



**ALBANY COUNTY BUSINESS
DEVELOPMENT CORPORATION**
AL TECH LOAN FUND
FINANCING TO FUEL BUSINESS GROWTH

Audit Committee Meeting

Tuesday, March 17, 2026 – 8:30 am
111 Washington Ave, Suite 100, Albany, NY 12210
Conference Room

AGENDA

- 1. Welcome & Roll Call** **Marcus Pryor, Chair**
- 2. Minutes Approval – October 21, 2025 p. 1** **Marcus Pryor, Chair**
- 3. 2025 Audit Presentation p. 2-38** **Kevin Testo, Bonadio**
 - a. (action) Resolution 2026-03-01 Confirming Auditor Independence p.39**
 - b. (action) Resolution 2026-03-02 Approval of 2025 Audit p. 40**
 - c. (action) Resolution 2026-03-03 Approval of 2025 Annual Internal Controls Review p. 41**
- 4. Executive Session** **Marcus Pryor, Chair**
- 5. Adjournment** **Marcus Pryor, Chair**



Audit Committee Meeting

Tuesday, March 17, 2026 – 8:30 am
111 Washington Ave, Suite 100, Albany, NY 12210
Conference Room

Roll Call

<u>Board Member</u>	<u>Present / Excused / Absent</u>
Marcus Pryor, Chair	
Alan Alexander, Member	
Allen Maikels, Member	
Diana Ostroff, Member	
Daniel Scarring, Member	
Susan Pedo, Member	

**Audit Committee Meeting Minutes
October 21, 2025**

MEMBERS PRESENT Marcus Pryor, Alan Alexander, Diana Ostroff, Susan Pedo, Daniel Scarring, Allen Maikels, Caitlin O'Brien and Patrick Curran

EXCUSED MEMBERS None

COUNSEL PRESENT Madeline Kauffman

AACA STAFF PRESENT Kevin O'Connor, Amy Thompson, Kevin Catalano, Antionette Hedge, Sara Paulsen and Mark Opalka

GUESTS Kevin Testo (via video), Ann Marie Salmon

Mr. Pryor called the meeting to order at 8:31 AM. Roll call was made, and it was determined that there was a quorum.

Mr. Pryor presented the **Meeting Minutes** from March 20, 2025. There were no corrections noted. A motion was made by Ms. Pedo to approve the March 20, 2025, Meeting Minutes, seconded by Ms. Ostroff; all those voting on the motion voted in favor.

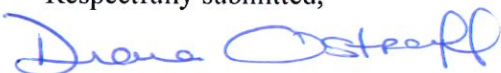
Presentation of 2025 Audit Engagement

Kevin Testo of The Bonadio Group presented the 2025 audit engagement plan, outlining the scope, timeline, and key areas of focus. He noted that the audit will follow a risk-based approach, with particular attention to loan receivables and collection rates, which represent the organization's primary financial risk. No new accounting standards are anticipated for 2025, and The Bonadio Group remains independent in its role. The audit team, led by Kevin Testo and Samuel Zadrozny, will conduct planning procedures in November–December 2025, perform substantive testing in early 2026, and deliver results by the March board meeting. The total audit engagement fee was set at approximately \$24,000–\$25,000, which includes the audit, IRS Form 990 preparation, and the required investment examination. A motion was made by Ms. Ostroff to recommend the 2025 Auditor Engagement to the full board. Mr. Maikels seconded the motion; all those voting on the motion voted in favor.

There was no **Executive Session**.

A motion was made by Mr. Alexander to adjourn the meeting, seconded by Mr. Maikels; all those voting on the motion voted in favor. The meeting was adjourned at 8:42 AM.

Respectfully submitted,



Diana Ostroff, Secretary

**Report to the Board of Directors
2025 Audit Results**

*Albany County Business
Development Corporation*

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Bonadio & Co., LLP
Accounting, Consulting & More

March 17, 2026

Dear Members of the Board of Directors of Albany County Business Development Corporation:

We are pleased to submit our Report to the Board of Directors related to the results of our 2025 audit of Albany County Business Development Corporation (ACBDC). 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. Key open items include:
 - Final cut-off procedures
 - Receipt of signed management representation letter
- Examination completed: Positive assurance report over investment practices

Key Events and Transactions Affecting The Year

- Investments gains continued with utilization of US Treasury Bills
- Disbursed new loans to Ecovative (\$1M) and Eckert Mechanical (\$300k), in addition to loan amendment to Joey Martin (\$281k)
- All loans remain current, with minimal allowance recorded
- Costs for agency fees increased due to shared staff
- Professional fees increased for Shovel Ready site development

Identified Misstatements, Recorded and Unrecorded

- No uncorrected misstatements
- Adjustment proposed by Bonadio and recorded by management:
 - Decrease of allowance on loan portfolio of approximately \$15,000.

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 ACBDC 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 ACBDC.

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 ACBDC.

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 ACBDC'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 ACBDC's financial reporting process.

Statements of Financial Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
ASSETS:			
Operating cash	\$ 24,430	\$ 24,123	\$ 23,679
Restricted cash	2,260,838	2,457,240	4,477,105
Investments	7,667,734	7,354,812	4,999,236
Accrued income receivable	57,009	57,034	132,150
Current portion of loans receivable, net	1,346,503	3,090,748	1,967,135
Total current assets	<u>11,356,514</u>	<u>12,983,957</u>	<u>11,599,305</u>
Long-term portion of loans receivable, net	<u>8,931,279</u>	<u>7,251,767</u>	<u>8,273,140</u>
TOTAL ASSETS	<u>\$ 20,287,793</u>	<u>\$ 20,235,724</u>	<u>\$ 19,872,445</u>
LIABILITIES:			
Due to The Alliance	\$ 394,663	\$ 144,937	\$ 87,188
Deferred revenue	50	50	-
TOTAL LIABILITIES	<u>394,713</u>	<u>144,987</u>	<u>87,188</u>
NET ASSETS:			
Without donor restrictions	768,137	457,730	174,228
With donor restrictions	19,124,943	19,633,007	19,611,029
TOTAL NET ASSETS	<u>19,893,080</u>	<u>20,090,737</u>	<u>19,785,257</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,287,793</u>	<u>\$ 20,235,724</u>	<u>\$ 19,872,445</u>

Statements of Activities

	<u>2025</u>	<u>2024</u>	<u>2023</u>
SUPPORT AND REVENUE:			
Loan interest earned	\$ 368,067	\$ 328,245	\$ 334,367
Investment interest	354,875	411,858	278,762
Recovery of credit losses	-	-	32,479
Application fees	<u>1,000</u>	<u>2,500</u>	<u>1,000</u>
Total support and revenue	<u>723,942</u>	<u>742,603</u>	<u>646,608</u>
EXPENSES:			
Program	519,243	344,436	312,260
Management and general	<u>402,356</u>	<u>92,687</u>	<u>71,170</u>
Total expenses	<u>921,599</u>	<u>437,123</u>	<u>383,430</u>
CHANGE IN NET ASSETS	<u>(197,657)</u>	<u>305,480</u>	<u>263,178</u>
NET ASSETS - beginning of year	<u>20,090,737</u>	<u>19,785,257</u>	<u>19,572,959</u>
INITIAL EFFECT OF ADOPTION OF ASC 326	<u>-</u>	<u>-</u>	<u>(50,880)</u>
NET ASSETS - end of year	<u>\$ 19,893,080</u>	<u>\$ 20,090,737</u>	<u>\$ 19,785,257</u>

Financial Trends

Cash Flows


	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash flow from operating activities	\$ 36,484	\$ 439,747	\$ 196,285
Cash flow from investing activities	(232,579)	(2,459,168)	(3,727,146)
	<u>\$ (196,095)</u>	<u>\$ (2,019,421)</u>	<u>\$ (3,530,861)</u>

Liquidity

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total financial assets available to meet cash needs	<u>\$ 1,162,850</u>	<u>\$ 602,717</u>	<u>\$ 261,416</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 ACBDC, 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 ACBDC's particularly sensitive disclosures:

Description of Disclosure	Footnote Reference	Conclusion
Liquidity and Availability of Financial Assets	Disclosures in Note 3	No findings noted

Audit Risks and Results
Particularly Sensitive Accounting Estimates

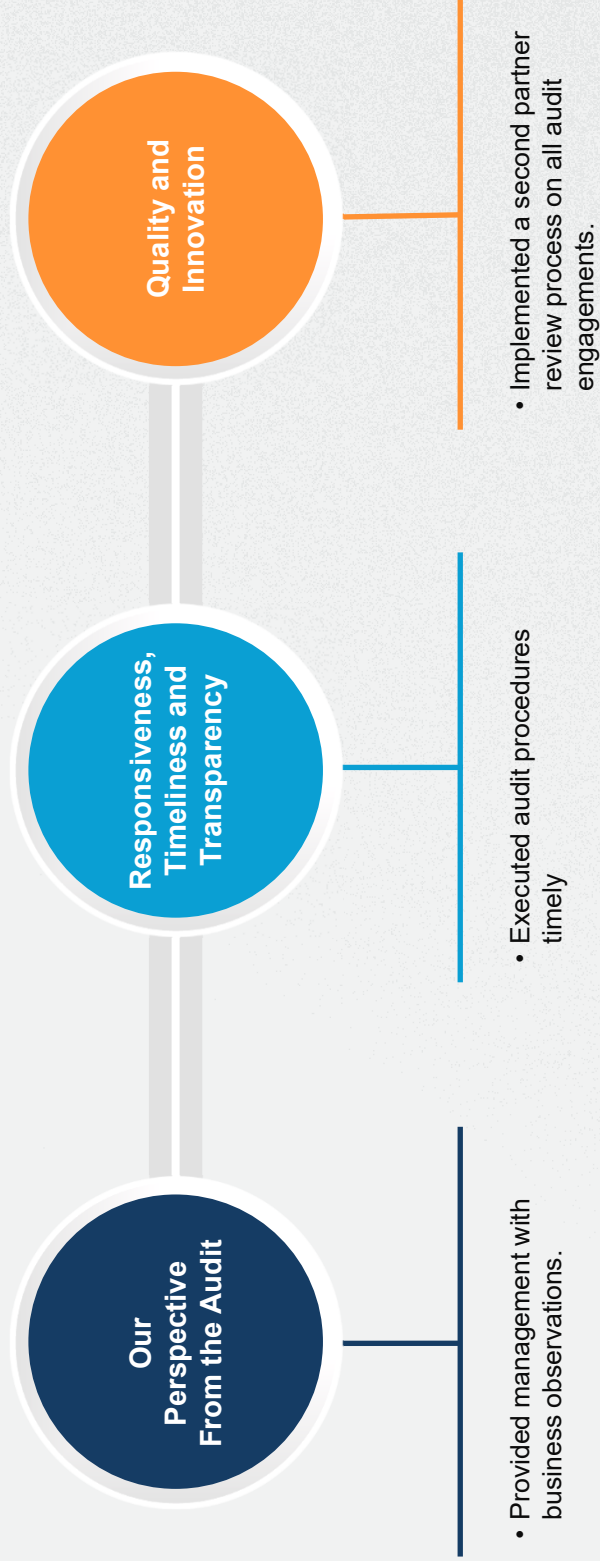
Description of Estimate	Significant Assumptions	Basis for Reasonable Conclusion
Allowance for credit losses (Note 4)	<ul style="list-style-type: none"> Management’s analysis is accurate, payor’s creditworthiness is accurate/consistent, prior years’ experience is indicative 	<ul style="list-style-type: none"> Audit team evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements as a whole

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@BONADIO.COM), 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.

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Accounting, Consulting & More

**ALBANY COUNTY
BUSINESS DEVELOPMENT CORPORATION**

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

INDEPENDENT AUDITOR'S REPORT

March 17, 2026

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, 2025, 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, 2025, 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. 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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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

Report on Summarized Comparative Information

We have previously audited Albany County Business Development Corporation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS:		
Operating cash	\$ 24,430	\$ 24,123
Restricted cash	2,260,838	2,457,240
Investments	7,667,734	7,354,812
Accrued income receivable	57,009	57,034
Current portion of loans receivable, net	<u>1,346,503</u>	<u>3,090,748</u>
Total current assets	11,356,514	12,983,957
LONG-TERM PORTION OF LOANS RECEIVABLE, net of current portion and allowance for credit losses of \$88,336 in 2025 and \$103,946 in 2024	<u>8,931,279</u>	<u>7,251,767</u>
	<u>\$ 20,287,793</u>	<u>\$ 20,235,724</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Due to The Alliance	\$ 394,663	\$ 144,937
Deferred revenue	<u>50</u>	<u>50</u>
Total current liabilities	<u>394,713</u>	<u>144,987</u>
NET ASSETS:		
Without donor restrictions	768,137	457,730
With donor restrictions	<u>19,124,943</u>	<u>19,633,007</u>
Total net assets	<u>19,893,080</u>	<u>20,090,737</u>
	<u>\$ 20,287,793</u>	<u>\$ 20,235,724</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, 2025**

(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2025	2024
SUPPORT AND REVENUE:				
Loan interest earned	\$ -	\$ 368,067	\$ 368,067	\$ 328,245
Investment interest	309,407	45,468	354,875	411,858
Application fees	1,000	-	1,000	2,500
Net assets released from restrictions	<u>921,599</u>	<u>(921,599)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,232,006</u>	<u>(508,064)</u>	<u>723,942</u>	<u>742,603</u>
EXPENSES:				
Program	519,243	-	519,243	344,436
Management and general	<u>402,356</u>	<u>-</u>	<u>402,356</u>	<u>92,687</u>
Total expenses	<u>921,599</u>	<u>-</u>	<u>921,599</u>	<u>437,123</u>
CHANGE IN NET ASSETS	310,407	(508,064)	(197,657)	305,480
NET ASSETS - beginning of year	<u>457,730</u>	<u>19,633,007</u>	<u>20,090,737</u>	<u>19,785,257</u>
NET ASSETS - end of year	<u>\$ 768,137</u>	<u>\$ 19,124,943</u>	<u>\$ 19,893,080</u>	<u>\$ 20,090,737</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, 2025

(With Comparative Totals for 2024)

	Program <u>Services</u>	General and <u>Administrative</u>	<u>Total</u>	
			<u>2025</u>	<u>2024</u>
Agency fees	\$ 534,853	\$ 59,428	\$ 594,281	\$ 381,204
Professional fees	-	342,928	342,928	54,567
Credit loss (recovery) expense, net	<u>(15,610)</u>	<u>-</u>	<u>(15,610)</u>	<u>1,352</u>
	<u>\$ 519,243</u>	<u>\$ 402,356</u>	<u>\$ 921,599</u>	<u>\$ 437,123</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, 2025 (With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (197,657)	\$ 305,480
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Credit loss (recovery) expense, net	(15,610)	1,352
Changes in:		
Accrued income receivable	25	75,116
Due to The Alliance	249,726	57,749
Deferred revenue	-	50
	<u>36,484</u>	<u>439,747</u>
Net cash flow from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(312,922)	(2,355,576)
Principal collected on loans receivable	1,660,925	1,511,408
Disbursements of loans receivable	<u>(1,580,582)</u>	<u>(1,615,000)</u>
	<u>(232,579)</u>	<u>(2,459,168)</u>
Net cash flow from investing activities		
CHANGE IN OPERATING AND RESTRICTED CASH	(196,095)	(2,019,421)
OPERATING AND RESTRICTED CASH - beginning of year	<u>2,481,363</u>	<u>4,500,784</u>
OPERATING AND RESTRICTED CASH - end of year	<u>\$ 2,285,268</u>	<u>\$ 2,481,363</u>

The accompanying notes are an integral part of these statements.

ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

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

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 (the County) by offering financing through the AI Tech Revolving Loan. 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.

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. 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, 2024, 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. Restricted cash consists of demand deposit accounts restricted to provide financing through the AI Tech Revolving Loan Fund. ACBDC has not experienced any losses in these accounts and believes that it is not exposed to any significant risk with respect to cash and restricted cash.

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

	<u>2025</u>	<u>2024</u>
Operating cash	\$ 24,430	\$ 24,123
Restricted cash	<u>2,260,838</u>	<u>2,457,240</u>
	<u>\$ 2,285,268</u>	<u>\$ 2,481,363</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments, which consist of debt securities, are stated at fair value. Fair value is determined using quoted market prices. Interest income is recognized on the accrual basis.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the accompanying financial statements.

Loans Receivable and Current Expected Allowance for Credit Losses

ACBDC loans receivables are primarily derived from loan originations to businesses that demonstrate strong possibilities for growth, real property improvement, increased employment and retention of employment in the County. Loans are stated at unpaid principal balances, less an allowance for credit losses. 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. ACBDC recognizes an expected allowance for credit losses that is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. Receivables are evaluated individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible.

The estimated allowance for credit losses is based on historical, current, and expected future conditions. The historical component is derived from a review of ACBDC's historical losses related to gross receivables when contractual obligations are greater than 30 days past due.

Fair Value Measurement – Definition and Hierarchy

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of ACBDC. Unobservable inputs are inputs that reflect ACBDC's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – Valuations are based on quoted prices in active markets for identical assets or liabilities that ACBDC has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

ACBDC's investments in U.S. Treasury bills are valued utilizing Level 1 inputs.

- Level 2 – Valuations are based on quoted prices in markets that are not active for which all significant inputs are observable, directly or indirectly. The valuation may be based on quoted prices for similar assets, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 include loan funds that have been granted by the AI Tech Loan Fund for the purpose of providing financing to small and medium-sized businesses. The original contribution of \$20 million is reported as net assets with donor restrictions subject to time and purpose, along with interest earned on those respective loans provided to 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

ACBDC receives substantially all of its revenue from interest income generated per the outstanding loans receivable, as well as investments. 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 earned.

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 agency fees to program due to the nature of where time and efforts are made, and benefit received.

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 financial assets available to meet cash needs for general expenditure within one year of the statement of financial position date at December 31:

	<u>2025</u>	<u>2024</u>
Operating cash	\$ 24,430	\$ 24,123
Restricted cash	2,260,838	2,457,240
Investments	7,667,734	7,354,812
Accrued income receivable	57,009	57,034
Loans receivable, net	<u>10,277,782</u>	<u>10,342,515</u>
	20,287,793	20,235,724
Less: Amounts restricted by donors for specific purposes	<u>(19,124,943)</u>	<u>(19,633,007)</u>
	<u>\$ 1,162,850</u>	<u>\$ 602,717</u>

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

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 operational and lending demands. At any time, additional cash or investments may be approved for lending activities in line with ACBDC's mission.

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 47 loans at both December 31, 2025 and 2024, respectively, and consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Loans receivable	\$ 10,366,118	\$ 10,446,461	\$ 10,342,869
Less: Allowance for credit losses	<u>(88,336)</u>	<u>(103,946)</u>	<u>(102,594)</u>
	<u>\$ 10,277,782</u>	<u>\$ 10,342,515</u>	<u>\$ 10,240,275</u>

Changes in the allowance for credit losses for the years ended December 31 were as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 103,946	\$ 102,594	\$ 84,193
Credit loss expense	-	1,352	-
Recovery of credit losses	<u>(15,610)</u>	<u>-</u>	<u>(32,479)</u>
	<u>\$ 88,336</u>	<u>\$ 103,946</u>	<u>\$ 102,594</u>

Loans receivable are expected to mature in the years ending December 31:

2026	\$ 1,346,503
2027	1,643,466
2028	1,705,614
2029	1,008,423
2030	861,605
Thereafter	<u>3,800,507</u>
	<u>\$ 10,366,118</u>

4. LOANS RECEIVABLE (Continued)

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, 2025:

<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>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,366,118</u>	<u>\$ 10,366,118</u>

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are measured at fair value utilizing Level 1 inputs and consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>
U.S. Treasury bills	<u>\$ 7,667,734</u>	<u>\$ 7,354,812</u>

6. CONTRACTED SERVICES

ACBDC contracts with Advance Albany County Alliance Local Development Corporation (the Alliance) to serve as its agent. The Alliance provides staff to ACBDC to fulfill its mission. ACBDC reimbursed the Alliance for administrative costs of \$594,281 and \$381,204 during the years ended December 31, 2025 and 2024, respectively. Collectively, these costs are recorded as agency fees on the accompanying Statement of Functional Expenses. ACBDC had an amount due to the Alliance of \$394,663 and \$144,937 for certain administrative costs at December 31, 2025 and 2024 and 2024, respectively.

7. COMMITMENTS AND CONTINGENCIES

Expenditures are subject to audit by management of the AI Tech Loan Fund 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.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 17, 2026, which is the date the financial statements were available to be issued.

March 17, 2026

To the Board of Directors
Albany County Business Development Corporation

REQUIRED COMMUNICATIONS

Dear Board Members:

We have audited the financial statements of Albany County Business Development Corporation (the Organization) for the year ended December 31, 2025, and have issued our report thereon dated March 17, 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 engagement letter to you dated October 17, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Albany County Business Development Corporation are described in Note 2 to the financial statements. As described in Note 2. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Organization 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

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 estimate affecting the financial statements is the allowance for uncollectible loans. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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Financial Statement Disclosures

Certain financial statements disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were Note 4 and Note 7. The disclosures in Note 4 describe the loans receivable that are past due and the disclosures in Note 7 describe the commitments and contingencies surrounding the Organization.

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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 Organization'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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Directors
Albany County Business Development Corporation
Page 3

This information is intended solely for the use of the Board of Directors and management of the Albany County Business 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

March 17, 2026

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

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Albany County Business 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.

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**ALBANY COUNTY
BUSINESS DEVELOPMENT CORPORATION**

**Independent Accountant's Report on
Positive Assurance Report Over Investment Practices
For the year ended December 31, 2025**

INDEPENDENT ACCOUNTANT'S REPORT

March 17, 2026

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

We have examined management's assertion, herein, that the Albany County Business Development Corporation (the Corporation) complied with the New York State Public Authorities Law Section 2925 applicable to the Corporation's adoption of comprehensive investment guidelines for the year ended December 31, 2025. Management of the Corporation is responsible for compliance with the specified guidelines. Our responsibility is to express an opinion on management's assertion about the Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Corporation complied in all material respects with the specified guidelines referenced above. An examination involves performing procedures to obtain evidence about whether the Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the examination engagement. Our examination does not provide a legal determination on the Corporation's compliance with the specified requirements.

In our opinion, the Corporation complied, in all material respects, with the specified requirements included in the accompanying Management's Assertion Report, for the year ended December 31, 2025.

This report is intended solely for the information and use of management, the audit committee and Board of Directors, others within the Corporation, and for compliance with the New York State Public Authorities Law and is not intended to be and should not be used by anyone other than these specified parties.

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ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION

MANAGEMENT'S ASSERTION REPORT FOR THE YEAR ENDED DECEMBER 31, 2025

I. Designation of Depositories

The Corporation's Board of Directors is authorized to select the banks or depositories it deems appropriate for the funds of the Corporation.

Management's Assertion:

The Corporation complied with the requirement as of and for the year ended December 31, 2025.

II. Collateralizing of Deposits

The Corporation's policy is to invest operating funds from cash accounts in interest-bearing or earnings credit accounts maintained at financial institutions that provide collateralized municipal deposit coverage.

Management's Assertion:

The Corporation complied with the requirement as of and for the year ended December 31, 2025.

III. Diversification

It is the policy of the Corporation to invest excess funds from cash accounts in U.S. Government backed securities, which include Treasury Bills, notes, and other direct obligations of the U.S. Treasury.

Management's Assertion:

The Corporation complied with the requirement as of and for the year ended December 31, 2025.

**RESOLUTION 2026-03-01
OF THE
ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION
AUDIT COMMITTEE**

WHEREAS, the Albany County Business 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 (the “Audit Committee”) to provide direct oversight of the of the independent audit performed by the accounting firm engaged by the Corporation; 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 17, 2026

Chairperson

Motion made by:

Seconded by:

Vote:

**RESOLUTION 2026-03-02
OF THE
ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION
AUDIT COMMITTEE**

WHEREAS, the Albany County Business 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, without limitation, for appointing the Corporation’s independent auditor, and reviewing and approving the Corporation’s financial statements; and

WHEREAS, pursuant to prior Board action adopted on October 21, 2025, the Corporation retained The Bonadio Group to audit the Corporation’s 2025 Financial Statements and to perform the Corporation’s Independent Audit for 2025 (collectively, the “Reports”); and

WHEREAS, The Bonadio Group has prepared and submitted drafts of the Reports to the Audit Committee; and

WHEREAS, the Audit Committee has received and reviewed the Reports with the independent auditor and respective staff; and

NOW, THEREFORE BE IT RESOLVED, that the Audit Committee hereby (i) approves the Reports, (ii) recommends the approval of the Reports by the Corporation, and (iii) the Corporation’s staff is directed to file the Reports with the appropriate offices and the Public Authorities Reporting Information Systems (“PARIS”), all in accordance with Section 2800 of the New York Public Authority Law, and that such Reports be posted on the Corporation’s website.

Dated: March 17, 2026

Chairperson

Motion made by:

Seconded by:

Vote:

**RESOLUTION 2026-03-03
OF THE
ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION
AUDIT COMMITTEE**

WHEREAS, the Albany County Business 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 PAL, the Corporation, and the Corporation’s independent auditor have 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 it has completed such Annual Internal Controls Review, and staff shall post the Annual Internal Controls Review on the Corporation’s website.

Dated: March 17, 2026

Chairperson

Motion made by:

Seconded by:

Vote:

**Albany County Business Development Corporation (“ACBDC”)
2025 Assessment of the Effectiveness of Internal Controls**

ACBDC Major Business Functions:

No changes have occurred with respect to ACBDC’s significant funding sources, mission or objectives of the ACBDC during 2025. ACBDC’s major business functions, including financial status, operational processes and legal requirements are implemented by staff and reviewed by the Board during ACBDC’s publicly advertised and open Board meetings. Minutes of these meetings as well as supporting documents are maintained on ACBDC’s website.

Risks Associated with ACBDC 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, ACBDC 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 ACBDC. 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 ACBDC which are designed to ensure the ACBDC’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 New York State Public Authority Accountability (“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 ACBDC 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 & related PARIS reports;

- Maintenance of the Corporation's website in accordance with ABO guidance;
- Board annually reviews ACBDC's mission to ensure the ACBDC's primary operations and functions will help fulfill its mission;
- ACBDC staff is trained to understand the ACBDC 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; and
- Annual external financial audit with Audit Committee oversight.

Extent to Which the Internal Control System is Effective:

Management has reviewed the internal control system for 2025 and finds that the items as outlined above remain in place and function as expected. The ACBDC'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, ACBDC staff regularly reviews updates to pertinent rules.

Corrective Action:

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