



Audit Committee Meeting

Wednesday, March 25, 2026, at 8:30 am
111 Washington Ave, Suite 100, Albany, NY 12210
Conference Room

AGENDA

1. Welcome & Roll Call Rich Rosen, Chair
2. Review/Approve Meeting Minutes – November 19, 2025 p.3-4 Rich Rosen, Chair
3. 2025 Audit Report p.5-41 Kevin Testo, Bonadio
 - a. Review Independence of Auditor Thomas Owens, Esq.
 - i. (action) Resolution 2026-03-01 p.42
 - b. Draft Audited Financial Statements & Audit Results Thomas Owens, Esq.
 - i. (action) Resolution 2026-03-02 p.43
 - c. Audit Committee Charter Review Thomas Owens, Esq.
 - i. (action) Resolution 2026-03-03 p.44
 - d. Annual Assessment of Effectiveness of Internal Controls Thomas Owens, Esq.
 - i. (action) Resolution 2026-03-04 p.45
4. Adjournment Rich Rosen, Chair



Audit Committee Meeting

Wednesday, March 25, 2026, at 8:30 am
111 Washington Ave, Suite 100, Albany, NY 12210
Conference Room

ROLL CALL

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

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

11/19/2025 MEETING MINUTES

A Meeting of the Advance Albany County Alliance Local Development Corporation Audit Committee was held on Wednesday, November 19, 2025, at 8:00 a.m. at 111 Washington Ave, Suite 100, Albany, NY, 12210. Members of the public were able to attend the meeting by attending in person; additionally, the meeting was live streamed via the internet.

The following Committee Members were present at, and participated in, the meeting:

- Rich Rosen, Committee Chair/Board Member
- Alan Goldberg, Board/Committee Member
- Helen Brooks, Board/Committee Member
- Michael Cassidy, Board/Committee Member
- Michael McLaughlin, Albany County Deputy County Executive (Ex officio)
- Caitlin O'Brien, Chief of Staff, Albany County Legislature (Ex officio)

Committee Members were excused:

- Alan D Alexander, Board /Committee Member
- Michael Cinquanti, Board/Committee Member
- Laura Zeliger, Board/Committee Member

Corporation Staff Present:

- Kevin O'Connor, CEO
- Amy Thompson, CFO
- Kevin Catalano, Senior Vice-President & Director of Commercial Lending
- Clayton Besch, Project Manager
- Dylan Turek, Senior Vice-President of Development
- Antionette Dukes-Hedge, Economic Development Coordinator
- Sara Paulen, Executive Assistant
- Mark Opalka, Controller
- Ann Marie Rollins, Accounting Assistant
- Alexander Mathes, Consultant

Also present at the meeting:

- Thomas Owens, Esq.
- Kevin Testo, The Bonadio Group (video)
- Samuel Zadrozny, The Bonadio Group (video)

The meeting was called to order at 8:06 a.m.

1. For the first order of business, Roll Call was made, and it was confirmed there was a quorum.
2. The next order of business was the Approval of Minutes from March 26, 2025. Upon a motion made by Mr. Cassidy to approve the Meeting Minutes, seconded by Ms. Brooks, the Minutes were approved pursuant to a unanimous vote.
3. The next order of business was the Annual Independent Auditor Engagement Presentation. Mr. Testo and Mr. Zadrozny from the Bonadio Group provided an overview of the audit

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

11/19/2025 MEETING MINUTES

engagement and audit planning process to the Board, as required under the Nonprofit Revitalization Act. The presentation outlined the planned audit approach, preliminary financial observations, and key risk areas, including revenue recognition related to grant funding and legal and professional expenses. The auditors reviewed their responsibilities, including issuing an opinion on the 2025 financial statements, evaluating internal controls, preparing the Form 990, and issuing an examination opinion on compliance with investment guidelines. The anticipated audit timeline was reviewed, with planning work occurring in late 2025, year-end fieldwork in early 2026, and final reporting to the Board in March. Engagement letters and fees were noted, and no questions were raised by Board members. Resolution 2025-11-01 was presented to the board to authorize engagement with The Bonadio Group for auditing and tax return preparation/filing services, and upon a motion made by Mr. Cassidy, seconded by Ms. Brooks, Resolution 2025-11-01 was passed pursuant to a unanimous vote.

4. The next order of business was an Annual Review of Policies. It was noted that there are no changes to any of the organization's policies.
5. The meeting was adjourned with unanimous consent of all Board members at 8:16am.

Helen Brooks, Board Secretary

Board Minutes as approved by Board on March 25, 2026

Report to the Board of Directors 2025 Audit Results



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Bonadio & Co., LLP
Accounting, Consulting & More

Bonadio & Co., LLP

March 25, 2026

Dear Members of the Board of Directors of Advance Albany County Alliance:

We are pleased to submit our Report to the Board of Directors related to the results of our 2025 audit of Advance Albany County Alliance (AACCA). Our report includes a summary of the results of our audit work and other required communications. We have also included sections on trending topics.

We look forward to presenting this report, addressing your questions and discussing any other matters of interest. Please feel free to contact me at 518-250-7708.

Very truly yours,

Kevin Testo, CPA

Engagement Partner

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01

Executive Summary

Executive Summary

Status of Our Deliverables

- Pending your acceptance, we plan on issuing an unmodified (clean) opinion on the financial statements for the year ended December 31, 2025.
- Letter provided indicating examination of investment practices is not relevant

Key Events and Transactions Affecting The Year

- Revenue and expenses increased significantly:
 - New grants awarded – STAGE, Arts & Cultural, and ARPA grants
 - Hotel occupancy tax recognized
- Cash and deferred revenue increased due to \$6M for STAGE grant.
- Certificate of deposits matured which increased cash.
- Albany Warehouse Project
 - Approximately \$1.88M in construction in progress
 - Accrued expenses increased by \$1.7M
 - Approximately \$200k in prepaid insurance

Identified Misstatements, Recorded and Unrecorded

- No uncorrected misstatements
- Adjustment proposed by Bonadio and recorded by management:
 - Record construction retainage payable of approximately \$94,000
 - Increase in accounts payable and expenses related to STAGE grant of approximately \$54,000.



Internal Control Findings

- No material weaknesses or significant deficiencies noted.



Other Items

- There were no significant changes to our audit plan as previously communicated to the Board of Directors.
- There were no independence matters that occurred or were identified since our last meeting.

02

Audit Results

Required Communications

Accounting Policies

No new accounting policies were adopted, and the application of existing policies was not changed during the year.

We noted no transactions entered into by the AACCA 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. There were no significant unusual transactions identified that are outside the normal course of business for the AACCA.

Accounting Estimates

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

Financial Statement Disclosures

There are no particularly sensitive disclosures affecting the financial statements. The financial statement disclosures are neutral, consistent, and clear.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audits, other than those that are clearly trivial, and communicate them to the appropriate level of management. All adjustments were disclosed on page 5.

Difficulties Encountered During The Audit

There were no significant difficulties encountered during the audit.

Independence Re-Evaluation

We reviewed the independence requirements and have determined that we remain independent of AACCA.

Material Uncertainties Related to Events And Conditions (Specifically Going Concern)

There were no conditions or events that we identified indicating there is substantial doubt about AACCA's ability to continue as a going concern.

Disagreements With Management

There were no disagreements with management.

Consultation With Other Accountants

We are not aware of any consultations management has had with other accountants about significant accounting or auditing matters.

Related Parties

We noted no related parties or related party transactions that were previously undisclosed to us.

Other Material Written Communications

We will obtain a copy of the management representation letter.

Other Matters

There were no other matters arising from the audit that are significant to the oversight of AACCA's financial reporting process.

Statements of Financial Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
ASSETS:			
Cash	\$ 11,355,827	\$ 2,800,986	\$ 623,804
Certificates of deposit	-	2,000,000	-
Accounts receivable	690,663	363,872	90,214
Grants receivable	552,572	305,669	-
Prepaid expenses	232,770	33,616	19,899
Total current assets	<u>12,831,832</u>	<u>5,504,143</u>	<u>733,917</u>
Property and equipment, net	2,275,111	358,038	115,637
Operating lease right-of-use assets	<u>167,504</u>	<u>253,501</u>	<u>320,064</u>
TOTAL ASSETS	<u>\$ 15,274,447</u>	<u>\$ 6,115,682</u>	<u>\$ 1,169,618</u>
LIABILITIES:			
Accounts payable	\$ 128,468	\$ 46,102	\$ 28,706
Accrued expenses	1,912,142	10,651	1,966
Deferred grant income	9,132,788	3,850,000	-
Current portion of operating lease liability	89,742	94,814	94,814
Operating lease liability, net of current portion	77,762	158,687	225,250
TOTAL LIABILITIES	<u>11,340,902</u>	<u>4,160,254</u>	<u>350,736</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>3,933,545</u>	<u>1,955,428</u>	<u>818,882</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,274,447</u>	<u>\$ 6,115,682</u>	<u>\$ 1,169,618</u>

Statements of Activities

	<u>2025</u>	<u>2024</u>	<u>2023</u>
REVENUES:			
Contributions and grant revenue	\$ 4,512,593	\$ 1,455,669	\$ 500,000
Agency fees	1,513,008	1,043,375	555,737
Interest income	170,630	126,228	4,756
Hotel occupancy tax	887,542	-	-
Rental income	-	35,555	47,407
Other income	-	-	1,956
Total support and revenue	<u>7,083,773</u>	<u>2,660,827</u>	<u>1,109,856</u>
EXPENSES:			
Program	4,692,930	1,408,051	826,584
Administrative	412,726	116,230	72,712
Total expenses	<u>5,105,656</u>	<u>1,524,281</u>	<u>899,296</u>
CHANGE IN NET ASSETS	<u>1,978,117</u>	<u>1,136,546</u>	<u>210,560</u>
NET ASSETS - beginning of year	<u>1,955,428</u>	<u>818,882</u>	<u>608,322</u>
NET ASSETS - end of year	<u>\$ 3,933,545</u>	<u>\$ 1,955,428</u>	<u>\$ 818,882</u>

Financial Trends

Cash Flows

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash flow from operating activities	\$ 8,408,496	\$ 4,455,913	\$ 196,651
Cash flow from investing activities	146,345	(2,278,731)	(107,053)
	<u>\$ 8,554,841</u>	<u>\$ 2,177,182</u>	<u>\$ 89,598</u>

Liquidity

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total financial assets available to meet cash needs	<u>\$ 12,599,062</u>	<u>\$ 5,470,527</u>	<u>\$ 714,018</u>

Audit Risks and Results

Fraud And Significant Risks

Risk	Significant Findings
Fraud Risk —Management override of controls ¹	No exceptions noted 
Fraud Risk —Fraud in revenue recognition ¹	No exceptions noted 

1 – Presumed fraud risk. These risks identified are not specific to AACCA, but are risks required to be assessed under any external audit. If additional risks were identified, we would notify you.



Low Risk



Moderate Risk



Significant Risk

Audit Risks and Results

Particularly Sensitive Disclosures

The following table summarizes AACCA's particularly sensitive disclosures:

Description of Disclosure	Footnote Reference	Conclusion
Liquidity and Availability of Financial Assets	Disclosures in Note 3	No findings noted
Property and Equipment, including commitments to complete	Disclosures in Note 4	No findings noted

Audit Risks and Results

Particularly Sensitive Accounting Estimates

The following table summarizes AACCA's new disclosures:

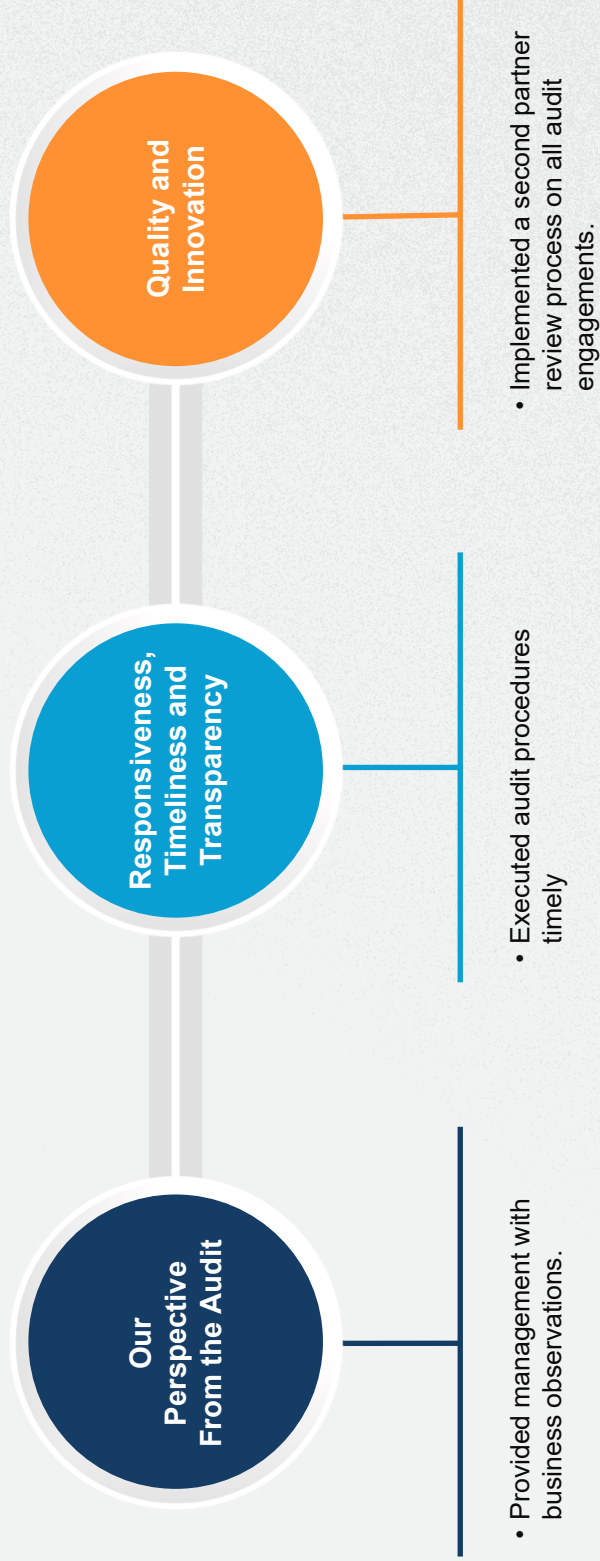
Description of Policy	Significant Assumptions	Basis for Reasonable Conclusion
Hotel Occupancy Taxes -- Revenue Recognition	Footnote 2 describes the Corporation's agreement with Albany County	Based on testing of quarterly revenue transactions, auditor determined the disclosure is complete and accurate.

03

Our Continued Commitment

Our Continued Commitment

In our 2025 Audit Plan, we affirmed our commitment to the Board of Directors. Below are the key actions we took in fulfilling our commitment to you and management to continue to deliver quality and insights from our audit.



04

Trending Topics

We recognize that Board members and organization leaders have tremendous responsibilities today, facing increasingly complex demands in all areas of their operations as well as navigating uncertain futures. The Bonadio Group offers a broad range of consulting solutions to help Board Members and Leadership Teams achieve their organizations' goals. From analysis to execution, we deliver focused advisory services that drive growth and profitability and mitigate risk. The following are a few select areas for which we have provided advisory services to organizations just like yours.

Operational Efficiencies: An efficiency study provides the insight to achieve goals; whether increasing profitability, mitigating risk, updating policies and procedures or analyzing cash flow.

Profitability Analysis: Our analysis helps stabilize revenues and identify new growth opportunities to increase profitability. It often provides a new perspective and encourages development of even stronger relationships with your A-list customers and your service lines.

Cash Flow Management: We calculate and review targeted forecasts, cash ratios, quick ratios, and current ratios to create various scenarios to provide the business intelligence to make strategic decisions.

Compliance Requirements: We review, assess, train and develop compliance programs in accordance with the regulations of your industry, from HIPAA to corporate compliance, including a virtual Compliance Officer for your entity.

Outsource Accounting & Finance: Our Outsource Accounting Team has helped hundreds of businesses across multiple industries achieve their goals and financial peace of mind. Take the weight of finance and accounting off your team's shoulders and give it to us, connect with me today. For assistance please contact [Gregg Genovese](mailto:Gregg.Genovese), Partner, at 585.249.2878.

Fraud and Forensics: Our certified fraud examiners help businesses and organizations protect themselves against, or identify, quantify, and mitigate fraud and white-collar crime through our forensic accounting, fraud investigations and risk mitigation services.

Our team collaborates with you to develop tailored strategies that improve your operational performance, mitigate risk and deliver actionable insights to accomplish your strategic initiatives. If you would like a 30-minute, complimentary, confidential consultation or assistance of any nature with these or related topics please contact your Bonadio relationship manager, or Tim Ball, Executive Vice President tball@bonadio.com or call 585.249.2756.

Penetration and Vulnerability Testing: The testing team "acts" as a malicious individual simulating sophisticated real-world attacks. This identifies and remediates weaknesses by hunting and uncovering hidden threats and risks.

Cybersecurity / IT / Audit / Risk Assessment: Our cybersecurity / IT / Audit/Risk Assessment projects range from comprehensive assessments to auditing and testing of the complete infrastructure. We also offer virtual Chief Information Security Officers (vCISO). For assistance with cybersecurity, please contact Charlie Wood, Executive Vice President, 585.249.2757.

**Bonadio Advisory
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Focused on Your Success.

Bonadio & Co., LLP
Accounting, Consulting & More

March 25, 2026

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, 2025 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

March 25, 2026

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.

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, 2025.

Very truly yours,

Kevin C. Testo, CPA
Partner

Draft - Subject to Change

March 25, 2026

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, 2025, and have issued our report thereon dated March 25, 2026. 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 12, 2025. 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.

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

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 4, which details the Corporation's property and equipment, as well as the commitment to complete future improvements.

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. The following material misstatements were detected by audit procedures and corrected by management:

- Record construction retainage and additional property of approximately \$94,000.
- Increase accounts payable and expenses by approximately \$54,000.

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

**ADVANCE ALBANY COUNTY ALLIANCE LOCAL
DEVELOPMENT CORPORATION**
(A Discretely Presented Component Unit of the County
of Albany, New York)

**Financial Statements as of
December 31, 2025 and 2024
Together with
Independent Auditor's Report**

DRAFT

INDEPENDENT AUDITOR'S REPORT

March 25, 2026

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, 2025 and 2024, 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, 2025 and 2024, 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.

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

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 11,355,827	\$ 2,800,986
Certificates of deposit	-	2,000,000
Accounts receivable	690,663	363,872
Grants receivable	552,572	305,669
Prepaid expenses	<u>232,770</u>	<u>33,616</u>
Total current assets	<u>12,831,832</u>	<u>5,504,143</u>
PROPERTY AND EQUIPMENT, net	<u>2,275,111</u>	<u>358,038</u>
OPERATING LEASE RIGHT-OF-USE-ASSETS	<u>167,504</u>	<u>253,501</u>
TOTAL ASSETS	<u>\$ 15,274,447</u>	<u>\$ 6,115,682</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 128,468	\$ 46,102
Accrued expenses	1,912,142	10,651
Deferred grant income	9,132,788	3,850,000
Current portion of operating lease liability	<u>89,742</u>	<u>94,814</u>
Total current liabilities	<u>11,263,140</u>	<u>4,001,567</u>
OPERATING LEASE LIABILITY, net of current portion	<u>77,762</u>	<u>158,687</u>
TOTAL LIABILITIES	<u>11,340,902</u>	<u>4,160,254</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>3,933,545</u>	<u>1,955,428</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,274,447</u>	<u>\$ 6,115,682</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, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
REVENUES:		
Contributions and grant revenue	\$ 4,512,593	\$ 1,455,669
Agency fees	1,513,008	1,043,375
Interest income	170,630	126,228
Hotel occupancy tax	887,542	-
Rental income	<u>-</u>	<u>35,555</u>
Total revenues	<u>7,083,773</u>	<u>2,660,827</u>
EXPENSES:		
Program	4,692,930	1,408,051
Administrative	<u>412,726</u>	<u>116,230</u>
Total expenses	<u>5,105,656</u>	<u>1,524,281</u>
CHANGE IN NET ASSETS	1,978,117	1,136,546
NET ASSETS - BEGINNING OF YEAR	<u>1,955,428</u>	<u>818,882</u>
NET ASSETS - END OF YEAR	<u>\$ 3,933,545</u>	<u>\$ 1,955,428</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, 2025**

	<u>Program</u>	<u>Administrative</u>	<u>Total</u>
STAGE grant passthrough	\$ 1,770,491	\$ 196,721	\$ 1,967,212
Salaries and benefits	1,221,866	135,763	1,357,629
Legal and professional services	978,386	-	978,386
Power study	135,000	15,000	150,000
Rent	93,628	10,403	104,031
Shovel ready expenses	90,000	10,000	100,000
Advertising	86,806	9,645	96,451
Insurance	79,037	8,782	87,819
Office supplies	67,127	7,458	74,585
Repairs and maintenance	30,852	3,428	34,280
Depreciation	27,681	3,076	30,757
Miscellaneous	25,612	2,846	28,458
Property tax	24,821	2,758	27,579
Travel	21,194	2,355	23,549
Sponsorship	18,000	2,000	20,000
Dues and subscriptions	14,466	1,607	16,073
Conference	5,344	594	5,938
Telephone	1,471	163	1,634
Filing fees	1,148	127	1,275
	<u>\$ 4,692,930</u>	<u>\$ 412,726</u>	<u>\$ 5,105,656</u>
Total expenses			

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**

	<u>Program</u>	<u>Administrative</u>	<u>Total</u>
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
	<u> </u>	<u> </u>	<u> </u>
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

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,978,117	\$ 1,136,546
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	30,757	36,330
Changes in:		
Accounts receivable	(326,791)	(273,658)
Grants receivable	(246,903)	(305,669)
Prepaid expenses	(199,154)	(13,717)
Accounts payable	(11,809)	17,396
Accrued expenses	1,901,491	8,685
Deferred income	<u>5,282,788</u>	<u>3,850,000</u>
Net cash flows from operating activities	<u>8,408,496</u>	<u>4,455,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	-	(2,000,000)
Sale of certificates of deposit	2,000,000	-
Purchase of property and equipment	<u>(1,853,655)</u>	<u>(278,731)</u>
Net cash flows from investing activities	<u>146,345</u>	<u>(2,278,731)</u>
CHANGE IN CASH	8,554,841	2,177,182
CASH - BEGINNING OF YEAR	<u>2,800,986</u>	<u>623,804</u>
CASH - END OF YEAR	<u>\$ 11,355,827</u>	<u>\$ 2,800,986</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS:		
Property and equipment additions included in accounts payable	<u>\$ 94,175</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**ADVANCE ALBANY COUNTY ALLIANCE LOCAL DEVELOPMENT CORPORATION
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF ALBANY,
NEW YORK)**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

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. The Corporation is considered a discretely presented component unit of 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, 2025 and 2024. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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, 2025 and 2024.

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>2025</u>	<u>2024</u>	<u>2023</u>
<u>\$ 401,661</u>	<u>\$ 363,872</u>	<u>\$ 90,214</u>

Hotel Occupancy Taxes

Albany County collects certain hotel room taxes from visitors during the year for the purpose of economic development activities, business development and growth, and for promoting Albany county. In accordance with an agreement with Albany County, a portion of these taxes are remitted to the Corporation on a quarterly basis. The Organization recognizes room tax revenue at the same time Albany County collects these taxes from visitors. Revenue earned but not yet received is recorded within accounts receivable and amounted to \$289,002 at December 31, 2025.

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 grant 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, all costs 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.

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>2025</u>	<u>2024</u>
Cash	\$ 11,355,827	\$ 2,800,986
Certificates of deposit	-	2,000,000
Accounts receivable, net	690,663	363,872
Grants receivable	<u>552,572</u>	<u>305,669</u>
	<u>\$ 12,599,062</u>	<u>\$ 5,470,527</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>2025</u>	<u>2024</u>
Construction in progress	\$ 1,883,410	\$ -
Buildings	316,333	251,913
Computer equipment	60,399	60,399
Office furniture and equipment	53,574	53,574
Computer software	48,000	48,000
Capital improvements	25,433	25,433
Less: Accumulated depreciation	<u>(112,038)</u>	<u>(81,281)</u>
	<u>\$ 2,275,111</u>	<u>\$ 358,038</u>

At December 31, 2025, the Corporation has committed to complete additional capital improvements totaling approximately \$13,400,000.

5. RENTAL INCOME

The Corporation sub-leased a portion of their office space to an unrelated tenant and entered into an operating lease for five years with that tenant. Rental income for the year ended December 31, 2024 was \$35,555. 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 2 years at a discount rate of 4.27%. Operating lease expense amounted to \$94,814 during 2025 and 2024.

Maturities of operating lease liabilities as of December 31, 2025 are as follows:

2026	\$ 94,814
2027	79,011
Total lease payments	<u>173,825</u>
Less: Interest	<u>(6,321)</u>
Total present value of lease liability	167,504
Less: Current portion	<u>(89,742)</u>
	<u><u>\$ 77,762</u></u>

Cash paid for amounts included in the measurement of operating lease liabilities totaled \$104,031 and \$100,444 for 2025 and 2024, respectively.

7. SUBSEQUENT EVENTS

The Corporation has evaluated events through March 25, 2026, which is the date the financial statements were available to be issued.

**RESOLUTION 2026-03-01
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 25, 2026

Chairperson

Motion made by:

Seconded by:

Vote:

**RESOLUTION 2026-03-02
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 Committee and Board action, the Corporation retained The Bonadio Group to audit the Corporation's 2025 Financial Statements and to perform the Corporation's independent audit for 2025; and

WHEREAS, the Committee has received and reviewed the 2025 Audited Financial Statements and the Independent Audit for 2025 with the independent auditor and staff; and

NOW, THEREFORE BE IT RESOLVED, that the Committee hereby approves 2025 Audited Financial Statements and accepts the Independent Audit, and the Corporation staff is directed to file such reports with the appropriate offices and the Public Authorities Reporting Information Systems ("PARIS") not later than March 31, 2026, 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 25, 2026

Chairperson

Motion made by:

Seconded by:

Vote:

**RESOLUTION 2026-03-03
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 25, 2026

Chairperson

Motion made by:

Seconded by:

Vote:

**RESOLUTION 2026-03-04
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 2025 (attached hereto); and

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

Dated: March 25, 2026

Chairperson

Motion made by:

Seconded by:

Vote:

**Advance Albany Alliance Local Development Corporation (“AACCA”)
Assessment of the Effectiveness of Internal Controls for 2025**

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 mission or objectives of the AACCA during 2025. 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 2025 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 2025. 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 AACA's mission to ensure the AACA's primary operations and functions will help fulfill its mission
 - AACA staff is trained to understand the AACA 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 AACA property acquisition & disposition policies
 - Annual external financial audit with Audit Committee oversight
 - Regular Board Chair, CEO, staff and counsel meetings to review and discuss statutory compliance requirements and AACA governance processes

Extent to Which the Internal Control System is Effective:

Management has reviewed the internal control system for 2025 and finds that the items as outlined above remain in place and function as expected. The AACA's most recent financial audit (for calendar year ending December 31, 2025) identified no material weaknesses or significant deficiencies. Policies and procedures in place are deemed sufficient. As noted previously, AACA staff regularly reviews updates to pertinent laws and regulations.

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.