

YEDC

Yonkers Economic Development Corporation

Audit Committee Meeting

Preliminary

Agenda

March 31, 2022
at 11:30 a.m.

Agenda Subject to Change

- 1) Roll Call**
- 2) Approval of Minutes for December 9, 2021 Meeting**
- 3) Review and Discussion of Report to Audit Committee:**
 - **2021 Internal Control Letter**
 - **Draft Audited Financial Statements for 2021**
- 4) Other Business**
- 5) Adjournment**

STATE OF NEW YORK
CITY OF YONKERS

YEDC

Yonkers Economic Development Corporation

**Minutes of
Yonkers Economic Development Corporation
Audit Committee Meeting
December 9, 2021
(Immediately Following IDA Audit Committee Meeting at 1:00 p.m.)**

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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

MS. SINGER: I would like to call the meeting of the YEDC meeting to order. The first order of business is the roll call.

MS. MCGILL: We have Cecile Singer?

MS. SINGER: Here.

MS. MCGILL: Peter Kischak?

MR. KISCHAK: Here.

MS. MCGILL: Melissa Nacerino is excused Madam Chair. We have a quorum.

MS. SINGER: The next the next order of business is the approval of the Minutes for the March 25 meeting you have the minutes before you are there any additions or deletions?

MR. KISCHAK: I have not issues.

MS. SINGER: All right, if there are none, may I have a motion to accept the minutes as submitted.

MR. KISCHAK: I make that motion.

MS. SINGER: And I second that the next order of business is the review and discussion of the engagement letter for auditing external services for 2021

MS. MCGILL: Rob Daniele you're muted. Rob will review the engagement letter?

MS. SINGER: All right, so you have the engagement letter before you.

MR. DANIELE: Yes, so the separate engagement letter for the Yonkers Economic Development Corporation it outlines the audit scoping objectives which hasn't changed from last year, unless there's some new if the EDC received any new federal grants, with all the stimulus that could be new, but the. The fee is \$18,000 and I think that's up like \$500 from last year a minimal increase, there are some new reporting requirements with the state will talk about that in the planning.

MS. SINGER: Pete do you have any question about the engagement letter?

MR. KISCHAK: I do not.

MS. SINGER: So, may I have a motion to accept the engagement letter as submitted.

MR. KISCHAK: I make that motion to accept it.

MS. SINGER: And I second the motion and now we can go on to the audit plan.

MR. DANIELE: So if we turn a page to very quickly for the Yonkers Economic Development Corporation again. Similar process with the IDA will go through an overview of the audit process, the reports that we're going to issue, some of the areas that we're going to focus on the audit timing is generally the same as the IDA when we're in there, we segregate some time to do the YEDC there's some interrelated transaction, so we like to do both one after the other, and again we'll just close with some of our responsibilities and manage its responsibilities. The next two pages of the slide again, one is a graph and one is a narrative but we again, we will come in, in a few weeks and we're going to document our understanding of the corporation any updates to its policies we're going to look at internal controls we're going to sample some items payroll cash receipts cash disbursements just to see if they're following the intention of the EDC will identify against significant on in areas. We're going to assess what we call risk of material misstatement we're going to develop our audit plan we're going to perform that audit plan if we find anything. Different about the risk assessment we're going to go back and reassess or maybe we'll look at items even further will drill down into account analysis. If everything goes according to plan we're going to document the process we're going to document our findings. We're going to communicate to you any items that we find as far as internal controls and then we'll move forward to prepare the financial statements, an issue the independent auditors report next page. So what we issue is obviously the financial statements you'll get a balance sheet and income statement, the first couple of pages are independent auditors report. We're going to give you an opinion on the financial statements, based on what we derived from the audit but also included in the reporting packages this supplemental information so there's what we called management discussion and analysis and this is a document that is prepared by management to give you kind of an overview of the year or review of the year, as seen through the eyes and management it's not an audited document, but we do read it and make sure that the numbers that are disclosed agree to what's reported.

In the financial statements and similar to the IDA you have some back schedules, the schedule of industrial revenue bonds and notes issued. Outstanding and (*inaudible*) remember, just like the IDA the YEDC is just a middle person these loans are not on your books, but you help the transaction go through so they're part of supplemental disclosures and back. We also issue a report on internal controls again in accordance with government auditing standards again those will have our comments, if any, and, obviously, if anything, rises to more than a normal control deficiency we're going to let you know before we issue those reports, and then lastly, we have to issue an independent auditors report on investment guidelines, because you're not public authority. I don't believe the white really has investments, but it's something that requires the.

Next page. So, similar to the IDA not much you know a little bit less activity in the IDA but again we're going to focus on cash and we're going to look at operating revenues management fees, Agency fees and it's similar to the IDA salaries payroll and employee benefits seem to be some of the large expenses so we're going to look at those pretty much at 100% and then there's some other not what we call non up bringing some interest income and some expenses again not significant for the YEDC and given COVID you know, obviously, interest rates are all time low so it's not generating what we might have saw in the past but it's an item that will look at next slide nice again same as the IDA we're doing our planning meeting today December 9 we're going to come back in a few weeks early January to do some internal control testing again we don't look at 100% of the items. But we do a sample and based on that sample if we're comfortable, we can move on, if not, will increase the sample or when we come back to do the audit we're going to do more, what we call substitute testing and actually drill down into account analysis we haven't seen that in the past, everything generally is in accordance with our understanding of how it should work but, obviously, if there are any issues you'll know about it sooner than later. Again we'll finish the audit probably sometime in February and these reports should be filed with the state by March 31 so we'll probably schedule a final meeting sometime late in March to present the results and again if pages eight 910 is just I'm not going to bore you with our responsibilities and your responsibilities but as I mentioned, with the IDA we do the financial statements for the YEDC but that doesn't preclude management from still making sure that internal controls are followed that you're following regulations of laws and contracts, so those are items that we've looked at as part of the audit as well, and again if there's any type of fraud or any allegations of fraud we're going to communicate that to you immediately and then, if there's any internal control findings we're going to communicate that to you as well pretty much the same procedures as we've done in the past and that's really it.

MS. SINGER: All right, so then do you have any questions?

MR. KISCHAK: I do not.

MS. SINGER: The you know the concern is always with the EDC is it's a more of an outlier and it's something that we have to focus on and be sure that we dot all the i's and cross all the t's is because it's most important in in this, and so we look for your expertise in this area and for the concentration on the multiple things the EDC is doing in different ways and now I would like to again, ask staff to leave, so we may have an executive session.

MS MCGILL: Sure, a Cecile may I just know one thing for the record in Rob Danielle's presentation when he discussed operating expenses, he did say that salaries and benefits were a large part of that expense,

I just want to note that, why does he does not carry any salaries or benefits as part of as part of their budget so.

MR. DANIELE: I apologize if there is a management fee, there is a payment me there is no W-2 salaries, if you will, I probably shouldn't probably brought that over from the IDA meeting. You're absolutely right there isn't salaries and benefits, there is like a management type fee. So there is an agreement that we look at Thank you.

MS. SINGER: All right, so this so that's one of the things that as we look at all of this, and thank you Jaime for calling that to our attention.

MS. MCGILL: We just need to take a vote, we need to get motion, to go into executive session.

MS. SINGER: Yes, if you want to make a motion.

MR. KISCHAK: I'll make a motion to go into the executive session.

MS. SINGER: And I'll second a second.

MS. MCGILL: Okay, Fiona is going to bring you guys into to private executive session. Fiona's just working on it.

MS. RODRIGUEZ: Okay, I think you're in.

MS. MCGILL: Welcome back to Cecile you're muted.

MS. SINGER: All right, Jamie we have had a very satisfactory discussion with Rob and we pointed out that we feel the YEDC has some transactions that are particularly important to focus upon and to report and that we look forward to the same cooperation from our wonderful staff that we have had before, and to his expertise and keeping all of the transactions, where they should be, and reporting accurately and so that was the discussion, and now that we're back in the session is there any other business?

MS. MCGILL: No other business on our end.

MS. SINGER: No other business. If there is no further business, may I have a motion to adjourn the audit committee meeting of the YEDC?

MR. KISCHAK: I'll make that motion Cecile.

MS. SINGER: All right, I second and thank you for your attention and for being patient and this made.

MS. MCGILL: Thank you so much, everyone. Thank you Cecile for making this work today.

Adjournment

Yonkers Economic Development Corporation

Financial Statements and Other Supplementary Information

December 31, 2021 and 2020

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Yonkers Economic Development Corporation

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3
Statements of Net Position	6
Statements of Activities	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Other Supplementary Information	
Schedule of Indebtedness – Industrial Revenue Bonds and Notes Issued, Outstanding or Retired	12
Schedule of Straight-Lease Transactions Executed in 2021	14
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16



Independent Auditors' Report

**The Board of Directors of the
Yonkers Economic Development Corporation**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Yonkers Economic Development Corporation ("Corporation"), as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Corporation's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2021 and 2020 and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, 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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the 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 financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Management is responsible for the other supplementary information included in the annual financial report. The other supplementary information consists of the Schedule of Indebtedness – Industrial Revenue Bond and Notes Issued, Outstanding or Retired, and the Schedule of Straight Lease Transactions Executed in 2021, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other supplementary information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March xx, 2022 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP
Harrison, New York
March xx, 2022

Yonkers Economic Development Corporation

Management's Discussion and Analysis December 31, 2021

The following Management's Discussion and Analysis ("MD&A") of the Yonkers Economic Development Corporation's ("Corporation") activities and financial performance is provided as an introduction and overview of the financial statements of the Corporation for the year ended December 31, 2021. Management's Discussion and Analysis is Required Supplementary Information specified in the Government Accounting Standards Board ("GASB") Statement No. 34. Following this MD&A are the annual financial statements of the Corporation together with the notes to the financial statements which are important to understanding the data presented in the financial statements. This MD&A highlights certain supplementary information to assist with the understanding of the Corporation's financial operations.

Operations

The Corporation is a local development corporation and operates for the benefit of the City of Yonkers, New York ("City") and its populace to accomplish any or all of the purposes specified in the by-laws. Specific powers and duties are conferred to the Corporation with respect to bond issuances within the corporate limits of the City. All of the local zoning and planning regulations, as well as the regional and local comprehensive land use plans, are taken into consideration to carry out the duties of the Corporation.

Organized in a manner consistent with the Federal Section 115 status and New York State Public Authorities laws, the Mayor of the City is the sole member and appoints up to seven Board of Directors which is comprised of both public officials and business leaders. The current Board is comprised of four board members from the Yonkers Industrial Development Agency ("YIDA"). This Board governs the Corporation by establishing official policies and reviewing and approving requests for bond transactions. Operations and activities of the Corporation, its members, officers and employees are carried out in accordance with New York State law. In addition, the Corporation complies with the Public Authorities Accountability Act of the State of New York, as set forth within Article 4-A of the New York Executive Law.

The Corporation's mission is to assist YIDA in economic development and job growth throughout the City by providing certain taxable and tax exempt financial assistance on occasions where these incentives are no longer provided by YIDA or in instances where YIDA's ability to assist economic development projects has been significantly limited. In addition, the debt issuances of the Corporation will not be liabilities of the State of New York, the City or YIDA.

YEDC arranged the refinancing of mortgages for the following projects in 2021:

- **AMS Teutonia:** The new monies refinanced total \$1,000,000 – agency fees of \$5,000
- **34 Highland:** The new monies refinanced total \$12,450,000 – agency fees of \$62,375
- **56 Prospect Holdings:** The new monies refinanced total \$3,500,000 – agency fees of \$17,500
- **697 Bronx River Road:** The new monies refinanced total \$24,000,000 – agency fees of \$120,000

Financial Operations Highlights

The detailed financial statements for the years ended December 31, 2021 and 2020 follow the MD&A. The chart below provides a condensed summary of revenues and expenses for the 2021 and 2020 calendar years.

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Agency Fees	\$ 352,375	\$ 150,291
Miscellaneous Fees	<u>2,000</u>	<u>4,000</u>
Total Operating Revenues	<u>354,375</u>	<u>154,291</u>
Operating Expenses		
Consulting Fees	294,431	224,062
Professional Fees	20,400	19,150
Marketing	125	-
Insurance	7,168	6,654
Community Relations	1,000	-
Miscellaneous	<u>130,361</u>	<u>7,684</u>
Total Operating Expenses	<u>453,485</u>	<u>257,550</u>
Loss from Operations	(99,110)	(103,259)
Non-Operating Revenues		
Interest Income	<u>9,449</u>	<u>32,970</u>
Change in Net Position	(89,661)	(70,289)
Net Position		
Beginning of year	<u>3,332,641</u>	<u>3,402,930</u>
End of year	<u>\$ 3,242,980</u>	<u>\$ 3,332,641</u>

Grants

The Corporation received no grants in 2021 or 2020.

Agency Fees

The Corporation received agency fees for four projects (AMS Teutonia, 34 Highland, 56 Prospect Holdings, and 697 Bronx River Road) in 2021 for a total of \$352,375. In 2020, three projects closed for a total of \$150,291 in Agency fees.

Management Fees

The Corporation had no employees in 2021; therefore, there is no longer a management agreement.

Assets, Liabilities and Net Position

At year-end, the Corporation had \$3,269,980 in assets, \$27,000 in liabilities, and an unrestricted net position of \$3,242,980. A complete breakdown of these amounts is provided in the financial statements.

Other Supplementary Information

The Schedule of Indebtedness - Industrial Revenue Bonds and Notes Issued, Outstanding or Retired and the Schedule of Straight-Lease Transaction executed in 2021 are provided as supplementary information to the financial statements. This supplementary information is located following the notes to the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the Corporation finances. Questions and comments concerning any information provided in this report or requests for additional information should be addressed to the Executive Director, Yonkers Economic Development Corporation, 470 Nepperhan Avenue, Suite 200, Yonkers, New York 10701.

Yonkers Economic Development Corporation**Statements of Net Position
December 31,**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	\$ 3,268,356	\$ 3,357,517
Prepaid expenses	<u>1,624</u>	<u>1,624</u>
Total Assets	<u>\$ 3,269,980</u>	<u>\$ 3,359,141</u>
LIABILITIES		
Accounts payable	\$ 27,000	\$ 26,500
NET POSITION		
Unrestricted	<u>3,242,980</u>	<u>3,332,641</u>
Total Liabilities and Net Position	<u>\$ 3,269,980</u>	<u>\$ 3,359,141</u>

See notes to financial statements.

Yonkers Economic Development Corporation**Statements of Activities
Year Ended December 31,**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Agency fees	\$ 352,375	\$ 150,291
Miscellaneous fees	<u>2,000</u>	<u>4,000</u>
Total Operating Revenues	<u>354,375</u>	<u>154,291</u>
OPERATING EXPENSES		
Consulting fees	294,431	224,062
Professional fees	20,400	19,150
Marketing	125	-
Insurance	7,168	6,654
Community Relations	1,000	-
Miscellaneous	<u>130,361</u>	<u>7,684</u>
Total Operating Expenses	<u>453,485</u>	<u>257,550</u>
Loss From Operations	(99,110)	(103,259)
NON-OPERATING REVENUES		
Interest income	<u>9,449</u>	<u>32,970</u>
Change in Net Position	(89,661)	(70,289)
NET POSITION		
Beginning of year	<u>3,332,641</u>	<u>3,402,930</u>
End of year	<u>\$ 3,242,980</u>	<u>\$ 3,332,641</u>

See notes to financial statements.

Yonkers Economic Development Corporation**Statements of Cash Flows
Year Ended December 31,**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from charges for services	\$ 354,375	\$ 154,291
Cash payments for goods and services	<u>(452,985)</u>	<u>(257,550)</u>
Net Cash from Operating Activities	<u>(98,610)</u>	<u>(103,259)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>9,449</u>	<u>32,970</u>
Net Change in Cash and Equivalents	(89,161)	(70,289)
CASH AND EQUIVALENTS		
Beginning of year	<u>3,357,517</u>	<u>3,427,806</u>
End of year	<u>\$ 3,268,356</u>	<u>\$ 3,357,517</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Loss from operations	\$ (99,110)	\$ (103,259)
Adjustments to reconcile loss from operations to net cash from operating activities		
Accounts payable	<u>500</u>	<u>-</u>
Net Cash from Operating Activities	<u>\$ (98,610)</u>	<u>\$ (103,259)</u>

See notes to financial statements.

Yonkers Economic Development Corporation

Notes to Financial Statements
December 31, 2021 and 2020

Note 1 - Organization and Purpose

The Yonkers Economic Development Corporation ("Corporation") was created in 2007 as a local development corporation by the City of Yonkers, New York ("City") under the provisions of the IRS Section 115 for the purpose of assisting the Yonkers Industrial Development Agency ("YIDA") with promoting and supporting the development of commerce, bolstering employment and stimulating economic growth and prosperity in the City. The Corporation is governed by Article 18-A of the General Municipal Law of the State of New York. The Corporation is exempt from Federal, State and local income taxes. The Corporation, although supported by YIDA, is a separate entity and operates cooperatively with YIDA. The Mayor of the City is the sole member of the Corporation and appoints the governing board for specified terms.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Corporation has been identified as an organization related to the City. In accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 61 *"The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34"*, the Corporation is not considered a component unit of the City.

Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Corporation reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal ongoing operation. The principal operating revenue of the Corporation is Agency fees. Operating expenses include consulting fees, professional fees, marketing and insurance. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Equivalents, Investment and Risk Disclosure

Cash and Equivalents - Cash and equivalents consists of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

Collateral is required for these deposits at 100% of all deposits not covered by Federal deposit insurance. The Corporation has entered into a custodial agreement with its depository which holds its deposits. This agreement authorizes the obligations that may be pledged as collateral. Such obligations include among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

The Corporation's deposit and investment policies are governed by State statutes. The Corporation has adopted its own investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Corporation is authorized to use demand deposits, time deposits and certificates of deposit.

Yonkers Economic Development Corporation

Notes to Financial Statements (Concluded)
December 31, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Corporation follows the provisions of GASB Statement No. 72, *"Fair Value Measurement and Application"*, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the entity will incur losses in fair value caused by changing interest rates. The Corporation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Corporation does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. GASB Statement No. 40, *"Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3"*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Corporation's name. The Corporation's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2021 and 2020.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Corporation does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Corporation's investment policy limits the amount on deposit at each of its banking institutions.

Revenue Recognition

The Corporation charges an agency fee based on the amount of financing for each project at a predetermined rate. All such agency fees are collected and recognized as revenue at closing.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use. The net position of the Corporation is classified as unrestricted.

Yonkers Economic Development Corporation

Notes to Financial Statements (Concluded)
December 31, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is **March xx, 2022**.

Note 3 - Industrial Revenue Bonds and Notes and Straight-Lease Transactions

Certain bonds and notes issued by the Corporation are secured by property which is leased to companies and are retired by lease payments. The bonds and notes are not obligations of the Corporation, the City or New York State. The Corporation does not record the assets or liabilities resulting from completed bond and note issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. Trustees maintain the information for these bonds and notes and no default notices have been generated in the current year. For providing this service, the Corporation receives bond administration fees from the borrowing companies. The fee received by the Corporation is one percent of the bond amount. In addition, the Corporation receives closing fees for straight-lease transactions of half of one percent of total project cost. Such administrative fee income is recognized immediately upon issuance of bonds and notes or closings on the lessor.

Note 4 - Risk Management

The Corporation purchases conventional insurance coverage for directors and officers liability. The current policy reflects a limit of \$1 million per occurrence with a policy limit of \$1 million for the period of the policy.

Yonkers Economic Development Corporation

Other Supplementary Information

December 31, 2021

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Yonkers Economic Development Corporation**Other Supplementary Information****Schedule of Indebtedness - Industrial Revenue Bonds and Notes Issued, Outstanding or Retired
December 31, 2021**

<u>Project</u>	<u>Date of Issue</u>	<u>Original Issue Value</u>	<u>Balance at January 1, 2021</u>
Riverview II	May 2010	\$ 27,350,000	\$ 18,305,000
Rising Ground - Leake & Watts (Series A)	June 2014	16,670,000	10,510,000
Rising Ground - Leake & Watts (Series B)	June 2014	1,240,000	225,000
Rising Ground - Leake & Watts (Series C)	June 2014	3,125,000	1,650,000
Lamartine/Warburton LLC (CSEE A - 2019-A)	November 2019	35,740,000	35,740,000
Lamartine/Warburton LLC (CSEE A - 2019-B)	November 2019	1,045,000	1,045,000
Lamartine/Warburton LLC (CSEE A - 2020-A)	November 2020	11,185,000	11,185,000
Lamartine/Warburton LLC (CSEE A - 2020-B)	November 2020	530,000	530,000
Total Indebtedness		<u>\$ 96,885,000</u>	<u>\$ 79,190,000</u>

See independent auditors' report.

<u>New</u> <u>Issues</u>		<u>Payments</u>	<u>Balance at</u> <u>December 31,</u> <u>2021</u>
\$	-	\$ 250,000	\$ 18,055,000
	-	1,080,000	9,430,000
	-	135,000	90,000
	-	290,010	1,359,990
	-	-	35,740,000
	-	-	1,045,000
	-	-	11,185,000
	-	-	530,000
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\$	-	\$ 1,755,010	\$ 77,434,990
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Yonkers Economic Development Corporation

Other Supplementary Information
Schedule of Straight-Lease Transactions Executed in 2021
December 31, 2021

Project	Project Address	Owner Address		Benefit (Mortgage Tax)
REFINANCINGS				
AMS Teutonia	92 Main Street	225 N Route 303, Congers, NY 10920	\$ 1,000,000	\$ 15,000
Highland Senior - 34 Highland	34 Highland Avenue	825 8th Avenue, New York, NY 10019	12,450,000	187,125
56 Prospect Holdings	56 Prospect Street	7600 Jericho Turnpike, Woodbury NY 11797	3,500,000	52,500
697 Bronx River Rd - Stagg	705 Bronx River Road	P.O. Box 9 Purchase, NY 10577	24,000,000	360,000

See independent auditors' report.



**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

**The Board of Directors of the
Yonkers Economic Development Corporation**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Yonkers Economic Development Corporation ("Corporation") as of and for the year ended December 31, 2021 and the related notes to the financial statements, and have issued our report thereon dated **March xx, 2022**.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP
Harrison, New York
March xx, 2022