



To whom it may concern:

No Audit Management Letter has been issued for 2023. The Capitalize Albany Corporation received an unmodified opinion.

CAPITALIZE ALBANY CORPORATION

2023 AUDIT COMMITTEE PRESENTATION

MARCH 22, 2024



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This presentation includes a high-level summary and analysis of certain accounting and auditing considerations. It is not an in-depth analysis nor is it an all-inclusive list of considerations applicable to our December 31, 2023 audit. We would be pleased to provide further information on any of these topics (or additional topics) if the Audit Committee, or those responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, so desires.

This presentation is intended solely for the information and use of the Board of Directors, its committees and Management of Capitalize Albany Corporation. It is not intended to be, and should not be, used by anyone other than these specified parties.

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March 22, 2024

To the Audit Committee
Capitalize Albany Corporation

Dear Committee Members:

We have substantially completed our audit of the financial statements of Capitalize Albany Corporation (the "Corporation") as of and for the year ended December 31, 2023 and plan to issue our report thereon ("unmodified opinion") by March 31, 2024.

Enclosed please find our presentation for the audit committee meeting to be held on March 22, 2024. Our presentation discusses certain items we believe should be communicated to the Audit Committee in accordance with professional standards. It is intended solely for the use of the Audit Committee and Management of Capitalize Albany Corporation.

As you know, UHY LLP is committed to the highest quality in all that we do. This begins with our team members who are selected to serve you based on experience, technical skill and industry understanding. Our teams use methodology, supported by the latest industry and professional tools to help ensure efficient and effective client engagements.

Thank you for allowing us to serve you this year. If I can ever be of service to you, please don't hesitate to contact me at (518) 694-5821 or bkearns@uhy-us.com.

Very truly yours,

Brian Kearns

AUDIT STRATEGY

PRIMARY FOCUS AND SIGNIFICANT RISKS IDENTIFIED

The critical audit areas and significant matters for consideration related to each were communicated in our planning presentation dated October 19, 2023 and include:

Primary focus:

- Grants and programs.

Significant risks:

- No changes from those communicated during planning.

REPORTS TO BE ISSUED

- Report on the audit of the Financial Statements of Capitalize Albany Corporation for the year ended December 31, 2023.
- 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.
- Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance.

SIGNIFICANT CHANGES TO THE PLANNED STRATEGY OR SIGNIFICANT RISKS IDENTIFIED

- No significant changes to the planned strategy or any significant risks during the audit that were not previously identified and communicated to the Audit Committee in our presentation dated October 19, 2023.

OUTSTANDING MATTERS

- Receipt of Management Representation Letter.
- Extend subsequent event audit procedures through date of issuance.

ACCOUNTING POLICIES & PRACTICES, AND ESTIMATES

SIGNIFICANT AND CRITICAL ACCOUNTING POLICIES AND PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Capitalize Albany Corporation are described in Note 1 to the financial statements. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* was implemented in 2023. No impact on the Corporation's 2023 financial statements. No other new accounting policies were adopted. The application of existing policies was not changed during 2023. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Critical accounting policies and practices are those that are both most important to the portrayal of the Corporation's financial condition and results of operations and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The critical accounting policies used by the Corporation in its 2023 financial statements include:

- Liberty Park Properties
- Property Held for Investment and Lease, Net
- Mortgage Notes Receivable and Allowance for Losses

CRITICAL 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 Corporation's financial statements were:

- **Liberty Park Properties:** Management's estimate of the Liberty Park properties asset is based on multiple estimates and management judgments, including the determination of costs to be capitalized and subsequent measurement considerations.
- **Allowance for Loan Losses:** Management's estimate of the allowance for loan losses is evaluated on a regular basis 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.
- **Other Estimates:** Timing and extent of loan charge-offs, depreciable lives of properties, measurement of lease assets and liabilities.

We evaluated the key factors and assumptions used to develop the Corporation's more significant judgments and estimates, as part of our audit, and found them to be reasonable in the context of the financial statements taken as a whole.

SIGNIFICANT DISCLOSURES

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Liberty Park Properties in Note 8 to the financial statements. This disclosure includes information regarding costs to acquire property at the site, the amount of grant funding awarded for project costs, including amounts received and unspent amounts included in restricted cash and deferred revenue at December 31, 2023. The disclosure summarizes the significant assets, liabilities, revenues, and expenses associated with the Liberty Park properties as of and for the year ended December 31, 2023.

The disclosure of leases under GASB 87 in Note 9 to the financial statements. The disclosure includes information regarding the terms of the leases, the lease receivables, deferred inflows, and revenues related to the leases that fall under GASB 87 (excludes short term leases).

The financial statement disclosures are neutral, consistent, and clear.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

There was one passed adjustment (uncorrected misstatements) identified during the 2023 audit related to deferred revenue (overstatement of deferred revenue and understatement of revenue by approximately \$17,000) that was not corrected by management as of year-end.

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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Our audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting.

EVALUATION OF FINANCIAL REPORTING

Management is responsible not only for the appropriateness of the accounting policies and practices, but also for the quality of such policies and practices. Our responsibility under professional standards is to evaluate the qualitative aspects of the Corporation's accounting practices, including potential bias in management's judgments about the amounts and disclosures in the financial statements, and to communicate the results of our evaluation and our conclusions to you. Our evaluation of the quality of the Corporation's financial reporting is as follows:

- We did not note any management bias in the critical estimates or disclosures that would affect the quality of the financial reporting.
- We believe that management has sufficiently disclosed the Corporation's critical accounting policies.
- We believe the presentation of the financial statements and related disclosures are in conformity with U.S. GAAP.

OTHER MATTERS

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

REQUIRED COMMUNICATIONS TO THE AUDIT COMMITTEE

AU-C Section 260 –Communication with Those Charged with Governance

The purpose is to establish standards and provide guidance on our communication with those charged with governance in relation to an audit of financial statements.

For purposes of generally accepted auditing standards:

- *Those charged with governance* means the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process.
- *Management* means the person(s) with executive responsibility for the conduct of the entity's operations.

The objectives of the auditor are to:

- Communicate clearly with those charged with governance and the responsibilities of the auditor regarding the financial statement audit and an overview of the planned scope and timing of the audit.
- Obtain from those charged with governance information relevant to the audit.
- Provide those charged with governance with timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process.
- Promote effective two-way communication between the auditor and those charged with governance.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the Corporation's compliance with the types of compliance requirements described in the Uniform Guidance applicable to its major federal program for the purpose of expressing an opinion on the Corporation's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Corporation's compliance with those requirements.

Auditor's judgment about the quality of the accounting policies	We are responsible for discussing with the Audit Committee our judgments about the quality, not just the acceptability, of the Corporation's accounting principles and disclosures in its financial statements.
Disagreement 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, which 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 Consultations with Other Independent Registered Public Accounting Firms	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, no such consultations occurred.
Difficulties Encountered in Performing the Audit	We encountered no difficulties in working with management in performing and completing our audit.
Litigations, Claims and Assessments	Management asserts there are no such matters that should be reflected or disclosed in the financial statements.
Violations or possible violations of laws or regulations	None noted.
Significant issues discussed with management prior to retention	No significant issues were discussed with management prior to retention.
Independence	We are not aware of any relationships between our Firm (or the Firm's affiliates) and the Corporation or persons in financial reporting oversight roles at the Corporation that may reasonably be thought to bear on our independence.
Material written communications	Management representation letter to be signed by management prior to report issuance.
Internal controls	No material weaknesses identified.
Observations/Best Practices	No significant matters in current year