

## **GUIDELINES FOR INVESTMENTS CAPITALIZE ALBANY CORPORATION**

These guidelines detail the operative policy regarding the investing, monitoring and reporting of funds of the Capitalize Albany Corporation (“CAC”).

### **1) Purpose.**

These investment guidelines (“Guidelines”) are intended to:

- a. Establish a system whereby current funds on hand, in excess of immediate and near-term needs, are invested to ensure that such investment assets are adequately safeguarded and collateralized.
- b. Ensure that such investments are adequately liquid to meet the operational needs of the CAC;
- c. Ensure that an adequate system of internal control is maintained; and
- d. Ensure that such investments produce a reasonable rate of return.

The primary objectives of this portfolio are: (1) preservation of capital, (2) liquidity, and (3) prudent growth of principal.

### **2) Authorization and Management.**

The Board Members of the CAC have delegated the authorization to make day-to-day investment decisions to the President and/or Controller (“Authorized Persons”), subject to the direction from the Board and/or Finance and Investment Committee. Detailed reports of the corporation’s investments will be provided to the Finance and Investment Committee and the Committee will provide a summary of such report/required actions to the Board at the next scheduled meeting.

These Authorized Persons are to make certain that all CAC investment decisions/actions conform to:

- a. section 2925 of the Public Authorities Law; and
- b. these Guidelines.

The Authorized Persons are authorized to deposit all funds received by the CAC (in excess of those needed for on-going operations) consistent with these guidelines. Additionally, subject to Board/Finance and Investment Committee Approval, a professional investment advisor (“Advisor”) may be retained to assist the CAC’s implementation of these Guidelines and the CAC may grant the advisor discretion to execute transactions within the context of these Guidelines. The advisor will be expected to act as a fiduciary at all times in the best interest of the CAC.

### 3) Investment Strategy.

CAC's investment objectives will be achieved primarily with fixed-income investments and, to a lesser extent, with quality equity investments. However, there is no requirement that the portfolio contain equities.

Fixed-income securities in the combined portfolios will include cash equivalents, short- and intermediate-term fixed-income securities. The portfolio will be allocated to these categories based upon cash flow needs as determined by CAC.

Equity investments will be well diversified, high grade and readily marketable.

The investment return on the short-term fixed-income portion of the portfolio will be measured against short-term U.S. Treasury Bills. The investment return on the intermediate-term fixed-income portion of the portfolio will be measured against the Barclays Intermediate Government Credit Index. The investment return on the equity portion of the portfolio, when appropriate, will be measured against the S&P 500.

#### **Asset Allocation\***

<i>Asset Class</i>	<i>Min. Wt.</i>	<i>Max. Wt.</i>	<i>Representative Index</i>
Equities	0%	15%	S&P 500 and MSCI EAFE
<i>Domestic</i>	<i>85%</i>	<i>100%</i>	S&P 500
<i>International**</i>	<i>0%</i>	<i>15%</i>	MSCI EAFE
Fixed Income	80%	95%	BCS Int. Govt./Credit***
Cash or Equivalents	3%	25%	Treasury Bill

\* The Asset Allocation requirements contained above are only intended to apply to those funds directed by the Finance and Investment Committee to be placed with the Advisor. All other funds of the Corporation are to be placed in the "Cash or Equivalents" category.

\*\* Only broadly diversified Exchange Traded Funds will be used for investing in international equities.

\*\*\* Or other broad-based bond market benchmark agreed upon by CAC.

### 4) Types of Investments.

a. Cash or Equivalents. The following types of cash or fixed income investments are approved:

1. Deposits in Savings, Checking and/or Money Market Type accounts of banks doing business in New York that are collateralized or fully insured by the FDIC as to principal and expected interest.

b. Fixed Income. Subject to the conditions and restrictions contained in 4(b)(6) below, the following types of fixed income investments are approved:

1. Obligation of the U.S. Treasury, AAA-rated U.S. Government Agencies and obligations guaranteed by the U.S. Treasury or AAA-rated U.S. Government

agencies. There is no limit on these investments, except that no more than 15% of the fixed-income segment can be invested in Government guaranteed mortgage pass through securities.

2. Certificates of Deposit collateralized or fully insured by the Federal Deposit Insurance Corporation as to principal and expected interest.

3. Corporate debt obligations as follows:  
a. Commercial Paper; and  
b. Short-Term Notes or Corporate Bonds

Commercial paper must be rated at least A1/P1 with a maximum maturity of nine months. Corporate notes and bonds must be rated at least A1 by Moody's or A+ by Standard and Poor's, at the time of purchase. In the event of a downgrade, the Advisor will inform the Authorized Person and determine corrective action.

4. Tax-Exempt or Taxable Municipal Securities as follows:  
a. Municipal notes and bonds;  
b. Adjustable rate municipals; and  
c. Tax-Exempt commercial paper.

Municipal obligations must be rated at least "A" (or the equivalent) by a nationally recognized credit rating agency. Insured obligations must have an underlying rating of at least "A".

5. Any obligation that is not guaranteed by the U.S. Government or one of its agencies is limited to 10% of the portfolio.

6. The Following Conditions and Restrictions Apply to Fixed-Income Investments:

- a. No less than 25% of the portfolio will possess a final maturity of one year or less.
- b. The maximum weighted average maturity of the fixed-income securities (exclusive of the portion of the portfolio that matures within one year) may not exceed four years.
- c. No less than 50% of the fixed-income securities must be obligations of the U.S. Treasury or Government Agency.
- d. Fixed income securities with a maturity, expected average maturity, or reset period greater than 10 years are prohibited.
- e. Fixed income or interest rate futures are prohibited.
- f. Risky or volatile derivative securities as commonly defined by the financial industry are prohibited.
- g. Zero coupon Treasury bonds are permitted.
- h. CMO securities of any type are not permitted.
- i. Cash reserves should be invested in interest bearing securities or in an appropriate money market fund or saving/checking account. Since it is not a regular business practice for a written contract with respect to these types of

investments, no written contract is required. The operating practices herein shall govern.

- c. Equity. Equity investments are to be chosen from the New York Stock Exchange, American Stock Exchange, the regional exchanges, or the national over-the-counter market. The equity holdings of the Funds should be diversified. The maximum position in any security, except for mutual funds and/or exchange traded funds (ETFs), may not exceed 10% of the manager's total equity component at the time of purchase. No more than 30% of the market value of the equity portion of the portfolio should be in any one industry.
- d. Collateral and Securitization. Other than those investments identified in 4(a)(1) and 4(b)(2), no collateralization or securitization of the investments are required.
- e. Written Contracts. No written contracts are required for any of the approved CAC investments except for all normal and customary investment/account documents (e.g. account statements, etc.) which provide that CAC is the full and only owner of the respective investment.

5) Operating Procedures.

- a. Approvals. In the event that the CAC does not grant the advisor discretion to execute transactions within the context of these Guidelines, the Advisor will be consulted by the Authorized Persons prior to executing any investment transactions.
- b. Collateral. The custodian of all collateral involved in any investment transaction must be either the CAC or third party custodian acceptable to the CAC. If at any time the required collateral does not equal the value of the investment, the CAC shall inform the third party custodian of additional collateral required. If additional collateral is not added immediately by the third party custodian involved, the CAC shall demand the return of the amount invested. Any custodian or trustee of securities in any transaction of which the CAC is a principal may not relinquish control over such securities without written consent of the CAC and the bank. Whenever investments require collateralization, such investments must be collateralized by direct obligations of the United States or New York State Government or obligations the principal and interest of which are guaranteed by the United States, one of its agencies or New York State Government.
- c. Tracking and Accounting. CAC will account for investments in accordance with generally accepted accounting principles (GAAP) for all financial statements. CAC shall receive reports monthly from any custodian/bank holding CAC investments. The Controller will review such reports monthly and verify the principal amount and market values of all investments and collateral.



6) Guidelines Annual Review or Modifications.

- a. The CAC Finance and Investment Committee and Board will review these Guidelines at least annually and may by Board resolution modify these Guidelines at any time.

7) Reports and Audits.

- a. Quarterly reports of investment activity and portfolio reporting will be provided to the CAC's Finance & Investment Committee and a summary of each such quarterly report will be provided by the Committee to the Board. At least annually, and additionally as determined by the CAC Finance & Investment Committee, a report on the investment portfolio and activity will be provided to the Board. The portfolio reporting will include an estimate of fair value (market value) as obtained from the Bloomberg, financial correspondents or nationally published sources. Also included will be the characteristics of each investment, the net change in fair value since the prior month-end, with summary information for the entire portfolio.
- b. Any retained investment advisor will meet with the CAC Board at least annually to discuss the portfolio and any questions of the CAC Board.
- c. Annual Investment Audit. Each year, the CAC shall cause its independent auditors to conduct an audit (the "Annual Investment Audit") regarding the CAC's investments. The Annual Investment Audit shall determine whether CAC has:
  - i. complied with its own investment policies;
  - ii. maintained adequate accounts and records which accurately reflect all transactions and report on the disposition of the CAC's assets;
  - iii. maintains a system of adequate internal controls; and
  - iv. complied with applicable laws and regulations.
- d. Annual Investment Report. The CAC Controller shall prepare and submit an annual investment report to the Board within 90 days after the close of each fiscal year of the CAC. Upon Board approval, the report shall be filed with the City of Albany and entered/certified into the Public Authority Reporting Information System ("PARIS"). Such report shall include the following:
  - v. The Guidelines required by Section 2925(3);
  - vi. The results of the Annual Investment Audit described above;
  - vii. The investment income results of the CAC; and
  - viii. A list of the total fees, commissions or other charges paid for CAC investment associated services by the CAC since the date of the last investment report.

The Annual Investment Report shall be filed within ninety (90) days after the close of the CAC's fiscal year.

8) Criteria for Selection of Investment Banks or Firms and Brokers.

The following are criteria for the selection of Investment Banks or Firms and Brokers:

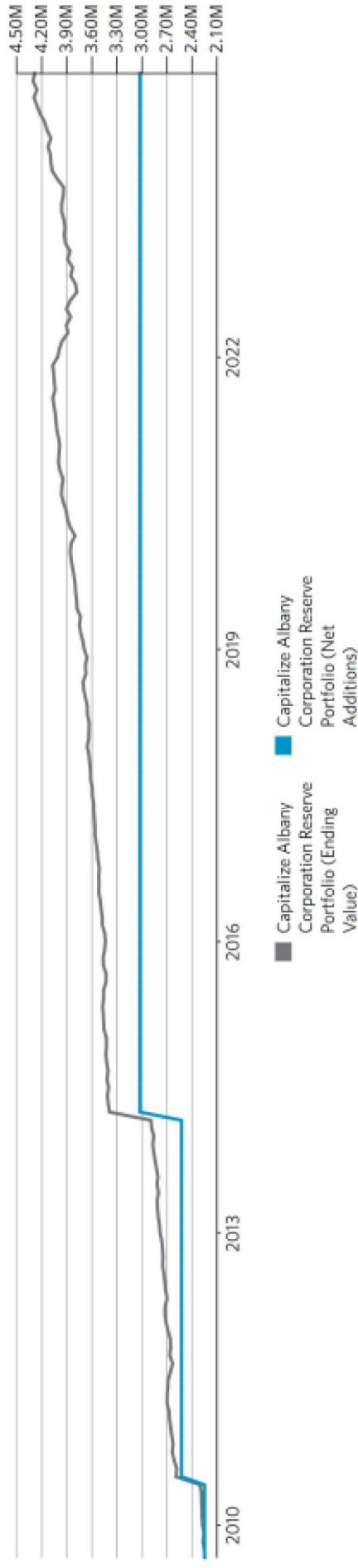
- a. Investment Banks or Firms and Brokers authorized to do business within New York State.
- b. Investment Banks or Firms and Brokers in business for over (5) five years.
- c. Investment Banks or Firms and Brokers that have demonstrated a proven record of returns, that meet or exceed the yield and total return generated from Treasury benchmarks.
- d. Investment Managers/Advisors must be registered with the Securities and Exchange Commission (SEC) while Investment Brokers/Dealers must be members in good standing with the Securities Investors Protection Corporation (SIPC) and the Financial Industry Regulatory Authority (FINRA).

# Reserve Portfolio - Investment Performance as of 12/31/24

	Quarter To Date	Year To Date	Last 12 Months	Last 3 Years	Last 5 Years	Since 9/23/2009
<b>Beginning Value</b>	<b>4,294,212.81</b>	<b>4,075,266.43</b>	<b>4,075,266.43</b>	<b>4,070,097.26</b>	<b>3,848,224.86</b>	<b>0.00</b>
<b>Net Additions</b>	<b>0.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>3,024,965.10</b>
Contributions	0.00	5.00	5.00	5.00	5.00	3,024,985.15
Withdrawals	0.00	0.00	0.00	0.00	0.00	-20.05
<b>Net Gain</b>	<b>-7,736.23</b>	<b>211,205.14</b>	<b>211,205.14</b>	<b>216,374.32</b>	<b>438,246.71</b>	<b>1,261,511.48</b>
Market Change	-36,395.27	96,381.39	96,381.39	-20,383.10	96,616.64	374,097.92
Income	31,959.82	127,582.82	127,582.82	273,834.50	405,113.86	1,056,986.81
Fees	-3,300.78	-12,759.07	-12,759.07	-37,077.08	-63,483.79	-169,573.25
<b>Ending Value</b>	<b>4,286,476.58</b>	<b>4,286,476.58</b>	<b>4,286,476.58</b>	<b>4,286,476.58</b>	<b>4,286,476.58</b>	<b>4,286,476.58</b>
<b>Return (GoF)</b>	<b>-0.1%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>2.1%<sup>1</sup></b>	<b>2.5%<sup>1</sup></b>	<b>2.8%<sup>1 2</sup></b>
<b>Return (NoF)</b>	<b>-0.2%</b>	<b>5.2%</b>	<b>5.2%</b>	<b>1.7%<sup>1</sup></b>	<b>2.2%<sup>1</sup></b>	<b>2.5%<sup>1 2</sup></b>
<b>HB - 7% S&amp;P 500/ 93% Barclays 1-3Y Gov Cr Return</b>	<b>0.2%</b>	<b>5.7%</b>	<b>5.7%</b>	<b>2.3%</b>	<b>2.6%</b>	<b>2.5%</b>
<b>BLOOMBERG BARCLAYS BOND FUND INDEX 1-3 GOVT/CREDIT Return</b>	<b>0.0%</b>	<b>4.4%</b>	<b>4.4%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.6%</b>

<sup>1</sup> Annualized return, <sup>2</sup> Level contains historical performance data

## Ending Value and Net Additions Since Inception

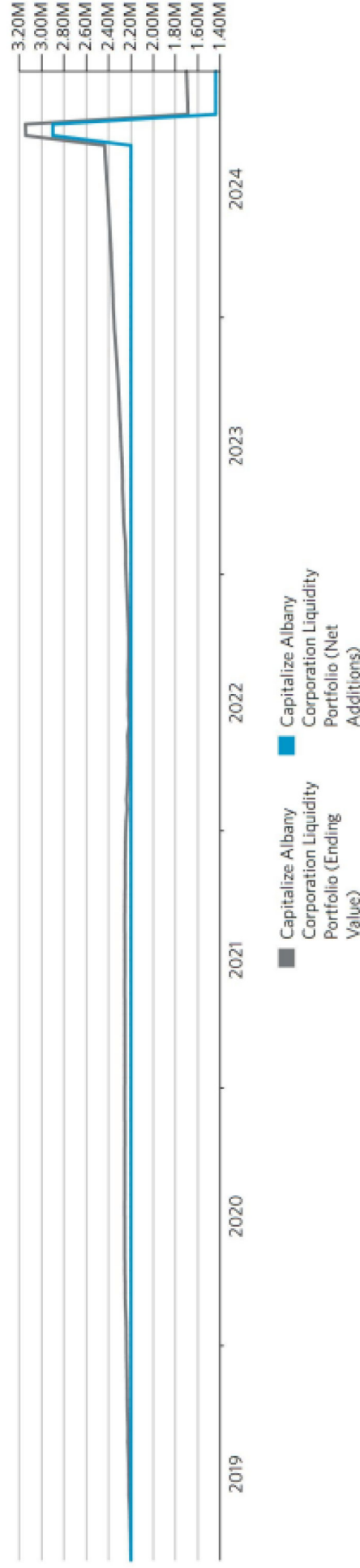


# Liquidity Portfolio - Investment Performance as of 12/31/24

	Quarter To Date	Year To Date	Last 12 Months	Last 3 Years	Last 5 Years	Since 3/12/2019
<b>Beginning Value</b>	<b>3,142,680.32</b>	<b>2,348,566.68</b>	<b>2,348,566.68</b>	<b>2,248,857.24</b>	<b>2,239,337.09</b>	<b>0.00</b>
<b>Net Additions</b>	<b>-1,460,573.80</b>	<b>-760,573.80</b>	<b>-760,573.80</b>	<b>-760,573.80</b>	<b>-760,573.80</b>	<b>1,439,426.20</b>
Contributions	0.00	700,000.00	700,000.00	700,000.00	700,000.00	2,900,000.00
Withdrawals	-1,460,573.80	-1,460,573.80	-1,460,573.80	-1,460,573.80	-1,460,573.80	-1,460,573.80
<b>Net Gain</b>	<b>20,353.75</b>	<b>114,467.39</b>	<b>114,467.39</b>	<b>214,176.83</b>	<b>223,696.98</b>	<b>263,034.07</b>
Market Change	8,018.28	50,339.53	50,339.53	105,095.17	73,104.11	83,407.69
Income	12,646.83	65,323.24	65,323.24	112,525.31	161,917.50	193,724.31
Fees	-311.36	-1,195.38	-1,195.38	-3,443.65	-11,324.63	-14,097.93
<b>Ending Value</b>	<b>1,702,460.27</b>	<b>1,702,460.27</b>	<b>1,702,460.27</b>	<b>1,702,460.27</b>	<b>1,702,460.27</b>	<b>1,702,460.27</b>
<b>Return (GoF)</b>	<b>1.1%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>3.2%<sup>1</sup></b>	<b>2.1%<sup>1</sup></b>	<b>2.1%<sup>1</sup></b>
<b>Return (NoF)</b>	<b>1.1%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>3.2%<sup>1</sup></b>	<b>2.0%<sup>1</sup></b>	<b>2.0%<sup>1</sup></b>
<b>US TREAS BILL ADJ FOR INTEREST RETURN</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>-0.3%</b>	<b>-0.1%</b>	<b>0.3%</b>

<sup>1</sup> Annualized return

## Ending Value and Net Additions Since Inception





**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 4 — INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consist of the following at December 31:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Fixed Income Securities	\$ 5,093,398	\$ 5,061,436	\$ 5,519,146	\$ 5,445,552
Equities and Mutual Funds	354,652	475,649	331,671	406,014
Certificates of Deposit	200,021	203,132	400,052	400,560
Money Market	205,928	205,928	132,553	132,553
Total	<u>\$ 5,853,999</u>	<u>\$ 5,946,145</u>	<u>\$ 6,383,422</u>	<u>\$ 6,384,679</u>

Unrealized gains of approximately \$65,600 and \$3,500 at December 31, 2024 and 2023, respectively, are included in other interest and investment income in the consolidated statements of revenue and expenses and changes in net position.

GASBS No. 72, *Fair Value Measurement and Application*, establishes requirements on how fair value should be measured, which assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table sets forth, within the fair value hierarchy, the Corporation's assets at fair value at December 31, 2024 and 2023:

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Money Market	\$ 205,928	\$ -	\$ -	\$ 205,928
Equities	475,649	-	-	475,649
Corporate Debt Securities	477,152	-	-	477,152
U.S. Treasury	4,544,302	-	-	4,544,302
Municipal Bonds	-	39,982	-	39,982
Certificates of Deposit	-	203,132	-	203,132
	<u>\$ 5,703,031</u>	<u>\$ 243,114</u>	<u>\$ -</u>	<u>\$ 5,946,145</u>

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Money Market	\$ 132,553	\$ -	\$ -	\$ 132,553
Equities	406,014	-	-	406,014
Corporate Debt Securities	864,347	-	-	864,347
U.S. Treasury	4,282,596	-	-	4,282,596
Municipal Bonds	-	298,609	-	298,609
Certificates of Deposit	-	400,560	-	400,560
	<u>\$ 5,685,510</u>	<u>\$ 699,169</u>	<u>\$ -</u>	<u>\$ 6,384,679</u>



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Capitalize Albany Corporation

### Report on the Audit of the Consolidated Financial Statements

#### **Opinions**

We have audited the accompanying consolidated financial statements of Capitalize Albany Corporation, which comprise the consolidated statements of net position as of December 31, 2024 and 2023, and the related consolidated statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Capitalize Albany Corporation as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capitalize Albany 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 opinions.

#### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 Capitalize Albany Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Capitalize Albany 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 Capitalize Albany'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.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 9 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025, on our consideration of Capitalize Albany Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Capitalize Albany Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capitalize Albany Corporation's internal control over financial reporting and compliance.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, followed by "LLP" in a smaller, simpler font.

Albany, New York  
March 20, 2025





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

To the Board of Directors  
Capitalize Albany Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Capitalize Albany Corporation, which comprise the consolidated statement of net position as of December 31, 2024, and the related consolidated statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 20, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Capitalize Albany Corporation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capitalize Albany Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Capitalize Albany Corporation's internal control.

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

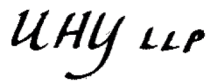
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, with "LLP" in a smaller, simpler font to the right.

Albany, New York  
March 20, 2025

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 1 — ORGANIZATION AND MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Revenue Recognition**

*Grant and contribution income*

Grants, contributions, and similar items, including capital grant funding, are recognized as revenue when all requirements imposed by the grantor or contributor, if any, have been satisfied. Grant funds received for which all requirements have not yet been met are recorded as unearned grant and other income.

*Rental income*

Rental income is recognized as earned over the term of the related lease arrangements.

*Fees, program, and other income*

Fees, program, and other income consists primarily of management fees, which are recognized as earned under a management fee arrangement with terms of generally one year.

In addition, the Corporation, under Urban Development Action Grants (UDAG) financing arrangements through the United States Department of Housing and Urban Development (HUD), has recognized grant amounts as mortgage notes receivable, with corresponding credits to deferred program support. Principal repayments on these notes are recognized as fees, program, and other income and are applied against deferred program support. The UDAG agreements provide that the program income, together with the interest earned thereon, are restricted by HUD to be used for Title I eligible activities. The deferred program support account, in the Corporation's consolidated balance sheet, is a contra account which reflects UDAG loan principal repayments scheduled to be received in future years. There were no new UDAG grants in either 2024 or 2023.

**Cash and Cash Equivalents**

Cash is comprised of various interest bearing and non-interest bearing deposits in several financial institutions. The Corporation considers all highly liquid investments with original maturities of three months or less to be cash equivalents except for cash equivalents included in the investment account, which are included in investments in the accompanying consolidated balance sheets.

**Investments**

Investments are carried at fair value on a recurring basis, based on current market prices.

**Mortgage Notes Receivable and Allowance for Losses**

As explained further in Note 5, mortgage notes receivable are carried at the principal amount outstanding, net of an allowance for estimated uncollectible amounts. The Corporation's allowance for losses is evaluated on a regular basis by management and is estimated based on delinquency rates, current economic conditions, borrowers' outstanding balances, an analysis of borrowers' financial condition, and estimated value of any underlying collateral. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for losses is increased by provisions charged to earnings and reduced by charge-offs, net of recoveries.

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 1 — ORGANIZATION AND MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Description of Leasing Arrangements**

The Corporation, as part of its mission, has entered into arrangements leasing various parcels of real estate. The lease terms range from one to thirty years. The lease term is defined as the non-cancelable period of the lease plus any option to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of twelve months or less, no lease assets or liabilities have been recorded in accordance with GASB Statement No. 87, *Leases*. See Note 9 for further disclosure of the lease arrangements.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Corporation is a publicly supported organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Citywide, Liberty Park Development LLC, and 34 Hamilton Street, LLC's annual tax information filings are included with the annual filings of their sole member, Capitalize Albany Corporation.

**Net Position**

In order to present consolidated financial condition and consolidated operating results of the Corporation in a manner consistent with limitations and restrictions placed upon the use of resources, the Corporation classifies net position into three categories as follows:

Net invested in capital assets – This component of net position consists of property and equipment, including property held for investment and lease, net of accumulated depreciation, and reduced by the outstanding balances of debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net invested in capital assets. Rather, when applicable, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on assets use through external constraints imposed by creditors, by law or regulation, or through enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of “net invested in capital assets” or “restricted.”

**Reclassifications**

Certain items in the prior year financial statements have been reclassified to conform to the current year presentation.



# CAPITALIZE ALBANY CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### December 31, 2024 and 2023

#### NOTE 1 — ORGANIZATION AND MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### New Accounting Pronouncements

Effective for the year ended December 31, 2024, the Corporation implemented GASB Statement No.101, "*Compensated Absences*," which clarifies the recognition, measurement, and financial reporting requirements for compensated absences. This statement establishes a uniform methodology for recognizing liabilities related to leave benefits earned but not yet taken. Upon evaluation, the implementation of GASB 101 did not have a material impact on the Corporation's financial statements or related disclosures. The Corporation's existing policies and practices were consistent with the principles outlined in GASB 101.

##### Subsequent Events

For purposes of preparing these financial statements, Capitalize Albany Corporation considered events through the date the financial statements were available for issuance.

#### NOTE 2 — CASH AND CASH EQUIVALENTS

The Corporation maintains its cash in bank accounts with several financial institutions.

The Corporation has not experienced any losses with respect to its cash and cash equivalents balances. Based on management's review of the strength of the financial institutions, management feels the risk of loss on its cash balances is minimal.

At December 31, 2024, the carrying amount and the bank balances of the Corporation's deposits were approximately \$2,248,000 and \$2,260,000, respectively. Of the bank balances, approximately \$510,000 was insured under FDIC coverage. The remaining balance was collateralized by securities pledged by the depositaries at December 31, 2024.

#### NOTE 3 — RESTRICTED CASH

Generally, restricted cash represents funds that have been placed in a segregated account that cannot be used for a purpose other than the purpose for which that account is designated. Restricted cash includes amounts restricted for the following purposes at December 31:

	2024	2023
Liberty Park	\$1,680,939	\$2,291,873
CDBG eligible activities	116,770	115,320
EC/EDZ revolving loan fund	-	718,118
Hudson River Way campaign	60,372	59,622
Total restricted cash and cash equivalents	<u>\$1,858,081</u>	<u>\$3,184,933</u>

At December 31, 2024, bank balances of restricted cash were approximately \$1,858,000 of which approximately \$427,000 was insured under FDIC coverage and the remaining balance was collateralized. The Liberty Park bank balance is fully collateralized in compliance with the Corporation's investment guidelines.

**CAPITALIZE ALBANY CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 12 — EMPLOYEE BENEFIT PLANS**

**Retirement Plan**

Effective January 1, 2020, the Corporation replaced the existing SEP-IRA plan with a company-sponsored 401(k) plan. The Corporation elected to continue to contribute 11% of eligible employee compensation to the 401(k) plan.

During 2024 and 2023, nine and ten employees were covered by the plans, and total contribution expenses incurred were approximately \$81,000 and \$96,000, respectively.

**Post Employment Benefit**

The Corporation does not offer post-employment benefits to its employees.

**NOTE 13 — COMMITMENTS AND CONTINGENCIES**

**Grants**

The Corporation's grants are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The Corporation believes, based upon its review of current activity and prior experience, the amount of such disallowances, if any, will be minimal. In the opinion of the Corporation's management, all grant funds were expended in accordance with applicable terms.

**Paycheck Protection Program**

In May 2020, the Corporation received loan proceeds of \$129,100 under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). Generally, the PPP loan and related accrued interest are forgivable, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains certain payroll levels. The Corporation applied for and was notified that the full \$129,100 in eligible expenditures for payroll and other expenses described in the CARES Act was forgiven effective January 5, 2021. The forgiveness was recognized in the 2021 consolidated statement of revenues and expenses and changes in net position.

According to the rules of the SBA, the Corporation is required to retain PPP Loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Corporation's judgments pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Corporation may be required to adjust previously reported amounts and disclosures in the financial statements.

**NOTE 14 — RISKS AND UNCERTAINTIES**

From time to time, the Corporation may be involved in legal proceedings and litigation arising in the normal course of business. In the opinion of management, the outcome of any outstanding proceedings and litigation will not materially affect the financial position, results of operations and cash flows of the Corporation.