricted cash	7,037,889	6,034,512
Accrued interest receivable	32,262	67,472
Current portion of loans receivable, net	<u>3,116,250</u>	<u>2,680,794</u>
Total current assets	<u>10,207,758</u>	<u>8,884,773</u>
LONG-TERM PORTION OF LOANS RECEIVABLE, net	<u>9,318,203</u>	<u>13,060,648</u>
	<u>\$ 19,525,961</u>	<u>\$ 21,945,421</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Due to The Chamber	\$ 8,390	\$ 107,797
Due to The Alliance	121,976	-
Accounts payable and accrued expenses	<u>5,277</u>	<u>9,758</u>
Total current liabilities	<u>135,643</u>	<u>117,555</u>
NET ASSETS:		
Without donor restrictions	23,919	10,419
With donor restrictions	<u>19,366,399</u>	<u>21,817,447</u>
Total net assets	<u>19,390,318</u>	<u>21,827,866</u>
	<u>\$ 19,525,961</u>	<u>\$ 21,945,421</u>

The accompanying notes are an integral part of these statements.

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021 (With Comparative Totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Grant income	\$ -	\$ 1,900,875	\$ 1,900,875	\$ 2,885,275
Loan interest earned	-	433,159	433,159	396,367
Recovery of bad debt	-	107,822	107,822	-
Bank interest	-	2,332	2,332	11,715
Investment income	-	-	-	9,523
Application fees	13,500	-	13,500	2,500
Recovered legal and late fees	-	80	80	40
Net assets released from restrictions	<u>4,895,316</u>	<u>(4,895,316)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,908,816</u>	<u>(2,451,048)</u>	<u>2,457,768</u>	<u>3,305,420</u>
EXPENSES:				
Program	297,169	-	297,169	279,895
Management and general	<u>55,340</u>	<u>-</u>	<u>55,340</u>	<u>63,218</u>
Total expenses	<u>352,509</u>	<u>-</u>	<u>352,509</u>	<u>343,113</u>
OPERATING CHANGES IN NET ASSETS	<u>4,556,307</u>	<u>(2,451,048)</u>	<u>2,105,259</u>	<u>2,962,307</u>
OTHER CHANGES IN NET ASSETS:				
Transfer of assets to The Chamber	<u>(4,542,807)</u>	<u>-</u>	<u>(4,542,807)</u>	<u>-</u>
CHANGE IN NET ASSETS	13,500	(2,451,048)	(2,437,548)	2,962,307
NET ASSETS - beginning of year	<u>10,419</u>	<u>21,817,447</u>	<u>21,827,866</u>	<u>18,865,559</u>
NET ASSETS - end of year	<u>\$ 23,919</u>	<u>\$ 19,366,399</u>	<u>\$ 19,390,318</u>	<u>\$ 21,827,866</u>

The accompanying notes are an integral part of these statements.

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**
(With Comparative Totals for 2020)

	2021			2020
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>	<u>Total</u>
Agency fees	\$ 218,176	\$ 54,544	\$ 272,720	\$ 278,543
Professional fees	65,493	-	65,493	44,270
Bad debt expense	-	-	-	15,585
Application fees	13,500	-	13,500	2,000
Insurance	-	-	-	2,679
Other expenses	-	796	796	36
	<u>\$ 297,169</u>	<u>\$ 55,340</u>	<u>\$ 352,509</u>	<u>\$ 343,113</u>

The accompanying notes are an integral part of these statements.

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 (With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,437,548)	\$ 2,962,307
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Recovery of bad debt	(107,822)	-
Unrealized and realized gains on investments	-	(9,523)
Bad debt expense	-	15,585
Changes in:		
Accrued interest receivable	35,210	(36,736)
Due to The Chamber	(99,407)	57,506
Due to The Alliance	121,976	-
Accounts payable and accrued expenses	<u>(4,481)</u>	<u>308</u>
Net cash flow from operating activities	<u>(2,492,072)</u>	<u>2,989,447</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Sale of investments	-	1,533,847
Principal collected on loans receivable	6,171,811	2,108,477
Disbursements of loans receivable	<u>(2,757,000)</u>	<u>(6,564,337)</u>
Net cash flow from investing activities	<u>3,414,811</u>	<u>(2,922,013)</u>
CHANGE IN OPERATING AND RESTRICTED CASH	922,739	67,434
OPERATING AND RESTRICTED CASH - beginning of year	<u>6,136,507</u>	<u>6,069,073</u>
OPERATING AND RESTRICTED CASH - end of year	<u>\$ 7,059,246</u>	<u>\$ 6,136,507</u>

The accompanying notes are an integral part of these statements.

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. THE ORGANIZATION

The Albany County Business Development Corporation (ACBDC) was incorporated under the New York State Not-For-Profit Corporation Law on September 16, 1994. ACBDC was organized to promote economic growth and business retention in Albany County by offering financing through the AI Tech Revolving Loan Fund and the Capital Region Advancement Fund. The AI Tech Loan Fund offers economic development financing at competitive interest rates to supplement traditional bank lending to businesses which demonstrate strong possibilities for growth, real property improvement, increased employment and retention of employment in the county. The Capital Region Advancement Fund was established to alleviate sudden and severe economic dislocation caused by the coronavirus (COVID-19) pandemic, to provide permanent resources to support economic resiliency, and to further the long-term economic adjustment objectives of eligible businesses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

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

Comparative Financial Information

The financial statements include prior-year summarized information in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the ACBDC's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and Restricted Cash

Cash includes bank demand deposit accounts. ACBDC's cash balances may at times exceed federally insured limits. ACBDC has not experienced any losses in these accounts and believes that it is not exposed to any significant risk with respect to cash.

Restricted cash consists of amounts restricted to provide financing through the AI Tech Revolving Loan Fund.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Cash and Restricted Cash (Continued)

Cash and restricted cash, as stated on the accompanying financial statements, were as follows at December 31:

	<u>2021</u>	<u>2020</u>
Operating cash	\$ 21,357	\$ 101,995
Restricted cash	<u>7,037,889</u>	<u>6,034,512</u>
	<u>\$ 7,059,246</u>	<u>\$ 6,136,507</u>

Loans Receivable

Loans are stated at unpaid principal balances, less an allowance for uncollectable loans. Loans receivable consist of interest bearing loans payable in monthly installments over the life of the loan. Loans receivable are periodically reviewed for collectability based on past history and current economic conditions.

A loan is considered impaired when contractual obligations are greater than 30 days past due and it is probable that the ACBDC will be unable to collect the scheduled principal payments. After all collection efforts are exhausted, any amounts deemed uncollectible based upon an assessment of the debtor's financial condition are written off. The allowance for uncollectible loans was \$88,594 and \$196,416 at December 31, 2021 and 2020, respectively.

Net Assets

Net assets without donor restrictions include operating resources, which are available for the support of ACBDC's operating activities.

Net assets with donor restrictions to be held in perpetuity include those loan funds that have been granted for the purpose of providing financing to small and medium sized businesses.

Net assets with donor restrictions that are subject to time or purpose restrictions primarily include interest earned on the loans to those businesses. Net assets with donor restrictions are released and reclassified to net assets without restrictions, as ACBDC's administration and overhead costs are expensed.

Revenue Recognition

Grant income from loan funds is recognized as an addition to net assets with donor restrictions when individual loans are approved in accordance with the grant funding requirements. ACBDC has determined that all grant funds meet the criteria to be accounted for as contributions with donor restrictions.

ACBDC receives substantially all of its other revenue from interest income generated per the outstanding loans receivable, as well as investments held. Interest income on loans is recorded when monthly payments are due. Accrued interest is recorded at period end to record interest that has been earned but not paid per the terms of the loan agreements. Interest income generated from investments is recorded when received.

Allocation of Certain Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions. ACBDC allocates a portion of the agency fee to program or management and general based on where time and efforts are made, and benefit received. Other expenses are charged to program expense as they relate directly to the program services.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Taxes

ACBDC is a not-for-profit organization exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

ACBDC has the following liquid resources available to meet cash needs for general expenditure within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Financial assets, at period end:		
Operating cash	\$ 21,357	\$ 101,995
Restricted cash	7,037,889	6,034,512
Accrued interest receivable	32,262	67,472
Current portion of loans receivable, net	<u>3,116,250</u>	<u>2,680,794</u>
	10,207,758	8,884,773
Less: Current assets subject to satisfaction of restrictions	<u>(10,154,139)</u>	<u>(8,715,306)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 53,619</u>	<u>\$ 169,467</u>

As part of its liquidity management, ACBDC regularly monitors cash balances to meet its annual operating needs. ACBDC relies on the timely collection of loan receivables to meet its future lending demands.

4. LOANS RECEIVABLE

Loans receivable consist of interest bearing notes and are payable in monthly installments over the life of the loan. The loans receivable balance is comprised of 61 and 66 loans at December 31, 2021 and 2020, respectively, and consists of the following:

	<u>2021</u>	<u>2020</u>
Loans receivable	\$ 12,523,047	\$ 15,937,858
Less: Allowance for uncollectible loans	<u>(88,594)</u>	<u>(196,416)</u>
	<u>\$ 12,434,453</u>	<u>\$ 15,741,442</u>

4. LOANS RECEIVABLE (Continued)

Loans receivable mature in the years ended December 31:

2021	\$ 3,116,250
2022	1,637,250
2023	1,720,969
2024	2,620,393
2025	556,169
Thereafter	<u>2,872,016</u>
	<u>\$ 12,523,047</u>

The unpaid principal balance of impaired loans totaled \$25,980 at December 31, 2021 and was 100% allowed for.

The performance and credit quality of the loans receivable portfolio is also monitored by analyzing the age of the loans receivable as determined by the length of time recorded payment is past due. The following table presents the loans receivable portfolio summarized by the past due status at December 31, 2021:

<u>30-59 days past due</u>	<u>60-89 days past due</u>	<u>Greater than 90 days past due</u>	<u>Total Past Due</u>	<u>Current</u>	<u>Total Gross Loans Receivable</u>
\$ -	\$ -	\$ 25,980	\$ 25,980	\$ 12,497,067	\$ 12,523,047

5. CONTRACTED SERVICES

In order to accomplish ACBDC's purpose of furthering economic development in the County of Albany (the County), ACBDC worked closely with the Capital Region Chamber of Commerce, Inc. (the Chamber) through June 30, 2021. The Chamber in return provided staff to the ACBDC to fulfill its mission. ACBDC reimbursed the Chamber for administrative costs of \$150,744 and \$278,543 during the years ended December 31, 2021 and 2020, respectively. Additionally, at December 31, 2021 and 2020, ACBDC owed the Chamber \$8,390 and \$107,797, respectively.

Effective July 1, 2021, ACBDC contracted with Advance Albany County Alliance Local Development Corporation (the Alliance) to serve as its agent. The Alliance now provides staff to the ACBDC to fulfill its mission. At December 31, 2021, ACBDC owed the Alliance \$121,976 for certain administrative costs. Collectively, these costs are recorded as agency fees on the accompanying Statement of Functional Expenses.

6. TRANSFER OF ASSETS TO THE CHAMBER

During 2020, ACBDC received grant funding to establish the CARES Act Revolving Loan Fund (CRAF). The total CRAF grant awarded amounted to \$8,755,500. As of December 31, 2021, ACBDC had vouchered and received \$4,212,693 of this funding for approved loans. Effective June 30, 2021, the CRAF grant was transferred to The Chamber and ACBDC transferred the respective loans funds (\$4,427,617) and cash (\$115,190) to the Chamber. At this time, approximately \$4.5 million was also released from restrictions, as ACBDC no longer had the obligation to meet the grantor's requirements.

7. COMMITMENTS AND CONTINGENCIES

ACBDC has approved and committed an additional \$750,000 of loans to be funded by the AI Tech Revolving Loan Fund at December 31, 2021.

Expenditures are subject to audit by the funding agency or by their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Management believes that such disallowances, if any, will be immaterial.

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on ACBDC and its future results and financial position is not presently determinable.

8. SUBSEQUENT EVENTS

During March 2022, the Corporation entered into an agreement with the U.S. Department of Commerce, Economic Development Administration to release its federal interest in the AI Tech Revolving Loan Fund. The Corporation is currently evaluating the impact the agreement will have on future responsibilities and reporting requirements.

Subsequent events have been evaluated through March 17, 2022, which is the date the financial statements were available to be issued.

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
Department of Commerce/ Economic Development Administration/ Economic Adjustment Assistance	11.307	\$ <u>19,899,945</u>
Total Department of Commerce		<u>19,899,945</u>
Total Expenditures of Federal Awards		<u>\$ 19,899,945</u>

The accompanying notes are an integral part of this schedule.

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2021

1. GENERAL

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Albany County Business Development Corporation (ACBDC) for the year ended December 31, 2021. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the schedule.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting used by ACBDC to report to the federal government.

The amount of federal expenditures is computed as defined in the Department of Commerce Economic Development Revolving Loan Fund (RLF) Guidelines. The guidelines define current year expenditures, as the grantee's fiscal year ending balance of outstanding loans, plus cash and investment balances, the amount of RLF income earned, and the amount expended on eligible administrative costs during the fiscal year. Total expenditures at December 31, 2021 were calculated as follows:

Balance of RLF principal outstanding at the end of the fiscal year	\$12,523,047
Restricted cash balance in the RLF at the end of the fiscal year	7,037,889
Unpaid principal of loans written off during the fiscal year	-
Administrative expenses paid out of RLF during the fiscal year	<u>339,009</u>
Federal share of the RLF	<u>\$19,899,945</u>

3. FEDERAL LOANS AND LOAN GUARANTEES

The ACBDC had no federal loans or loan guarantees outstanding as of December 31, 2021.

4. INSURANCE

The ACBDC did not participate in any federal insurance programs for the year ended December 31, 2021.

5. DE MINIMIS COST RATE

The ACBDC did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

March 17, 2022

To the Board of Directors of
Albany County Business Development Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Albany County Business Development Corporation (ACBDC), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACBDC'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 ACBDC's internal control. Accordingly, we do not express an opinion on the effectiveness of ACBDC'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 entity's financial statements will not be prevented or detected and corrected on a timely basis. *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.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Internal Control over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACBDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 17, 2022

To the Board of Directors of
Albany County Business Development Corporation:

Report on Compliance for Each Major Federal Program

We have audited Albany County Business Development Corporation's (ACBDC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on ACBDC's major federal program for the year ended December 31, 2021. ACBDC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ACBDC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ACBDC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal programs. However, our audit does not provide a legal determination of ACBDC's compliance.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Opinion on Major Federal Program

In our opinion, ACBDC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Report on Internal Control Over Compliance

Management of ACBDC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial statements:

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over the major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor's report issued on compliance for the major programs: Unmodified

Any audit findings that are required to be reported in accordance with the Uniform Guidance

Yes No

Identification of the major programs:

CFDA Number

Name of Federal Program or Cluster

11.307

Economic Adjustment Assistance

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee:

Yes No

(Continued)

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) DECEMBER 31, 2021

Section 2 – Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2021.

Section 3 – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the year ended December 31, 2021.

Section 4 – Prior Year Findings, Questioned Costs and Recommendations

There were no federal award findings, questioned costs or recommendations for the year ended December 31, 2020.