

MEMO

TO: Capitalize Albany Corporation Audit Committee

FROM: Capitalize Albany Corporation Staff

RE: Management Assessment of the Effectiveness of Internal Controls

DATE: March 15, 2024

This statement certifies that management has documented and assessed the internal control structure and procedures of the Capitalize Albany Corporation for the year ending December 31, 2023. This assessment found the internal controls to be adequate and the assessment did not identify any deficiencies.

2023 Assessment of the Effectiveness of Internal Controls

Capitalize Albany Corporation (“Corporation”) Major Business Functions:

The primary mission of the Corporation is as follows:

Facilitate economic development projects within the City of Albany

The Capitalize Albany Corporation (formerly the Albany Local Development Corporation) was incorporated in 1979 to primarily provide financing to eligible businesses in order to create and retain employment and investment within the City of Albany. The Corporation also plays an active role in facilitating large-scale transformational real estate projects that the Corporation identifies as a priority.

No changes have occurred with respect to funding sources, mission or objectives of the Corporation during 2023. Accomplishments, including financial status, committee accomplishments and legal requirements are outlined on a monthly basis via publicly advertised and open meetings. Minutes of these meetings as well as supporting documents are maintained on the agency’s website.

Risks Associated with the Corporation’s 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 Audit and Finance Committees regularly reviews financial information which is then presented to the board at publically open meetings. Additionally, for both legal and financial aspects, the Corporation 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 the Corporation. A review for 2023 finds no change to the differing levels of involvement and approval.

Internal Control Systems in Place

There has been a longstanding set of policies, procedures and guidelines in place at the Corporation that are designed to ensure the Corporation's mission is carried out in full and to minimize risk. These items remained in place during 2023. 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 and accepts the NYS PAAA policies.
- 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 reports are provided to management as well as the various committees and the full Board of Directors.
- The Corporation annually has a financial audit. The financial audit provides an opinion on the financial statements and also includes the audit related assessment of internal controls.
- The Corporation’s board actions have addressed internal controls through review and adoption of policies and procedures. These policy and procedures include the following:
 - Annual Board adoption and acceptance of NYS PAAA policies
 - Annual Board adoption and acceptance of PARIS reports
 - Annual external financial audit with Audit Committee oversight

- Annual completion of Board self-evaluation.
- Annual meeting of membership to appoint Board of Directors
- Annual review and acceptance of the Corporation's performance goals
- Annual completion of the Board's Conflict of Interest Declaration forms
- Annual Review and adoption of the Corporation's Procurement Policy
- Annual Review and adoption of the Corporation's Investment Policy
- Annual Review of the Corporation's investment performance
- Annual Review and adoption of the Corporation's Property Acquisition and Disposition Policy.

Extent to Which the Internal Control System is Effective

Management has reviewed the internal control system for 2023 and finds that the items as outlined above remain in place and functioning as expected. The Corporation's most recent financial audit (for the calendar year 2022 and the year ended December 31, 2022) identified no material weaknesses or significant deficiencies. Policies and procedures in place are deemed sufficient. As noted previously, the Corporation's staff regularly reviews updates to pertinent rules.

Corrective Action

No specific corrective action is required at this time. Management consistently works to strengthen controls as possible.