

**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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INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Financial Statements

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

			<u>Total</u>	
	<u>Program Services</u>	<u>General and Administrative</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
Net cash flow from operating activities	<u>36,484</u>	<u>439,747</u>
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>
Net cash flow from investing activities	<u>(232,579)</u>	<u>(2,459,168)</u>
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.