

City of Albany Capital Resource Corporation

21 Lodge Street
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Tracy Metzger, *Chair*
Susan Pedo, *Vice Chair*
Darius Shahinfar, *Treasurer*
Lee Eck, *Secretary*
Dominick Calsolaro
Robert Schofield
L. Lloyd Stewart

Sarah Reginelli, *Chief Executive Officer*
Mark Opalka, *Chief Financial Officer*
Marisa Franchini, *Agency Counsel*

To: Susan Pedo
Darius Shahinfar
Dominick Calsolaro

Cc: Robert Schofield
Tracy Metzger
Lee Eck
L. Lloyd Stewart

Sarah Reginelli
Mark Opalka
Marisa Franchini
Joe Scott
Andy Corcione
Virginia Rawlins
Tom Conoscenti

Date: October 9, 2020

AUDIT COMMITTEE AGENDA

A meeting of the Audit Committee of the City of Albany Capital Resource Corporation will be held on **Wednesday, October 14th at 11:00 AM** or immediately following the **Audit Committee Meeting of the City of Albany IDA** and conducted telephonically pursuant to Executive Order No. 202.1 issued by the New York State Governor's Office.

Roll Call, Reading & Approval of the Audit Committee Meeting Minutes of March 9, 2020

Unfinished Business

New Business

A. Teal, Becker and Chiamonte CPA's – 2019 Audit Engagement Letter

Other Business

Adjournment

Please check the website www.albanyida.com for updated meeting information.

Albany Industrial Development Agency

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Lee Eck, *Secretary*
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Robert Schofield
Jahkeen Hoke

Sarah Reginelli, *Chief Executive Officer*
Mark Opalka, *Chief Financial Officer*
Marisa Franchini, *Agency Counsel*

CRC MINUTES OF THE AUDIT COMMITTEE MEETING **Monday, March 9, 2020**

Attending: Susan Pedo, Darius Shahinfar, Dominick Calsolaro

Also Present: Lee Eck, Sarah Reginelli, Mark Opalka, Amy Lavine, Joe Scott, Andy Corcione, Virginia Rawlins and Tammie Fanfa

Public Present: Emily Silengo and Nathan Pannucci

Chair Susan Pedo called to order the City of Albany IDA Audit Committee meeting at 3:25 p.m.

Roll Call, Reading and Approval of Minutes of the October 15, 2019 Committee Meeting

Audit Committee Chair Susan Pedo reported that all Committee members were present. Since the minutes of the previous meeting had been distributed to Committee members in advance for review, Chair Susan Pedo made a proposal to dispense with the reading of the minutes. Chair Susan Pedo made a proposal to approve the minutes of the October 15, 2019 Audit Committee meeting of as presented. A motion to accept the minutes, as presented, was made by Dominick Calsolaro and seconded by Darius Shahinfar. A vote being taken, the minutes were accepted unanimously with all members voting aye.

Unfinished Business

None.

New Business

Review of Draft 2019 Audited Financial Statements

Nathan Pannucci, a representative of Teal, Becker and Chiamonte reviewed the draft 2019 audited financial statements, in detail, with the Committee. Mr. Pannucci informed the Committee that management and staff cooperation was essential to the reporting process. With that in mind, Mr. Pannucci stated that the audit team had no difficulties conducting the audit. Mr. Pannucci informed the Committee that the audit did not find any external weaknesses, and noted that no deficiencies were identified in regards to the internal controls related to the financial reporting of the Corporation. Chair Susan Pedo confirmed that in accordance for best practices, the Committee will receive an update by Katharine Doran every 5 years. Staff and Committee discussed performance of the Teal, Becker and Chiamonte's audit team, commending them for their excellent, in-depth and timely work.

A motion to move the 2019 audited financial statements to the next Board meeting after any necessary revisions are made to the draft was made by Darius Shahinfar and seconded by Dominick Calsolaro. A vote being taken, the motion passed unanimously.

Review of Draft 2019 Annual Report

Staff reviewed the Draft 2019 Annual Report with the Committee. Staff provided an in depth review of all active projects. Staff indicated that some responses were still coming in from Projects prior to the March 31st reporting deadline. The Committee discussed the job creation/retention reports of active projects with specific review of any project under-performing. A motion to move the 2019 Annual Report to the full Board with positive recommendation, subject to any additional updates to the draft, was made by Dominick Calsolaro and seconded by Darius Shahinfar. A vote being taken, the motion passed unanimously.

Review of Draft 2019 Procurement Report

Staff reviewed the Draft 2019 Procurement Report with the Committee. A motion to move the 2019 Procurement Report to the full Board with positive recommendation, subject to any necessary changes made to the draft, was made by Darius Shahinfar and seconded by Dominick Calsolaro. A vote being taken, the motion passed unanimously.

Review of Draft 2019 Investment Report

Staff reviewed the draft 2019 Investment Report with the Committee. A motion to move the 2019 Investment Report to the full Board with positive recommendation, subject to any necessary changes made to the draft, was made by Darius Shahinfar and seconded by Dominick Calsolaro. A vote being taken, the motion passed unanimously.

Review of Management Assessment of Internal Controls and Performance Measures Report

Staff reviewed both the Draft 2019 Management Assessment of Internal Controls and the Draft 2019 Performance Measures Report with the Committee.

Other Business

None.

There being no further business, Chair Susan Pedo adjourned the meeting at 3:40 p.m.

Respectfully submitted,

Lee Eck, Secretary



October 1, 2020

To The Board of Directors
City of Albany Capital Resource Corporation,
a Component Unit of the City of Albany
21 Lodge Street
Albany, NY 12207

The following represents our understanding of the services Teal, Becker and Chiaramonte, CPAs, P.C. (the Firm) will provide the City of Albany Capital Resource Corporation, a Component Unit of the City of Albany (the Corporation).

You have requested that the Firm audit the financial statements of the Corporation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, and statements of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

Auditor Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*, and/or any state or regulatory audit requirements.

In making our risk assessments, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements 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 the Corporation's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Corporation's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. 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 error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the Corporation from whom we determine it necessary to obtain audit evidence.
- d. For including the auditors' report in any document containing financial statements that indicates that such financial statements have been audited by the Corporation's auditor;
- e. For identifying and ensuring that the Corporation complies with the laws and regulations applicable to its activities;

- f. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
- g. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- h. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- i. For informing us of any known or suspected fraud affecting the Corporation involving management, employees with a significant role in internal control and others where fraud could have a material effect on the financials; and
- j. For the accuracy and completeness of all information provided.

As part of our audit process, we will request from management and those charged with governance, written confirmation concerning representations made to us in connection with the audit.

With respect to any nonattest service we will perform the following:

- Financial Statement Preparation

With respect to the nonattest service listed above we agree to perform the following at the end of the year:

- Propose adjusting or correcting journal entries to be reviewed and approved by the Corporation's management.

We will not assume management responsibilities on behalf of the Corporation. However, we will provide advice and recommendations to assist management of the Corporation in performing its responsibilities.

The Corporation's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the service; (c) evaluating the adequacy of the service performed; (d) evaluating and accepting responsibility for the results of the service performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the service in accordance with applicable professional standards.
- This engagement is limited to the previously noted nonattest service above. Our Firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account codings and approving journal entries.

Reporting

We will issue a written report upon completion of our audit of the Corporation's financial statements. Our report will be addressed to the governing body of the Corporation. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

In connection with this engagement, we may communicate with you or others via e-mail. As e-mails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that e-mails from us will be properly delivered and read only by the addressee. Therefore, we disclaim and waive any liability for interception or unintentional disclosure of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of e-mail, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information. In addition to fax and email, many firms also send data over the internet using other methods (such as portals) and may store electronic data via software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds.

Notwithstanding anything contained herein both the Firm and the Corporation agree that regardless of where the Corporation is domiciled and regardless of where this Agreement is physically signed, this Agreement shall have been deemed to have been entered into at the Firm's office located in the county of Albany, State of New York, USA and the county of Albany, State of New York, USA shall have the exclusive jurisdiction for resolving disputes related to this Agreement. This Agreement shall be interpreted and governed in accordance with the Laws of the State of New York.

The Firm's liability relating to the performance of the services rendered under this letter is limited solely to direct damage sustained by you. In no event shall the Firm be liable for the consequential, special, incidental, or punitive loss, damage or expense caused to you or to any third party (including without limitation, lost profits, opportunity costs, etc.). Notwithstanding the foregoing, our maximum liability relating to services rendered under this letter (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fees received by us for this engagement. The provisions set forth in this paragraph shall survive the completion of the engagement.

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the county of Albany, New York, by the American Arbitration Association, according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to the laws of the State of New York. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fee. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such services, our services will continue to be governed by the terms of this engagement letter.

Provisions of Engagement Administration, Timing, and Fees

Katharine K. Doran, CPA is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Teal, Becker & Chiamonte, CPAs, P.C.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit reports.

Our fees for the year ending December 31, 2020 will be \$4,600 and are based on our standard hourly rates plus out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the skill required. The above fees are based on anticipated cooperation from your personnel and the assumptions that unexpected circumstances will not be encountered during the audit. Interim billings will be submitted as work progresses and as expenses are incurred and are due and payable upon presentation of our invoices. A final bill will be provided at the conclusion of our services and payment is due upon presentation. Interest at the rate of 1.5% per month will be charged on all late payments forty five (45) days past due. In the event that your account is turned over to an attorney for collection, you agree to pay all costs of collection including, attorney's fees, costs and disbursements.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

It is our policy to keep records related to this engagement for seven years, after which time the Firm will commence the process of destroying the contents of the engagement files. In providing services under this agreement, we will not be the sole host or custodian of your original records. These records will be returned to you promptly upon the completion of the engagement along with a copy of the financial statements. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies. The balance of the Firm's engagement file is the Firm's property, and we will provide copies of such documents at our discretion, if compensated for any time and costs associated with the effort, unless required by law.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the Corporation's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Teal, Becker & Chiaramonte, CPAs, P.C. and constitutes confidential information. However, we may be requested to make certain audit documentation available by law or regulation, or to peer reviewers. If requested, such access to audit documentation will be provided under the supervision of Teal, Becker & Chiaramonte, CPAs, P.C.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation. We will mark all information as confidential and maintain control over the duplication of such information.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the enclosed copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Very truly yours,

TEAL, BECKER & CHIARAMONTE, CPAs, P.C.



RESPONSE:

This letter correctly sets forth our understanding and Agreement and it is acknowledged and agreed to by an authorized representative of **City of Albany Capital Resource Corporation, a Component Unit of the City of Albany** by:

Acknowledged and agreed on behalf of the

Signature: _____

Title: _____

Date: _____

Number of bound copies of the financial statements needed: _____

Special mailing instructions for the bound copies of the financial statements: _____

Do you need an electronic copy of the financial statements? _____

Amato, Fox & Company, PC

Certified Public Accountants

*Amato
Fox*

September 8, 2017

To the Shareholders of
Teal, Becker & Chiaramonte, CPA's, P.C.
And the Peer Review Committee of the
New York State Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Teal, Becker & Chiaramonte, CPA's, P.C. (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weakness in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As part of our review, we consider reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Teal, Becker & Chiaramonte, CPA's, P.C. in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Teal, Becker & Chiaramonte, CPA's, P.C. has received a peer review rating of *pass*.

Amato, Fox & Company, P.C.
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