

# **Yonkers Economic Development Corporation**

Financial Statements  
and Other Supplementary Information

December 31, 2022 and 2021



## Yonkers Economic Development Corporation

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## **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, 2022 and 2021 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, 2022 and 2021 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.

## ***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 – Bond and Notes 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 28, 2023 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*

**PKF O'Connor Davies, LLP**

Harrison, New York

March 28, 2023

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## **Yonkers Economic Development Corporation**

### **Management's Discussion and Analysis December 31, 2022**

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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, 2022. 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 assisted in the abatement of MRTE for the following projects in 2022:

- **Lionsgate Phase 2**
- **222 Lake Avenue**
- **Ridge Hill**
- **1969 Central Park Avenue**
- **Wheeler Block**

## **Financial Operations Highlights**

The detailed financial statements for the years ended December 31, 2022 and 2021 follow the MD&A. The chart below provides a condensed summary of revenues and expenses for the 2022 and 2021 calendar years.

	<u>2022</u>	<u>2021</u>
<b>Operating Revenues</b>		
Agency Fees	\$ 1,095,663	\$ 352,375
Miscellaneous Fees	<u>6,600</u>	<u>2,000</u>
Total Operating Revenues	<u>1,102,263</u>	<u>354,375</u>
<b>Operating Expenses</b>		
Consulting Fees	201,943	294,431
Professional Fees	77,132	20,400
Marketing	52,710	125
Insurance	9,120	7,168
Community Relations	1,216,104	1,000
Miscellaneous	<u>2,868</u>	<u>130,361</u>
Total Operating Expenses	<u>1,559,877</u>	<u>453,485</u>
Loss from Operations	(457,614)	(99,110)
<b>Non-Operating Revenues</b>		
Interest Income	<u>35,465</u>	<u>9,449</u>
Change in Net Position	(422,149)	(89,661)
<b>Net Position</b>		
Beginning of year	<u>3,242,980</u>	<u>3,332,641</u>
End of year	<u>\$ 2,820,831</u>	<u>\$ 3,242,980</u>

## **Grants**

The Corporation received no grants in 2022 or 2021.

### **Agency Fees**

The Corporation received agency fees (increase in MRTE) for five projects (Lionsgate Phase 2, 222 Lake Avenue, Ridge Hill, 1969 Central Park Avenue, Wheeler Block) and consent fee on Ridge Hill in 2022 for a total of \$1,095,663. In 2021, four projects closed for a total of \$352,375 in Agency fees.

### **Management Fees**

The Corporation had no employees in 2022; therefore, there is no longer a management agreement.

### ***Assets, Liabilities and Net Position***

At year-end, the Corporation had \$2,858,281 in assets, \$37,450 in liabilities, and an unrestricted net position of \$2,820,831. A complete breakdown of these amounts is provided in the financial statements.

### ***Supplementary Information***

The Schedule of Indebtedness - Bonds and Notes is 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.

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## Yonkers Economic Development Corporation

### Statements of Net Position December 31,

	2022	2021
<b>ASSETS</b>		
Cash and equivalents	\$ 2,858,281	\$ 3,268,356
Prepaid expenses	-	1,624
Total Assets	<u>\$ 2,858,281</u>	<u>\$ 3,269,980</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 37,450	\$ 27,000
<b>NET POSITION</b>		
Unrestricted	<u>2,820,831</u>	<u>3,242,980</u>
Total Liabilities and Net Position	<u>\$ 2,858,281</u>	<u>\$ 3,269,980</u>

See notes to financial statements.

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

	2022	2021
<b>OPERATING REVENUES</b>		
Agency fees	\$ 1,095,663	\$ 352,375
Miscellaneous fees	6,600	2,000
Total Operating Revenues	1,102,263	354,375
<b>OPERATING EXPENSES</b>		
Consulting fees	201,943	294,431
Professional fees	77,132	20,400
Marketing	52,710	125
Insurance	9,120	7,168
Community Relations	1,216,104	1,000
Miscellaneous	2,868	130,361
Total Operating Expenses	1,559,877	453,485
Loss From Operations	(457,614)	(99,110)
<b>NON-OPERATING REVENUES</b>		
Interest income	35,465	9,449
Change in Net Position	(422,149)	(89,661)
<b>NET POSITION</b>		
Beginning of year	3,242,980	3,332,641
End of year	\$ 2,820,831	\$ 3,242,980

See notes to financial statements.

**Yonkers Economic Development Corporation**

## Statements of Cash Flows

Year Ended December 31,

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from charges for services	\$ 1,102,263	\$ 354,375
Cash payments for goods and services	<u>(1,547,803)</u>	<u>(452,985)</u>
Net Cash from Operating Activities	<u>(445,540)</u>	<u>(98,610)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>35,465</u>	<u>9,449</u>
Net Change in Cash and Equivalents	(410,075)	(89,161)
<b>CASH AND EQUIVALENTS</b>		
Beginning of year	<u>3,268,356</u>	<u>3,357,517</u>
End of year	<u><u>\$ 2,858,281</u></u>	<u><u>\$ 3,268,356</u></u>
<b>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Loss from operations	\$ (457,614)	\$ (99,110)
Adjustments to reconcile loss from operations to net cash from operating activities		
Prepaid expenses	1,624	-
Accounts payable	<u>10,450</u>	<u>500</u>
Net Cash from Operating Activities	<u><u>\$ (445,540)</u></u>	<u><u>\$ (98,610)</u></u>

See notes to financial statements.

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## Yonkers Economic Development Corporation

Notes to Financial Statements  
December 31, 2022 and 2021

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### **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 (Continued)  
December 31, 2022 and 2021

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### **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, 2022 and 2021.

**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 (Continued)  
December 31, 2022 and 2021

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### **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 28, 2023.

### **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.

### **Note 5 - Stewardship, Compliance and Accountability**

#### **New Accounting Pronouncement**

GASB Statement No. 87, "Leases", established a single model for lease accounting based on concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of GASB Statement No. 87 are effective for the Corporation's fiscal year ended December 31, 2022. The Corporation has completed its evaluation of the financial impact of GASB Statement No. 87 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

## Yonkers Economic Development Corporation

Notes to Financial Statements (Concluded)  
December 31, 2022 and 2021

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### **Note 6 - Recently Issued GASB Pronouncements**

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Corporation believes will most impact its financial statements. The Corporation will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

### **Note 7 - Subsequent Events**

During March 2023, Signature Bank ("Bank") has been closed by the New York Department of Financial Services, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. As of March 12, 2023, the Corporation had deposit accounts with the Bank with an aggregate balance of approximately \$2,850,525.

As of March 12, 2023, the FDIC has taken over all deposits of the Bank and has stated that all depositors will be made whole even though they exceed the FDIC limits of \$250,000. At this time, the Corporation expects to continue to be able to meet its payroll and other obligations through this provider. However, due to disruptions to the U.S. banking system caused by the recent developments involving the Bank, the Corporation may experience delays in its ability to transfer funds whether held with the Bank or otherwise.

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# **Yonkers Economic Development Corporation**

Other Supplementary Information

December 31, 2022

## City of Yonkers Economic Development Agency

Supplementary Information  
Statement of Indebtedness - Bonds and Notes  
December 31, 2022

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Project Name Owner Name and Address	Issue Date	Maturity Date	Interest Rate	Original Issue
Riverview II	May 2010	May 2025	3.50%	\$ 27,350,000
Rising Ground - Leake & Watts (A)	June 2014	June 2029	3.33%	16,670,000
Rising Ground - Leake & Watts (B)	June 2014	June 2022	3.55%	1,240,000
Rising Ground - Leake & Watts (C)	June 2014	June 2026	4.38%	3,125,000
Lamartine/Warburton LLC (Series A)	November 2019	October 2054	2.40 - 2.50%	35,740,000
Lamartine/Warburton LLC (Series B)	November 2019	October 2024	4.50%	1,045,000
Lamartine/Warburton LLC (Series A)	November 2020	October 2050	4.00 - 5.00%	11,185,000
Lamartine/Warburton LLC (Series B)	November 2020	October 2027	5.00%	<u>530,000</u>
Total Indebtedness				<u><u>\$ 96,885,000</u></u>

See independent auditors' report.

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Balance at 1/1/2022	New Issues	Retired in 2022	Balance at 12/31/2022
\$ 18,055,000	\$ -	\$ 265,000	\$ 17,790,000
9,430,000	-	9,430,000	-
90,000	-	90,000	-
1,359,990	-	1,359,990	-
35,740,000	-	-	35,740,000
1,045,000	-	-	1,045,000
11,185,000	-	-	11,185,000
530,000	-	-	530,000
<u>\$ 77,434,990</u>	<u>\$ -</u>	<u>\$ 11,144,990</u>	<u>\$ 66,290,000</u>

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**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, 2022 and the related notes to the financial statements, and have issued our report thereon dated March 28, 2023.

**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*

**PKF O'Connor Davies, LLP**

Harrison, New York

March 28, 2023