

YEDC

Yonkers Economic Development Corporation

Audit Committee Meeting

PRELIMINARY

Agenda

**Thursday, December 9, 2021
Via Conference Call**

Immediately following IDA Audit Committee Meeting

- 1) Roll Call**
- 2) Approval of Minutes for March 25, 2021 Meeting**
- 3) Review and Discussion of Engagement Letter for External Auditing Services for 2021**
- 4) Review and Discussion of Audit Plan**
- 5) Other Business**
- 6) Adjournment**



**Minutes of
Yonkers Economic Development Corporation
Audit Committee Meeting
March 25, 2021
(Immediately Following IDA Audit Committee Meeting)**

or gatherings and pursuant to Governor Cuomo's Executive Order 220.1 issued on March 12, 2020 suspending the Open Meetings Law, the Yonkers IDA Audit Committee Meeting scheduled for March 25, 2021 will be held electronically via conference call instead of a public meeting open for the public to attend in person.

Members of the public may listen to the board meeting by calling into:

Join Zoom Meeting

<https://us02web.zoom.us/j/86495434124?pwd=TUY0a2ZLbE5LaU0vY2w0M0dBRndVQT09>

Meeting ID: 864 9543 4124

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BEFORE:

Cecile D. Singer – President
Peter Kischak – Member
Melissa Nacerino – Member

IDA STAFF:

Jaime McGill – Executive Director
Siby Oommen – CFO
Fiona Rodriguez – Administrative Assistant
Samantha Young – Bookkeeper

OTHERS:

Robert Daniele – PKF O'Connor Davies
Jimmy Ciliberti Jr. – IDA Accountant

MR. OOMMEN: So I'll proceed with the roll call for the YEDC. Cecile Singer?

MS. SINGER: Here.

MR. OOMMEN: Pete Kischak?

MR. KISCHAK: Here.

MR. OOMMEN: Melissa Nacerino?

MS. NACERINO: Here.

MR. OOMMEN: Madam Chair we have a quorum.

MS. SINGER: Thank you, the next order of business is the approval of the minutes, you have the minutes before you? I assume that you have all looked at the minutes, and so, if you have, if there are any additions or corrections that you would be cool add to our attention, and if there are no additions or corrections, may I have a motion to accept the Minutes as submitted.

MS. NACERINO: I make a motion.

MR. KISCHAK: I second the motion.

MS. SINGER: The minutes alright, are there any objections. A minute stand accepted, so now we will go to the review report.

MR. DANIELE: Okay, thank you Cecile. Alright so again I I'm going off to wrap up document but I'll ask Siby for like page numbers. Thank you again for having me present the audit results for the Yonkers Economic Development Corporation same approach in the IDA will talk about the status of the audit and you will go through some financial statement highlights are required, communications and we'll talk about our internal control letter.

Again, the audit fieldwork is complete the, as I mentioned before, the scope of our fieldwork was the same as we discussed during our audit planning communication, financial statements you draft that he should have a copy in your packet we will be issuing again what is termed and unmodified opinion.

Again that's the highest level of assurance that and have to be can receive and it basically states that for financial statements present fairly the financial position of the YEDC as of December 31, 2020. Again, we will get the management representation letter on the conclusion of getting a final items and approval of this financial report, which should happen right now. As well as any supplementary information, we need for the white, you see, whichever we have. If we go to the comparative statement of activities, I'm not sure what page, that is to be in the statement.

MS. MCGILL: Page seven of the financials.

MR. DANIELE: Ok, so page seven, similar to the IDA the, what are the Yonkers Economic Development Corporation receives agency fees and you can see, the large drop from 2019 to 2020. In 2019 to close on some large projects, the Charter School of Excellence at \$36.7 million project he had a Collins refinancing several mortgage refinancing that generated almost \$3.25 million, but because of COVID-19 in 2020 not so much activity. You did have a couple of agency fee some mortgage recording tax and 9-11 Riverdale that generate a little over \$47,000 in agency fees. You did refund certain bonds and had a mortgage refinancing for the Lamartine Warburton Schools generated a little over \$61,000 in agency fees and you had a Hudson Blue project that generated a little over \$42,000 in agency fee, so you did have some activity but due to COVID-19 not so much and obviously, you could see that the large decline. Miscellaneous fees nothing significant consistent with the prior year we get to the operating expenses everything is pretty consistent, except for marketing, you can see that there's an increase of about \$125,000 in marketing expenses hundred thousand dollars of any creek crease was paid by the Corporation for the 2020 census and that was \$100,000 and \$32,500 is paid by the Agency for a grant survey that was performed for the City of Yonkers everything else pretty looks pretty much in line with the prior year you come down to non-operating revenues that because the world Economic development corporation has a little over \$3 million in the bank to generate some interest income \$32,000 but, overall, you did have a change in that position of negative \$70,000 or a loss for the year, if you will subtract that from your beginning net position of \$3.4 million in the end the year at \$3.3 million if we go to the page before this, you can see there's a comparative sting of net position 2020 compared to 2019 and from the asset side, you can see that, basically, the corporation has \$3.3 million in cash in the Bank and that really makes up the bulk of its assets, it has on the liability side a few accounts payable to the two of \$26,500. and, as I mentioned before it ends the year with the net position of \$3.3 million none of that is restricted that can be used for Economic Development Corporation purposes so.

Although you did have a loss again about \$100,000 for the year compared to a profit of over \$3 million last year, as I mentioned, you still have net position of \$3.3 million, so you took a little hiccup but you still in a position to move forward with activities and we hope that. You know this pandemic turns around and things become norm somewhat into mid-2020 and moving forward. We do have you know our require communications I'm not going to read them again it's same as the IDA nothing unusual that occurred, that we should be alarming you with no entries that we passed on anything that was proposed was recorded by management. So again, the YEDC really had minimal activity to the COVID-19 and again there's nothing really other than that to report. Again, we do have a management letter for the YEDC there were no

comments as far as internal controls that we did include the cyber security common in that letter as well, because they use the same system.

So we'll address that with the City and over trust God will give you comments and recommendations.

MS. SINGER: So that's fine you've addressed the internal control letter as well, but do you have any other comments that you'd like to learn?

MR. DANIELE: Now there was not much activity going on in 2020 for the way he see and we hope that picks up In 2021.

MS. SINGER: It's really a holding up aeration that you know at this stage of, are there any questions from or for our committee members? Melissa? Pete any questions?

MS. NACERINO: No. No questions.

MS. SINGER: Alright. I am not going to ask for an executive session because we have already asked the questions so let's assume unless our accountant tells us something different, that the cooperation and the execution of the report to not run into any problems.

MR. DANIELE: Yes. Nothing, nothing to report. Nothing different from what we said at the IDA.

MS. SINGER: Is there any other business?

MS. MCGILL: No other business on our end Cecile.

MS. SINGER: Alight, so they only have a motion to accept the order as submitted to.

MR. KISCHAK: I make a motion.

MS. SINGER: Is there a second?

MS. NACERINO: Second.

MS. SINGER: Any objections? Then the minutes are approved and submitted. Does anyone have any other questions and our accountant has no other comments? Then I will ask for a motion to adjourn the meeting of the YEDC. Is there a motion?

MS. NACERINO: I make a motion.

MS. SINGER: And may I have a second?

MR. KISCHAK I second.

MS. SINGER: Thank you, the meeting stands adjourned.

Adjournment

November 12, 2021

Board of Directors
Yonkers Economic Development Corporation

This letter sets forth our understanding of the terms and objectives of our engagement, and the nature and scope of the services we will provide to Yonkers Economic Development Corporation (the "Corporation").

Audit Scope and Objectives

We will audit the Corporation's financial statements and the related notes and disclosures, which collectively comprise the financial statements of the Corporation as of and for the year ending December 31, 2021 and issue our report thereon as soon as reasonably possible after completion of our work. We will also provide an opinion on the Corporation's compliance with its investment policy during the period January 1, 2021 through December 31, 2021 as required by the *Public Authority Law*.

Accounting standards generally accepted in the United States of America ("US GAAS") provide for certain required supplementary information ("RSI"), such as Management's Discussion and Analysis ("MD&A"), to supplement the Corporation's basic financial statements. Such information, although not a part of the basic 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 financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Corporation's RSI in accordance with US GAAS. These limited procedures will consist 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 will 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. The following RSI is required by US GAAP and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. 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 GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct the audit in accordance with US GAAS and the standards for financial audits contained in Government Auditing Standards ("GAGAS") issued by the Comptroller General of the United States and will include tests of accounting records and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. As part of an audit in accordance with US GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. The aforementioned standards require that we obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement, whether caused by error or fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the Corporation or to acts by management or employees acting on behalf of the Corporation. Because the determination of abuse is subjective, GAGAS do not expect auditors to provide reasonable assurance of detecting abuse. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may exist and not be detected by us even though the audit is properly planned and performed in accordance with US GAAS and GAGAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting or misappropriation of assets and any material abuse that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also include, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

If our opinion on the financial statements is 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 an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement.

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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control, and accordingly, no opinion will be expressed in our report on internal control issued pursuant to GAGAS. An audit is also not designed to identify significant deficiencies or material weaknesses. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control and other internal control related matters relevant to the audit of the financial statements that we have identified during the audit, as required by US GAAS and GAGAS.

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and (2) the scope of testing internal control over compliance with Section 2925(3)(1) of the New York State Public Authorities Law compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with GAGAS in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

We will communicate with those charged with governance any (a) fraud involving senior management and other fraud that causes a material misstatement of the financial statements; (b) violations of laws or governmental regulations that come to our attention (unless they are clearly inconsequential); (c) disagreements with management and other serious difficulties encountered in performing the audit; and (d) various matters related to the Corporation's accounting policies and financial statements.

Audit Procedures - Internal Control

We will obtain an understanding of the government/Entity and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with GAGAS.
- Internal control related to the financial statements and compliance with New York State Public Authorities Law Section 2925(3)(1).

Audit Procedures - Compliance

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, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to GAGAS.

Reporting

We will issue a written report upon completion of our audit of the Corporation's financial statements and written reports required with audits performed in accordance with GAGAS. Our reports will be addressed to management or those charged with governance of the Corporation. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions 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 an opinion or withdraw from this engagement.

Other Services

We will also assist in preparing the financial statements of the Corporation in conformity with accounting principles generally accepted in the United States of America based on information provided by you and we may propose journal entries which may affect the financial statements.

We will perform these services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements, including all disclosures, and RSI, in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include 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 latest period

presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

Management's responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the RSI with US GAAP; (2) you believe the RSI including its form and content, is fairly presented in accordance with US GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the RSI.

Management is responsible for management decisions and assuming all management responsibilities; for designating an individual with suitable skill, knowledge, and/or experience to oversee assistance with preparing the financial statements, proposed journal entries, or other non-attest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

In order to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements, management is responsible for establishing and maintaining effective internal control, including internal control over compliance, and for evaluating and monitoring ongoing activities.

Management's responsibilities also include identifying any significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the Corporation involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements.

Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Corporation received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Corporation complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the audit objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. The Corporation is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

It is expected that a portion of the audit will be conducted remotely. Management is responsible for ensuring that all electronically provided documents and records are complete and accurate reproductions of the original documents and records. For any part of the engagement performed on premises, management is responsible for ensuring that all applicable safeguards are in place in accordance with Centers for Disease Control guidance and any state and local regulations and guidelines. PKF O'Connor Davies, LLP holds the right to not perform work onsite if we consider the

onsite conditions unsafe for any reason. Management, in coordination with PKF O'Connor Davies, LLP is responsible to arrange for alternative methods for audit procedures that must be performed on the Corporation's or a third-party's premises.

At the conclusion of the engagement, we will request from management written confirmation concerning representations made to us in connection with the audit. The representation letter, among other things, will confirm management's responsibility for: (1) the preparation of the financial statements in conformity with US GAAP, (2) the availability of financial records and related data, and (3) the completeness and availability of all minutes of board meetings. Management's representation letter will further confirm that: (1) the effects of any uncorrected misstatements aggregated by us during the engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole, and (2) we have been informed of, or that there were no incidences of, fraud involving management or those employees who have significant roles in the Corporation's internal control. You will also be required to acknowledge in the management representation letter, when applicable, our assistance with preparation of the financial statements (including proposed journal entries) and related schedules, and RSI, and that you have reviewed and approved the financial statements, and RSI, and related notes prior to their issuance and have accepted responsibility for them. We will place reliance on these representations in issuing our report.

In the event that we become obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third-party, as a direct or indirect result of an intentional, knowing or reckless misrepresentation or provision to us of inaccurate or incomplete information by the Organization or any director, officer or employee thereof in connection with this engagement, and not any failure on our part to comply with professional standards, you agree to indemnify us against such obligations.

To the best of your knowledge, you are unaware of any facts which might impair our independence with respect to this engagement. The financial statements are the property of the Corporation and can be reproduced and distributed as management desires. However, you must notify us in advance and obtain our approval if you intend to make reference to our firm in a document that includes our auditors' report on the financial statements. Because our engagement does not contemplate the foregoing, there may be an additional fee in connection with our review of any such documents. In the event our auditor/client relationship has been terminated when the Corporation seeks such consent, we will be under no obligation to grant such consent or approval.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your 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.

We understand that your accounting department personnel will assist us to the extent practicable in completing the audit. They will provide us with detailed trial balances, supporting schedules, and other information we deem necessary. A list of these schedules and other items of information will be furnished to you before we begin the audit. The timely and accurate completion of this information is an essential condition to our completion of the audit and the issuance of the audit report.

We keep documents related to this engagement in accordance with our records retention policy and applicable regulations or for any additional period requested by the applicable cognizant agency (as applicable). If we are aware that a federal or state awarding agency or the Corporation is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation. We do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. 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.

As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. Management, however, has final responsibility for reviewing the proposed entries and understanding the nature and impact of the proposed entries to the financial statements. It is our understanding that management has designated qualified individuals with the necessary expertise to be responsible and accountable for overseeing the acceptance and processing of such journal entries.

Non-Reliance on Oral Advice

It is our policy to put all advice on which a client intends to rely in writing. We believe that is necessary to avoid confusion and to make clear the specific nature and limitations of our advice. You should not rely on any advice that has not been put in writing by our firm after a full supervisory review.

Electronic and Other Communication

During the course of the engagement, we may communicate with you or with Corporation personnel via fax or e-mail. You should be aware that communication in those media may be unsafe to use and contains a risk of misdirection and/or interception by unintended third parties, or failed delivery or receipt. In that regard, you agree that we shall have no liability for any loss or damage to any person or Corporation resulting from the use of e-mail or other electronic transmissions by third parties (other than our Firm), including any consequential, incidental, direct, indirect, or special damages.

Access to Working Papers

During the course of this engagement, we will develop files of various documents, schedules and other related engagement information known as our working papers. As we are sure you can appreciate, these working papers may contain confidential information and our firm's proprietary data. You understand and agree that these working papers are, and will remain, our exclusive property. Except as discussed below, any requests for access to our working papers will be discussed with you before making them available to requesting parties:

- (1) Our firm, as well as other accounting firms, participates in a peer review program covering our audit and accounting practices. This program requires that once every three years we subject our system of quality control to an examination by another accounting firm. As part of this process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected for review. If it is, the other firm is bound by professional standards to keep all information confidential.
- (2) We may be requested to make certain working papers available to regulators pursuant to authority given to them by law, regulation or subpoena. Such regulators may include (i) a federal agency providing direct or indirect funding or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities; (ii) the American Institute of Certified Public Accountants; and (iii) the State Board of Accountancy. If requested, access to such working papers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected working papers to them. The regulator may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.

Fees and billing

We agree that our fee including expenses will not exceed \$18,000. The fee is based on anticipated cooperation from your personnel, audit condition of the books and records and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Our fees for these services are due and payable under the payment schedule which follows. Invoices for additional amounts that may be incurred for these, and other services will be rendered as such work progresses and are payable upon presentation.

<u>Payments will be due</u>	<u>Percentage</u>
Upon completion of our audit field work	75%
Upon submission of the final report and management letter	<u>25%</u>
	<u>100%</u>

Liability

Any and all claims by the Corporation arising under this engagement must be commenced by the Corporation within one year following the date on which our firm delivered our report on the financial statements associated with this engagement, or the date the Corporation is informed of the engagement's termination in the event our report is not delivered, for any reason.

You agree to indemnify our firm, its partners, principals and employees, to the fullest extent permitted by law for any expense, including compensation for our time at our standard billing rates and reimbursement for our out-of-pocket expenses and reasonable attorneys' fees, incurred in complying with or responding to any request (by subpoena or otherwise) for testimony, documents or other information concerning the Corporation by any governmental agency or investigative body or by a party in any litigation or dispute other than litigation or disputes involving claims by the Corporation against the firm. This indemnification will survive termination of this engagement.

Dispute Resolution

Any claim or controversy ("dispute") arising out of or relating to this engagement, the services provided thereunder, or any other services provided by or on behalf of the firm or any of its subcontractors or agents to the Corporation or at its request (including any dispute involving any person or entity for whose benefit the services in question are or were provided), shall first be submitted in good faith for mediation administered by the American Arbitration Association ("AAA") under its Mediation Rules. Each party shall bear its own costs in the mediation. Absent an agreement to the contrary, the fees and expenses of the mediator shall be shared equally by the parties.

If the dispute is not resolved by mediation within 90 days of its submission to the mediator, then, and only then, the parties shall submit the dispute for arbitration administered by the American Arbitration Association under its Professional Accounting and Related Services Dispute Resolution Rules (the "Rules"). The arbitration will be conducted before a single arbitrator selected from the AAA's Panel of Accounting Professionals and Attorneys and shall take place in New York, New York.

Any discovery sought in connection with the arbitration must be expressly approved by the arbitrator upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitrator may disclose the existence, content, or result of the arbitration only as expressly provided by the Rules.

The arbitrator shall issue his or her final award in a written and reasoned decision to be provided to each party. In his or her decision, the arbitrator will declare one party the prevailing party. The arbitrator shall have the power to award to the prevailing party reasonable legal fees associated with the arbitration and prior mediation. The arbitrator shall have no authority to award non-monetary or equitable relief of any sort. The arbitrator shall not have authority to award damages that are punitive in nature, or that are not measured by the prevailing party's actual compensatory loss.

The award reached as a result of the arbitration will be binding on the parties and confirmation of the arbitration award may be sought in any court having jurisdiction.

This engagement will be governed by the laws of the State of New York, without giving effect to any provisions relating to conflict of laws that would require the laws of another jurisdiction to apply.

Hosting Services

In order to maintain our independence in accordance with the AICPA's Code of Professional Conduct, we cannot host or maintain any client information. You are expected to retain all financial and non-financial information including anything you upload to a portal and are responsible for downloading and retaining anything we upload in a timely manner. Portals are only meant as a method of transferring data, are not intended for the storage of client information, and may be deleted at any time. You are expected to maintain control over your accounting systems to include the licensing of applications and the hosting of said applications and data. We do not provide electronic security or back-up services for any of your data or records. Giving us access to your accounting system does not make us hosts of information contained within.

Employment of Firm Partner or Professional Employee

The Corporation acknowledges that hiring current or former PKF O'Connor Davies, LLP personnel participating in the engagement may be perceived as compromising our objectivity, and depending on the applicable professional standards, impairing our independence in certain circumstances. Accordingly, prior to entering into any employment discussions, with such known individuals, you agree to discuss the potential employment, including any applicable independence ramifications, with the engagement partner responsible for the services.

In addition, during the term of this Engagement Letter and for a period of one (1) year after the services are completed, we both agree not to solicit, directly or indirectly, or hire the other's personnel participating in the engagement without express written consent. If this provision is violated, the violating party will pay the other party a fee equal to the hired person's annual salary in effect at the time of the violation to reimburse the estimated costs of hiring and training replacement personnel.

Confirmation and Other

Robert A. Daniele is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

GAGAS require that we provide you with a copy of our most recent external peer review report, and any subsequent peer review reports received during the period of the contract. Our latest peer review report accompanies this letter.

We will provide copies of our reports to the Corporation; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Our audit engagement for each year ends on delivery of our audit report covering that year. Requests for services other than those included in this engagement letter will be agreed upon separately.

All rights and obligations set forth herein shall become the rights and obligations of any successor firm to PKF O'Connor Davies, LLP by way of merger, acquisition or otherwise.

If this letter correctly expresses your understanding of the terms of our engagement, including our respective responsibilities, please sign the enclosed copy where indicated and return it to us.

We are pleased to have this opportunity to serve you.

Very truly yours,

PKF O'Connor Davies, LLP

The services and terms described in the foregoing letter are in accordance with our requirements and are acceptable to us.

YONKERS ECONOMIC DEVELOPMENT CORPORATION

BY: _____

TITLE: _____

DATE: _____

This document, including any attachments, was not intended or written to be used, and it cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

PKF O'Connor Davies, LLP, is a member firm of PKF International Limited, a network of legally independent firms. Neither the other member firms nor PKF International Limited are responsible or accept liability for the work or advice which PKF O'Connor Davies, LLP provides to its clients.



REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 16, 2020

To the Partners of PKF O'Connor Davies, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of PKF O'Connor Davies, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2019. 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 weaknesses 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 engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits of broker-dealers, and examinations of service organizations SOC 1 and SOC 2 engagements.

As a part of our peer review, we considered 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 PKF O'Connor Davies, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2019, 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*. PKF O'Connor Davies, LLP has received a peer review rating of *pass*.

A handwritten signature in cursive script that reads "Davie Kaplan, CPA, P.C.".

DAVIE KAPLAN, CPA, P.C.

Yonkers Economic Development Corporation

Audit Planning Meeting

**KNOW
GREATER
VALUE**



Robert A. Daniele, Partner

December 9, 2021

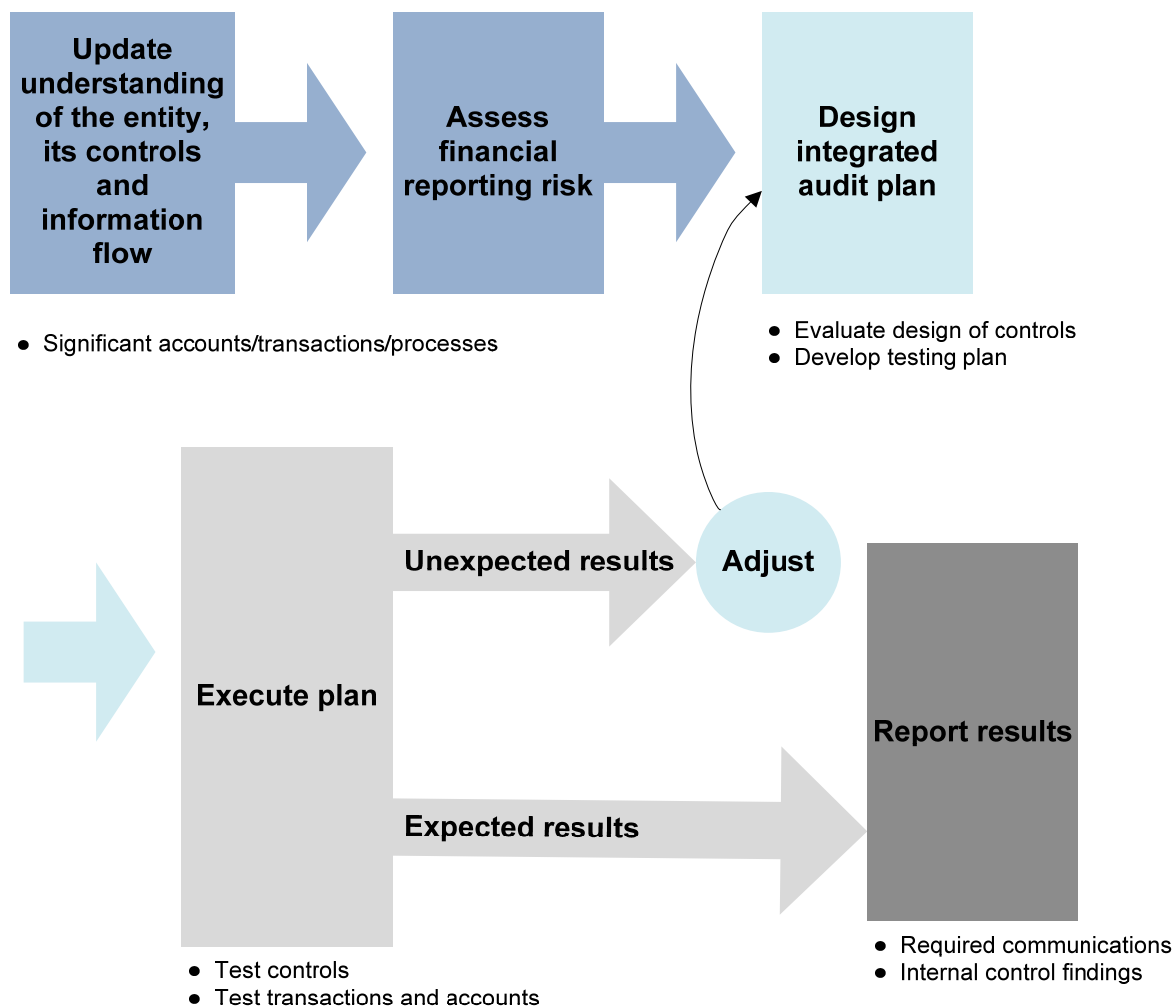




Agenda

- Our Audit Methodology – Overview of the Audit Process
- Auditor Reports to be Issued
- Audit Scope and Focus
- Audit Timing
- Auditors' Responsibilities
- Management's Responsibilities

Our Audit Methodology



Our Audit Methodology

- Update and document our understanding of the Corporation's business environment, its policies and procedures and its internal controls
- Identify significant audit areas and level of materiality
- Perform selective tests of internal controls
- Assess risk of misstatement at the assertion level
- Develop audit plan based on risk assessment
- Perform audit plan procedures including substantive tests and analytical review
- Document process and findings
- Communicate internal control matters identified in the audit
- Issue auditors' report on financial statements

Auditor Reports to be Issued

- Independent Auditors' Report on Financial Statements
 - Inclusive of Required and Other Supplemental information
 - Managements Discussion and Analysis
 - Schedule of Industrial Revenue Bonds and Notes Issued, Outstanding or Retired
- 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*
- Independent Auditors Report – Investment Guidelines and Section 2925 of the NYS Public Authorities Law



Audit Scope and Focus

- Cash and Equivalents
- Operating Revenue – Management Fees, Agency Fees
- Operating Expenses – Salaries, Payroll and employee benefits and professional fees
- Non-Operating Revenues (Expenses) – Interest income and expense



Audit Timing

	2021	2022
	December	January February March
Audit Planning		
Audit Committee communications related to audit approach	✓	
Interim Audit Procedures		
Review, evaluation and testing of internal controls	✓	
Risk assessment procedures and development of detailed audit procedures	✓	
Year-End Audit Procedures		
Substantive testing		✓
Final analytical review		✓
Report Review		
Report review		✓
Quality control		✓
Communication		
Issuance of opinions		✓
Management letter		✓
Audit Committee meeting and presentation		✓

Auditors' Responsibilities

- We are responsible to
 - form and express an opinion about whether the financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles
 - perform the audit in accordance with generally accepted auditing standards and ensuring that the audit is designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement
 - communicate significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process
 - advise management of the appropriateness of accounting policies and their application



Auditors' Responsibilities (continued)

- We are responsible for
 - accumulating all known and likely significant misstatements identified during the audit and communicating such misstatements to management and those charged with governance
 - communicating in writing to management and those charged with governance all significant deficiencies and material weaknesses identified during the audit
 - communicating any fraud or illegal acts that were noted during the course of our audit to management and those charged with governance. However, our audit cannot be relied upon to identify all instances of fraud or illegal acts
 - informing those charged with governance about the process used by management to formulate particularly sensitive accounting estimates and our conclusions about the reasonableness of such estimates

Auditors' Responsibilities

(continued)

- We are responsible for
 - considering the internal control solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control
 - performing tests of compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests are not to provide an opinion on compliance with such provisions

Management's Responsibility

- Management is responsible for
 - the selection and use of appropriate accounting policies
 - ensuring that the financial statements are prepared in accordance with generally accepted accounting principles
 - responsible for the design and implementation of programs and controls to prevent and detect fraud.
 - responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the organization



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