UCCRC

Ulster County Capital Resource Corporation

Internal Control Assessment for the year ended December 31, 2025

Ulster County Capital Resource Corporation's ("CRC" / "UCCRC") Major Business Functions:

The primary mission of the CRC is to promote community and economic development in Ulster County in ways that complement the work of Ulster County, primarily through issuing and selling bonds for non-profit institutions.

No changes have occurred with respect to funding sources, mission, or objectives of the CRC during the fiscal year ended December 31, 2025. The CRC continues to publicly advertise and hold open meetings, and to post its accomplishments, financial status, and minutes to the Board meetings on the CRC's website.

Risks Associated with CRC Operations:

The Ulster County Capital Resource Corporation incurred an administrative turnover in the year ended December 31, 2022. The Board has taken this turnover very seriously and, as such, has completed an extensive review of the Corporation's needs, goals, and missions as they relate to the CRC's Organizational Structure. The CRC has adopted a new Organizational Chart to better serve its operations and has approved a Related Party Shared Services Agreement with the Ulster County Industrial Development Agency. This shared services agreement will provide for enhanced administrative services at a reduced cost to the Corporation. Given these changes, the risks noted below are deemed to be low for all activities and functions within the CRC for the period under review.

- The CRC holds public meetings and as such is subject to Open Meetings laws and regulations which contain notice timelines, audio/visual access to meetings, and public access to meetings.
- The CRC is responsible for its financial statements including the accuracy of financial reports, the collection of application and administrative fees, and the disbursement of cash.
- The CRC Issues Bonds which contain Project requirements and thresholds such as goals and financial obligations.
- The CRC may be subject to improper influence of project taxing jurisdictions and/or improper political influence on UCCRC decisions.
- Board member's may be subject to conflicts of interest with vendors which may disrupt the vendor selection process, or with Project applicants which may influence the Project approval process.
- The CRC utilizes administrative staff in its daily operations which may be subject to influence, error, fraud, and/or turnover.

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Internal and External Control Systems in Place to Mitigate Risks:

The Ulster County Capital Resource Corporation employs several layers of internal and external controls over its operations to ensure risk is properly mitigated to a low level. The Corporation has adopted the following standards of operation and operating procedures to reduce overall risk:

- Adopted and routinely stated Mission Statement which is confirmed annually
- Bylaws which are annually reviewed and reconfirmed
- Adopted and annually confirmed Organizational Chart which displays clear lines of communication and oversight
- Adoption, annual confirmation, and enforcement of the following policies:
    - Code of Ethics
    - Whistle-Blower Protection Policy
    - Defense and Indemnification Policy
- Maintenance of a website which hosts all meeting announcements, meeting materials, policies, financial reporting information, meeting recordings, contact information, and other public and Project resources such as applications and tools

Internal and External Control Systems in place to mitigate the specific risks highlighted above:

Improper Public Meeting Procedures

- Adoption and annual confirmation of Committee bylaws
- Adoption, annual confirmation, and enforcement of the following policies:
    - Compensation & Attendance Policy
    - Discrimination & Harassment Policy
    - Discrimination & Sexual Harassment Prevention Policy
    - Public Comment at Agency Meetings Policy
    - Public Access to Records Policy
    - Records Retention Policy
- Meeting materials including the agenda, minutes for approval, and applicable supporting documentation are posted on the Corporation's website

Improper, Erroneous, or Fraudulent Financial Actions

- Annual External Financial Audit completed in a timely fashion and approved by the Board
- Annual adherence and compliance with required Authorities Budget Office reporting
- Adoption, annual confirmation, and enforcement of the following policies:
    - Procurement Policy
    - Property Disposition Policy
    - Travel and Discretionary Funds Policy
    - Investment and Deposit Policy
    - Community Investment Policy
    - No Extension of Credit Policy

Improper or Negligent Project Enforcement

- Rigorous pre-screening and questioning of every applicant for suitability of projects
- Applications are tracked by administrative staff and Agency's counsel
- Adoption, annual confirmation, and enforcement of the following policies:
    - Background Check Policy for all project applicants and related entities
    - Enforcement of Agency Projects Policy
    - Policy for Retained Jobs

Improper Influence & Conflicts of Interest

- Applications are required to be completed in full and are reviewed for accuracy and appropriateness
- Annual site visits by members of the Board are completed on all open projects
- Administrative and financial staff conduct annual information requests
- Administrative staff and members of the board work together to ensure that all services are properly advertise, that competitive bid opportunities exist, that proposals are properly vetted, and that contracts are properly executed
- Adoption, annual confirmation, and enforcement of the following policies:
    - Policy Respecting Uniform Criteria for the Evaluation of Projects
    - Local Construction Labor Policy
    - Housing Project Policy
    - Revolving Door Policy
    - Uniform Tax Exemption Policy & Matrix
    - Fee Schedule Guidelines

Administrative Influence, Error, Fraud, and/or Turnover

- Monthly Board review and approval of the following documents:
    - Meeting Agendas
    - Meeting Minutes
- Frequent communication and oversight by the board of all administrative and financial staff
- Rigorous hiring process to ensure that staff are highly skilled, professional, and familiar in the Corporation's work

Assessment of the Effectiveness of Internal Controls:

Management and the Board have reviewed the internal control systems for the year ended December 31, 2025 and find that the procedures are functioning as designed. The CRC's most recent external financial audit for the year ended December 31, 2025 identified no material weaknesses or significant deficiencies.

Corrective Action:

In the fiscal year ended December 31, 2023, the Board intends to adopt further controls around financial reporting and the segregation of duties, including the quarterly review and approval of bank reconciliations and financial statements, which shall include a review of all journal entries posted. Such corrective action will be displayed in the meeting minutes for public records.

This information was presented and approved by the board at the Regular meeting on March 26, 2025.

As the Executive Director of the Ulster County Capital Resource Corporation, I certify that based on my knowledge (a) the information provided herein is accurate, correct, and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of operations of the authority as of, and for, the periods presented in the financial statements.

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Hillary Nichols
Executive Director
March 25, 2026