

YEDC

Yonkers Economic Development Corporation

Audit Committee Meeting

Preliminary

Agenda

March 28, 2023
at 2:30 p.m.

Agenda Subject to Change

- 1) Roll Call
- 2) Approval of Minutes for March 31, 2022 and December 20, 2022 Meetings
- 3) Review and Discussion of Report to Audit Committee:
 - 2022 Internal Control Letter
 - Draft Audited Financial Statements for 2022
- 4) Other Business
- 5) Adjournment

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Yonkers Economic Development Committee
Audit Committee
March 31, 2022

COMMITTEE MEMBERS:

CECILE D. SINGE R: Chairperson

PETER KISCHAK : Member

MELISSA NACERINO: Member

IDA STAFF :

JIM CAVANAUGH - President & CEO, IDA

JAMIE MCGILL - Executive Director, IDA

SIBY OOMMEN - CFO, IDA

FIONA KHAN - Administrative Assistant, IDA

OTHERS:

ROBERT DANIELE: O'Connor Davies

1 JAIME MCGILL: We're going have everyone
2 remain on. So we're going to roll right into our
3 YEDC Audit Committee meeting?

4 CHAIR CECILE SINGER: So I can I just
5 stay on for the YEDC meeting?

6 JAIME MCGILL: Yes. We're going to
7 start the YEDC meeting.

8 CHAIR CECILE SINGER: Okay. Great,
9 great.

10 JAIME MCGILL: I know that Melissa has a
11 hard stop in a few minutes, so she'll probably be
12 jumping off midway. But we can, you can open the
13 meeting.

14 CHAIR CECILE SINGER: Yes and who --
15 what members will be at the YEDC?

16 JAIME MCGILL: It's the same Board.
17 It's the same committee, same members.

18 CHAIR CECILE SINGER: Okay thank you.
19 You're welcome.

20 SIBY OOMMEN: I'll begin with the roll
21 call again. Cecile Singer.

22 CHAIR CECILE SINGER: Here.

23 SIBY OOMMEN: Pete Kischak.

24 PETER KISCHAK: Here.

25 SIBY OOMMEN: Melissa Nacerino.

1 MELISSA NACERINO: Here.

2 SIBY OOMMEN: Madam Chair, we have a
3 quorum.

4 CHAIR CECILE SINGER: All right. I
5 would like to call to order the meeting of the
6 Audit Committee of the EDC, Yonkers EDC.

7 The first order of business is the
8 reading of the minutes. Do we have any minutes
9 from the prior meeting?

10 JAIME MCGILL: We do. And the only
11 voting members on these minutes would be Peter
12 and yourself, Cecile.

13 CHAIR CECILE SINGER: All right. So,
14 Peter, do you have any questions about the
15 minutes?

16 PETER KISCHAK: I do not, Cecile.

17 CHAIR CECILE SINGER: So can you make a
18 motion?

19 PETER KISCHAK: I'll make a motion.

20 CHAIR CECILE SINGER: All right. And I
21 second the motion to accept the minutes as
22 submitted.

23 Are there any objections? If there are
24 no objections, the minutes are accepted.

25 All right. The next order of business

1 is Rob, are you on?

2 ROBERT DANIELE: Yes.

3 CHAIR CECILE SINGER: All right, Rob.
4 Well it's nice to see you again, Rob.

5 ROBERT DANIELE: Thank you, you too.

6 CHAIR CECILE SINGER: All right, Rob.
7 So we would like to begin the work of the
8 Committee. And so will you review the audit
9 please?

10 ROBERT DANIELE: Okay. I'm going to
11 share my screen. Just let me know that you see
12 it. Everyone could see that?

13 PETER KISCHAK: Yes.

14 ROBERT DANIELE: Okay, so again, good
15 morning or good afternoon. And thank you for
16 having me present the audit results for the
17 Yonkers Economic Development Corporation, again,
18 for the fiscal year ended December 31, 2021.
19 Again, thanks to Jamie, Siby, and the entire
20 office for being available throughout the
21 process. You know we start this process in
22 December, January and it doesn't conclude until
23 actually today. So it's rather, you know, a
24 three-month process. So again, thank you.

25 So again, same setup as the IDA. We'll

1 go over the status of the audit, the audit
2 opinion. We'll go where the financial statement
3 highlights and we don't have to really spend much
4 time with the required communications. It's the
5 same thing as the IDA. It's again, same setup.
6 The communication of internal control matters.
7 We get a representation letter at the conclusion
8 of the audit. And then again, firm overview of
9 PKF O'Connor Davis.

10 So as I mentioned, the audit is
11 complete. The financial statements have been
12 reviewed by management. We are issuing an
13 unmodified opinion again which is again a clean
14 opinion. It's the highest level of opinion that
15 an entity can receive. So everything is in order
16 and as far as the financial position, again, as
17 of December 31, 2021.

18 I was just waiting the final approval
19 by you folks. So we could go, we could issue
20 these final, including our independent auditor's
21 report, the report on internal controls, as well
22 as the supplementary schedules in the back.

23 Financial statement highlights. I'm
24 going to, again, just go to the statement of
25 activities. And you can see here that, again,

1 due to the COVID pandemic in 2020, things are
2 starting to pick up in 2021. The corporation did
3 close on some agency fees to the tune of
4 \$352,000. Again, some of them relates to the
5 Marquee Apartments, 697 Bronx River Road. That
6 generated about \$120,000 of agency fees, 34
7 Highland, 56 Prospect Holdings. All these
8 generated, which generated 352,000 fees, which
9 more than doubled from the prior year.

10 If we go down the expenses, you can see
11 consulting expenses. These directly relate to
12 those agency fees, up from the prior year, but
13 again, directly related to those agency fees.

14 Professional fees, there's some
15 accounting fees, legal fees, not too much
16 different from the prior year.

17 And then the other big item there is
18 your miscellaneous where the corporation did
19 reimburse the Yonkers BID, the Business
20 Improvement District. They were doing some
21 lighting projects. Again, that's to foster
22 economic development. So the Agency did absorb
23 those costs and they were, I believe, about
24 \$125,000.

25 Given that, the Agency did have a

1 little bit of loss in the current year, even
2 though the agency fees were up. As I mentioned,
3 they did provide those services to the BID, to
4 the Business Improvement District. However, you
5 did have a loss for the year, about just under
6 \$100,000. When you factor in interest income,
7 you had a loss of about \$90,000. So your net
8 position of your fund balances down to \$3.2
9 million.

10 I'm just going to go, and again, this
11 is the balance sheet or the statement of net
12 position. Again, of the \$3.26, million, most of
13 the assets are in the form of liquid cash, \$3.2
14 million. There's some small receivables that
15 really haven't changed and some accounts payable.
16 But as I mentioned, your unrestricted net
17 position is the \$3.2 million, which is mainly
18 made up of liquid cash.

19 So again, the corporation always has
20 less activity than the IDA obviously, but it's
21 good to see that things are picking up from the
22 2020 pandemic.

23 CHAIR CECILE SINGER: Right. So what
24 concerns me is that way even though with an
25 increase in the business that was transacted, we

1 still have a deficit of \$100,000. So, so it
2 looks like a lot of that was in the consulting
3 fees?

4 ROBERT DANIELE: It was in the
5 consulting and the corporation did decide to pay
6 for some of those lighting costs. If you back
7 that out really you break even. And that's
8 included in the miscellaneous line.

9 So yes, some of the consulting fees
10 were up, but if, you know, if the corporation
11 didn't decide to help out the Business
12 Improvement District, it was pretty much a break-
13 even year.

14 CHAIR CECILE SINGER: Right. No,
15 certainly what they did with the Business
16 Improvement District is a direct way to build a
17 business and to maintain it. So certainly that
18 was a very good expenditure. All right, thank
19 you. You can continue.

20 ROBERT DANIELE: And that's really it.
21 I don't, you know, I don't want to reiterate what
22 I did for the IDA. But again, we do prepare the
23 financial statements. Our main goal is to form
24 an opinion on the financial statements that we
25 present. And again I as I mentioned, we issued a

1 clean opinion.

2 Again we don't look at every
3 transaction, but we do sample. If there are any
4 journal entries, those are included in your
5 packets. Nothing came to our attention that
6 would require us to inform you obviously that we
7 would have done that before this this case,
8 before we got to this point. And again, that's
9 really it. I don't want to reiterate again. And
10 that's it.

11 You know obviously the corporation, the
12 activity is a lot less than the IDA. It's
13 certainly an improvement from 2020 during the
14 COVID pandemic times. So things are looking up,
15 I guess.

16 CHAIR CECILE SINGER: And did you --
17 are your comments, do you have any comments
18 related to --

19 ROBERT DANIELE: Not directly related
20 to the corporation. It's just the overall that
21 we discussed with the Agency. Since the same
22 folks handle the EDC, it's kind of the same.

23 CHAIR CECILE SINGER: So it's all it's
24 all the same. Right?

25 ROBERT DANIELE: Yes.

1 CHAIR CECILE SINGER: So then I would
2 not ask to go into executive session if
3 everything is the same. What I would say is --
4 and, of course, we have a clean opinion. Again,
5 there's no materiality in in the statements. And
6 so do you have any questions Pete or Melissa?

7 PETER KISCHAK: No.

8 CHAIR CECILE SINGER: Are you both
9 there?

10 PETER KISCHAK: No, Cecile.

11 JAIME MCGILL: And Melissa had to jump
12 off, Cecile.

13 CHAIR CECILE SINGER: All right.
14 Right. So if there are no questions or comments,
15 may I have a motion to accept the audit as
16 presented and to recommend it to the YEDC Board
17 for adoption? Is there a motion?

18 PETER KISCHAK: I'll make a motion.

19 CHAIR CECILE SINGER: All right. I'll
20 second the motion.

21 All right. Is there any further
22 business?

23 JAIME MCGILL: We have no further
24 business.

25 CHAIR CECILE SINGER: If there's no

1 further business, I would ask for a motion to
2 adjourn.

3 PETER KISCHAK: I'll make that motion,
4 Cecile.

5 CHAIR CECILE SINGER: And I second it.
6 So we are adjourned. Thank you.

7 JAIME MCGILL: Thank you, everyone.

8 PETER KISCHAK: Thank you.

9 JAIME MCGILL: We'll see you at 1:00
10 for the meeting. Thank you.

11 (Proceeding concluded)

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C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certify that the
foregoing transcript is a true and accurate
record of the proceedings.

Sonya M. Ledanski Hyde

Veritext Legal Solutions
330 Old Country Road
Suite 300
Mineola, NY 11501

Date: April 14, 2022

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STATE OF NEW YORK
CITY OF YONKERS

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Minutes of
The City of Yonkers YEDC
Audit Committee Meeting
December 20, 2022 - 1:00 p.m.
at
470 Nepperhan Avenue
Yonkers, New York 10701

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B E F O R E:

MELISSA NACERINO, Chairperson
VICTOR GJONAJ, Member
CECILE SINGER - Excused

I D A S T A F F

JAIME MCGILL - IDA Executive Director
SIBY OOMMEN - IDA/YEDC Chief Fiscal
Officer
JIM CAVANAUGH - IDA President & CEO

P R E S E N T:

ROBERT DANIELE - PKF O'Connor Davies
ALBERT CORVINO - PKF O'Connor Davies

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MS. NACERINO: We are going to call the YEDC Audit Committee to order. Could we have a role call.

MS. MCGILL: Cecile Singer has been excused. Melissa Nacerino.

MS. NACERINO: Here.

MS. MCGILL: Victor Gjonaj.

MR. GJONAJ: Here.

MS. MCGILL: We have a quorum.

MS. NACERINO: Item two is the approval of the minutes which we are going to hold over until next week so we'll move over to item number three, review and discussion of the Engagement Letter for our external auditing services.

MS. MCGILL: We have our auditors here from PKF O'Connor Davies here to discuss the plan.

MR. DANIELE: I believe in your packet you should have an engagement letter for the Economic Development Corporation. Those fees last year were \$18,000 and this year \$18,500 so it

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went up a little bit.

There are, as I mentioned before, new pronouncements that may affect the EDC. We'll take a look at that once we get started.

MS. NACERINO: So we will have a motion to approve the External Auditing Services letter.

MR. GJONAJ: Motion.

MS. NACERINO: All in favor?

(A chorus of ayes.)

MS. NACERINO: Motion is passed. Move on to item number four, discussion the audit plan.

MR. DANIELE: So just as we did for the IDA, there is the same approach with the Economic Development Corporation. There is a Power Point. Some of it will look the same, but again, if we turn to page two we'll briefly go through the overview of the audit process, the reports that we'll issue, our scope and focus, again the timing of the audit and the

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responsibilities as well.

So page three and four, page three is a flow chart, page four is the narrative again. We'll do the same as the IDA. We'll come in and get an understanding of the corporation's business environment, its policies, any updates to its policies and procedures.

We are going to identify the significant audit areas, focus on those. We'll do the same. We'll do internal control testing, payroll, cash receipts, cash disbursements.

We are going to develop our audit plan based on that work. We are going to execute the plan again if everything goes according to what we expect and we'll move forward and complete the audit. If there are issues we'll let you know ahead of time and expand our scope.

The page five and six, the Economic Development Corporation also has-- gets fees from bonds issued,

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1
2 refinancings and things like that, a
3 little bit lesser involved than the IDA
4 but nonetheless there is some large
5 projects, so we do focus on the
6 auditor's report would include the
7 management's discussion and analysis as
8 well as those schedules in the back of
9 revenue bonds and notes issued,
10 outstanding and retired.

11 Again, not an audited document but
12 we make sure what is reported in the
13 financial statements agrees to the back
14 so we save, not audit but we do look at
15 those documents.

16 We also issue a report on internal
17 controls. Again as Albert mentioned
18 before, if we do have findings they are
19 to improve your internal controls.
20 Nothing came to our attention that we
21 considered to be material or
22 significant, and again, although the
23 EDC, as we call it, doesn't really have
24 investments, they are cash, follows the
25 New York State guidelines. There is a

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report that we have to upload in accordance with the Public authority's Law and then well do that as a public document.

So as I mentioned on page six, a little less involved than the IDA but nonetheless we still look at your cash and equivalents. We make sure that the percentage of your fees for closing these projects, that the corporation does receive those, and then on the expenditure side we look at management fees, professional fees and consulting work, and as I mentioned before, there is a new lease standard that needs to be implemented in '22, and again, if the Economic Development Corporation has leases, we'll have to kind of segregate that and look at those so we'll talk about that after the meeting just to get a heads start.

Again, the same_-- we try to do the audit in the same timing as the IDA so we'll probably have three people

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1
2 here. We could do a combination in the
3 field, remote, whatever works best for
4 you folks, but we plan to tackle the
5 IDA first and then the EDC as far as
6 the audit, so again, these reports are
7 also due by the end of March so we
8 would like to get drafts sometime in
9 mid March and try to go final at the
10 end of March.

11 In the responsibilities, as Albert
12 mentioned before, on our end and your
13 end are the same. We don't have to
14 kind of go over them but our ultimate
15 goal is to issue an opinion on the
16 financial statements as a whole. Again
17 we do make sure that you are following
18 laws, regulations, contracts, so if
19 there are any-- if that's the case, if
20 that's not happening, obviously we'll
21 have comments on those.

22 As I said before, even though we
23 do the audit and prepare the financial
24 statements, management has to make sure
25 they are following internal controls

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throughout the year and they are complying with provisions of contracts, laws and things like that, so if that's not happening obviously you will know about it before we get to that final, so that's really it. We don't have to read each bullet but it is the same kind of audit approach as the IDA.

MS. NACERINO: Thank you. Are there any questions? No questions.

So I have a motion to accept the audit plan.

MR. GJONAJ: Motion.

MS. NACERINO: All in favor?

(A chorus of ayes.)

MS. NACERINO: The motion is passed. Do we have any other business?

MS. MCGILL: No other business.

MS. NACERINO: No other business. Call for a motion to adjourn.

MR. GJONAJ: Adjourn.

MS. NACERINO: All in favor?

(A chorus of ayes.)

(Time noted: 1:15 p.m.)

CERTIFICATION

STATE OF NEW YORK)
) ss.
COUNTY OF WESTCHESTER)

I, HOWARD BRESHIN, a Court Reporter
and Notary Public within and for the State of New
York, do hereby certify:

That I reported the proceedings that
are hereinbefore set forth, and that such
transcript is a true and accurate record of said
proceedings.

I further certify that I am not
related to any of the parties to this action by
blood or marriage, and that I am in no way
interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto
set my hand.



HOWARD BRESHIN,
COURT REPORTER

&	8:13	chart 4:4	development
& 1:14	audited 5:11	chief 1:13	2:23 3:18 4:24
1	auditing 2:16	chorus 3:12 8:16	6:18
10701 1:7	3:8	8:24	director 1:13
18,000 2:25	auditor's 5:6	city 1:2,4	disbursements
18,500 2:25	auditors 2:18	closing 6:10	4:14
1:00 1:5	authority's 6:3	combination 7:2	discuss 2:20
1:15 8:25	avenue 1:6	come 4:6	discussion 2:15
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DRAFT

Yonkers Economic Development Corporation

Report to the Audit Committee
December 31, 2022

March 28, 2023

Robert Daniele, Partner
rdaniele@pkfod.com



**KNOW
GREATER
VALUE**

March 28, 2023

Board of Directors of the
Yonkers Economic Development Corporation

We are in the process of completing our audit of the financial statements of the Yonkers Economic Development Corporation ("Corporation") as of and for the year ended December 31, 2022.

Professional standards require us to communicate with you regarding audit matters that are, in our professional judgment, significant and relevant to *those charged with governance* ("TCWG") in overseeing the financial reporting process. This communication is intended to provide you with these required communications as well as other findings and information regarding our audit.

We are pleased to be of service to you and the Corporation and appreciate the opportunity to present our audit findings to you and discuss other matters which may be of interest to you.

This information is intended solely for the use of the Board of Directors and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP

PKF O'CONNOR DAVIES, LLP

500 Mamaroneck Avenue, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.pkfod.com

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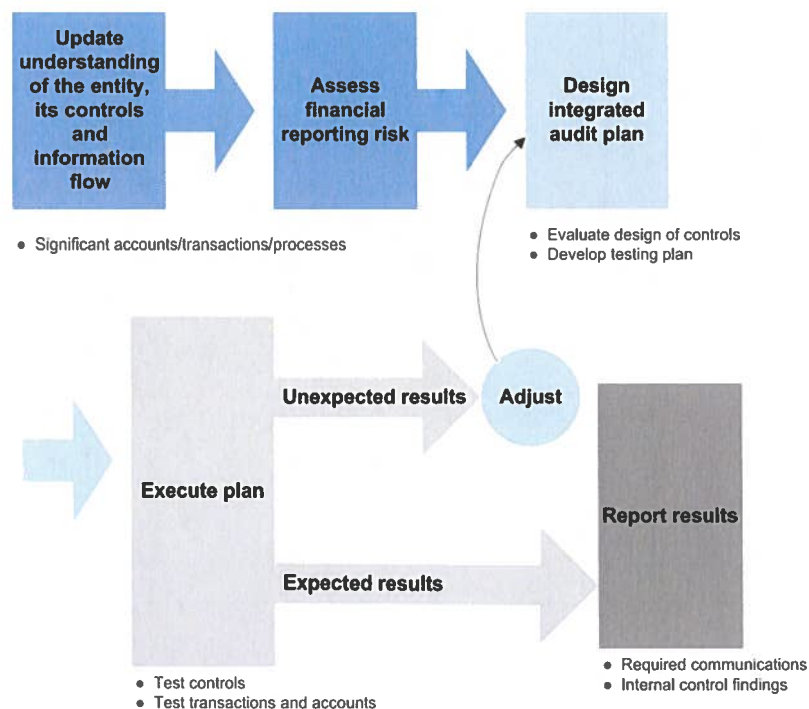
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Status of the Audit and Other Services

Audit of Financial Statements

- Audit fieldwork is complete. The scope of our fieldwork was substantially the same as described in our audit planning communications.
- The financial statements have been drafted and reviewed by management.
- We anticipate that we will be issuing an unmodified opinion on the financial statements upon completion of all outstanding audit related items.
 - Public Authorities and Accountability Act documents
 - Final approval of the financial statements by the Corporation
 - 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*

Audit Approach



Financial Statement Highlights

COMPARATIVE STATEMENT OF NET POSITION

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

Financial Statement Highlights (Continued)

COMPARATIVE STATEMENT OF ACTIVITIES

	2022	2021
OPERATING REVENUES		
Agency fees	\$ 1,095,663	\$ 352,375
Miscellaneous fees	6,600	2,000
Total Operating Revenues	1,102,263	354,375
OPERATING EXPENSES		
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)
NON-OPERATING REVENUES		
Interest income	35,465	9,449
Change in Net Position	(422,149)	(89,661)
NET POSITION		
Beginning of year	3,242,980	3,332,641
End of year	\$ 2,820,831	\$ 3,242,980

Required Communications and Other Matters

Required Item	Comments
Auditor's responsibility under professional standards and planned scope and timing of the audit	<p>We have communicated such information in our engagement letter to you dated November 10, 2022. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> • Forming and expressing an opinion on the financial statements. • Obtaining reasonable assurance the financial statements are free of material misstatements, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to TCWG. • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
Supplementary information accompanying the financial statements	<p>Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.</p>
Other Supplementary information accompanying the financial statements	<p>With respect to such supplementary information, we made certain inquiries of members of management and evaluated the form, content and methods of preparing the information to determine that the information complies with US GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

Required Item	Comments
Our responsibilities under the Yellow Book	In connection with our audit, we performed tests of the Corporation's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.
Responsibilities of management and TCWG	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. • Evaluate if there are any 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. • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud. <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p>
Qualitative aspects of accounting practices - Accounting Policies	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.</p> <p>The accounting policies of the Corporation conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Corporation's reports are based on all applicable GASB pronouncements.</p> <p>We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus.</p> <p>All significant transactions have been recognized in the financial statements in the proper period.</p>

Required Item	Comments
Qualitative aspects of accounting practices – Significant Unusual Transactions	No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.
Qualitative aspects of accounting practices - Accounting Estimates and Management's Judgment	<p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.</p>
Qualitative aspects of accounting practices - Financial Statement Disclosures	<p>Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:</p> <p>The financial statement disclosures are neutral consistent and clear</p>
Going concern	<p>The auditor is required to communicate with TCWG events or conditions that, when considered in the aggregate; indicate a substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.</p> <p>We concur with management's assessment that the Corporation will continue as a going concern for one year from the balance sheet date.</p>
Significant risks	<p>We have identified the following significant risks in connection with our audit:</p> <p>Management override of internal controls</p> <p>Improper revenue recognition to due to fraud</p> <p>The audit procedures apply as a result of the aforementioned significant risk were designed to and have used the risk of material misstatement to low.</p>
Difficulties encountered in performing the audit	We encountered no significant difficulties in dealing with management relating to the performance of our audit.

Required Item	Comments
Corrected and uncorrected misstatements	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.</p> <p>We are required to communicate to you misstatements that remain uncorrected, including any related to prior periods, and the effect, if any, that they may have on the opinion in our report, and request their correction. There are no such financial statement misstatements that remain uncorrected.</p> <p>In addition, we are required to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.</p> <p>In addition, corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.</p>
Disagreements with management	<p>For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of the audit.</p>
Management representations	<p>We have requested certain representations from management that are included in the management representation letter.</p>
Management's consultations with other accountants	<p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.</p>
Auditor independence	<p>We affirm that PKF O'Connor Davies, LLP is independent with respect to the Corporation in accordance with relevant professional standards.</p>

Required Item	Comments
Significant issues discussed with management prior to retention	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Entity's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Communication of Internal Control Matters

**Communication of Internal Control Matters Identified in the Audit to
Those Charged with Governance and Management**

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

In planning and performing our audit of the financial statements of the Yonkers Economic Development Corporation ("Corporation") as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Corporation's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

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

Management Representation Letter

March 28, 2023

PKF O'Connor Davies, LLP
500 Mamaroneck Avenue, Suite 301
Harrison, New York 10528

This representation letter is provided in connection with your audit of the basic financial statements of Yonkers Economic Development Corporation, New York (the "Corporation"), which comprise the statements of net position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter, the following representations made to you during your audit.

Our Responsibilities

- We acknowledge that we have fulfilled our responsibilities as set forth in the terms of the engagement letter dated November 10, 2022 for:
 - The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
 - 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; and
 - The design, implementation, and maintenance of internal control to prevent and detect fraud.
- We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.

- In regard to the financial statement preparation non-attest services performed by you, we have:
 - Assumed all management responsibilities
 - Designated individuals within senior management, who have suitable skill, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the result of the services.
- We acknowledge our responsibility for presenting the financial statements and supplemental schedules in accordance with US GAAP, and we believe the financial statements and supplemental schedules, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the financial statements and supplemental schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Financial Statements

- The financial statements referred to above are fairly presented in conformity with US GAAP and include all disclosures necessary for such fair presentation. In that connection, we specifically confirm that:
 - The Corporation's accounting policies, and the practices and methods followed in applying them, are appropriate and are as disclosed in the financial statements.
 - There have been no changes during the period audited in the Corporation's accounting policies and practices.
 - All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
 - The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - Guarantees, whether written or oral, under which the Corporation is contingently liable, if any.
 - The effects of all known actual or possible litigation, claims, and assessments.
- We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no such events have occurred which would require adjustment or disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- We are in agreement with the adjusting journal entries you have proposed and they have been posted to the Corporation's accounts.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if applicable.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the Corporation from whom you determined it necessary to obtain audit evidence.
 - Completeness and availability of all minutes of the meetings of the Board of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - All significant contracts and agreements.
 - All documents and records provided electronically are accurate and complete reproductions of the original documents and records.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Based on our assessment, we did not identify any fraud risks that we believe would result in a material misstatement of the financial statements.
- There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Corporation's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.
- We have no knowledge of any fraud or suspected fraud that affects the Corporation and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements communicated by employees, former employees, regulators, or others.
- We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

Hosting Services

- We acknowledge that electronic portals used during the audit are only a method of transferring data and the data may be deleted by you at any time.

- We are responsible for maintaining our financial and non-financial information, licensing and hosting of any applications, and downloading and retaining anything you uploaded to such portal in a timely manner.

Government—specific

- We have a process to track the status of audit findings and recommendations.
- We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- The Corporation has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the determination of financial statements.
- There are no violations or possible violations of budget ordinances/resolutions, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- The Corporation has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- The Corporation is not part of any joint ventures with an equity interest.
- The financial statements include all fiduciary activities required by GASB Statement No. 84.
- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.
- We have identified the Corporation is not a component unit of the City of Yonkers, New York in accordance with the criteria enumerated in Governmental Accounting Standards Board Statement No. 61 *"The Financial reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No.34"*.
- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- The Corporation does not have any investments, derivative instruments, or land.
- Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- The Corporation does not participate in a pension or OPEB plan.
- Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- The Corporation is a single fund entity with no interfund activity.
- Deposits and investment securities are properly classified as to risk and are properly disclosed and valued.
- The Corporation does not have any capital assets.
- The Corporation does not have agreements that meet the definition of leases contained in GASB Statement No. 87, *"Leases"*.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

- Expenditures of federal awards were below the \$750,000 threshold for the year ended December 31, 2022, and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance").

Very truly yours,

Ms. Cecile D. Singer
President and Chief Executive Officer

Mr. Siby Oommen
Chief Fiscal Officer

About PKF O'Connor Davies, LLP



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Ranked 25 of "2023's Top 100 Firms"
Accounting Today, 2023

Ranked 5 of the "Top Firms in the
Mid-Atlantic"
Accounting Today, 2023

"America's Best Tax and Accounting
Firms"
Forbes, 2023

"Best Accounting Firm in Westchester"
914INC, 2022

"Accounting/Due Diligence Firm
of the Year"
The M&A Advisor, 2022

"Best Business Consulting Firm for
Family Offices"
Private Asset Management Awards, 2022

"Best Accountancy Advisor"
Family Wealth Report Awards, 2022

"Best Family Office Management
Consultancy"
Family Wealth Report Awards, 2022

"Best Places to Work in Westchester"
914INC, 2023

"Best Places to Work in New Jersey"
NJBIZ, 2022

Ranked 14 of the 50 "Best Accounting
Employers to Work for in North America"
Vault, 2023

KNOW GREATER VALUE*

At PKF O'Connor Davies we maintain a relentless commitment to understanding each client's operations and financial history so we can uncover every challenge, help meet every objective and exceed expectations. Through our unwavering client focus we create deeper connections, delivering tailored support and expertise that drive real-world value.



ACCOUNTING AND ASSURANCE SERVICES

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- International Tax Services
- IRS Representation and Tax Controversies
- Personal Financial Planning
- Private Client/Business Owner Services
- Private Foundation Services
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- Tax Research and Strategic Planning
- Tax-Exempt Organizations
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Yonkers Economic Development Corporation

Financial Statements and Other Supplementary Information

December 31, 2022 and 2021

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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 judgment, 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 [REDACTED], 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
Harrison, New York
[REDACTED], 2023

Yonkers Economic Development Corporation

Management's Discussion and Analysis December 31, 2022

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>
Operating Revenues		
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>
Operating Expenses		
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)
Non-Operating Revenues		
Interest Income	<u>35,465</u>	<u>9,449</u>
Change in Net Position	(422,149)	(89,661)
Net Position		
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.

Yonkers Economic Development CorporationStatements of Net Position
December 31,

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

See notes to financial statements.

Yonkers Economic Development CorporationStatements of Activities
Year Ended December 31,

	2022	2021
OPERATING REVENUES		
Agency fees	\$ 1,095,663	\$ 352,375
Miscellaneous fees	6,600	2,000
Total Operating Revenues	1,102,263	354,375
OPERATING EXPENSES		
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)
NON-OPERATING REVENUES		
Interest income	35,465	9,449
Change in Net Position	(422,149)	(89,661)
NET POSITION		
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 CorporationStatements of Cash Flows
Year Ended December 31,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
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>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>35,465</u>	<u>9,449</u>
Net Change in Cash and Equivalents	(410,075)	(89,161)
CASH AND EQUIVALENTS		
Beginning of year	<u>3,268,356</u>	<u>3,357,517</u>
End of year	<u>\$ 2,858,281</u>	<u>\$ 3,268,356</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
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>\$ (445,540)</u>	<u>\$ (98,610)</u>

See notes to financial statements.

Yonkers Economic Development Corporation

Notes to Financial Statements
December 31, 2022 and 2021

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

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

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 [REDACTED], 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

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.

Yonkers Economic Development Corporation

Other Supplementary Information

December 31, 2022

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City of Yonkers Economic Development Agency**Supplementary Information
Statement of Indebtedness - Bonds and Notes
December 31, 2022**

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			35,740,000
Lamartine/Warburton LLC (Series B)	November 2019			1,045,000
Lamartine/Warburton LLC (Series A)	November 2020			11,185,000
Lamartine/Warburton LLC (Series B)	November 2020			530,000
Total Indebtedness				\$ 96,885,000

See independent auditors' report.

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>\$ 66,289,999</u>

**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 [REDACTED], 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
Harrison, New York
[REDACTED] 2023

Yonkers Economic Development Corporation

Schedule of Cash and Investments

December 31, 2022 and 2021

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Yonkers Economic Development Corporation

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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*

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Independent Auditors' Report

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

Report on the Audit of the Schedule of Cash and Investments

Opinion

We have audited the Schedule of Cash and Investments ("Schedule") 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 Schedule.

In our opinion, the accompanying Schedule and related notes referred to above present fairly, in all material respects, the cash and investments of the Corporation, as of December 31, 2022 and 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Schedule. 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 opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule 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 the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 Schedule.

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 Schedule, 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 Schedule.
- 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 Schedule.
- 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], 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
Harrison, New York
[REDACTED], 2023

Yonkers Economic Development Corporation

Schedule of Cash and Investments
December 31,

	<u>2022</u>	<u>2021</u>
Cash and equivalents	<u>\$ 2,858,281</u>	<u>\$ 3,268,356</u>

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See accompany notes to financial statements.

Yonkers Economic Development Corporation

Notes to Schedule of Cash and Investments
Years Ended December 31, 2022 and 2021

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

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.

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.

The Corporation does not have any investments at December 31, 2022 and 2021.

Yonkers Economic Development Corporation

Notes to Schedule of Cash and Investments (Concluded)
Years Ended December 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Note 3 - Subsequent Event

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.

* * * * *

**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 Schedule of Cash and Investments ("Schedule") of the Yonkers Economic Development Corporation ("Corporation") as of and for the year ended December 31, 2022 and the related notes to the Schedule, and have issued our report thereon dated [REDACTED], 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule, 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 Schedule 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 Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, Investment policies established by the Agency and the New York State Comptroller investment guideline requirements as presented in Section 201.39(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the Schedule. 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
[REDACTED], 2023

Yonkers Economic Development Corporation

Report to Those Charged with Governance

December 31, 2022

March XX, 2023

Prepared by

Robert A. Daniele, CPA

Partner

rdaniele@pkfod.com

**KNOW
GREATER
VALUE**

March [REDACTED], 2023

**The Board of Directors and Executive Director
Yonkers Economic Development Corporation**

We have audited the financial statements of Yonkers Economic Development Corporation ("Corporation") as of and for the year ended December 31, 2022 and have issued our report thereon dated [REDACTED], 2023.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 10, 2022. Professional standards also require that we communicate to you the following information related to our audit.

We are pleased to be of service to you and the Corporation and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of Those Charged with Governance and management of the Corporation, is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP

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Appendices

- 1 – Management Representation Letter
- 2 – About PKF O'Connor Davies, LLP

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Status of the Audit

Audit of Financial Statements

- Audit fieldwork is complete.
- The financial statements have been drafted and reviewed by management.
- We have issued an unmodified report on the financial statements.

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Required Communications and Other Matters

Required Item	Comments
Auditor's responsibility under professional standards and planned scope and timing of the audit	<p>We have communicated such information in our engagement letter to you dated November 10, 2022. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> • Forming and expressing an opinion on the financial statements. • Obtaining <i>reasonable assurance</i> that the financial statements are <i>free of material misstatements</i>, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG"). • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
Supplementary information accompanying the financial statements	<p>Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.</p>

Required Item	Comments
Other Supplementary information accompanying the financial statements	Our responsibility for the other supplementary information accompanying the financial statements 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 information in documents containing audited financial statements	Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the auditors' report, and we are not required to perform any procedures to determine that such other information is properly stated.
Our responsibilities under the Yellow Book	In connection with our audit we performed tests of the Corporation's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.
Responsibilities of management and TCWG	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. • Evaluate if there are any 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. • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud. <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p>

Required Item	Comments
Qualitative aspects of accounting practices - Accounting Policies	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.</p> <p>The accounting policies of the Corporation conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Corporation's reports are based on all applicable GASB pronouncements.</p> <p>We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus.</p> <p>All significant transactions have been recognized in the financial statements in the proper period.</p>
Qualitative aspects of accounting practices – Significant Unusual Transactions	<p>No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.</p>
Qualitative aspects of accounting practices - Accounting Estimates and Management's Judgment	<p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.</p>
Qualitative aspects of accounting practices - Financial Statement Disclosures	<p>Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:</p> <p>The financial statement disclosures are neutral consistent and clear.</p>

Required Item	Comments
Significant risks	<p>We have identified the following significant risks in connection with our audit:</p> <p>Management override of internal controls</p> <p>Improper revenue recognition to due to fraud</p> <p>The audit procedures apply as a result of the aforementioned significant risk were designed to and have used the risk of material misstatement to low.</p>
Difficulties encountered in performing the audit	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
Corrected and uncorrected misstatements	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.</p> <p>We are required to communicate to you misstatements that remain uncorrected, including any related to prior periods, and the effect, if any, that they may have on the opinion in our report, and request their correction. There are no such financial statement misstatements that remain uncorrected.</p> <p>In addition, we are required to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.</p> <p>In addition, corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.</p>
Disagreements with management	<p>For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.</p>
Management representations	<p>We have requested certain representations from management that are included in the management representation letter (see Appendix 2).</p>

Required Item	Comments
Management's consultations with other accountants	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Auditor independence	We affirm that PKF O'Connor Davies, LLP is independent with respect to the Corporation in accordance with relevant professional standards.
Significant issues discussed with management prior to retention	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Entity's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Yonkers Economic Development Corporation ("Corporation") 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 express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

- 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 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 and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

Harrison, New York
[REDACTED], 2023

On the Horizon

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements (“SBITA”)

A SBITA is defined as a contract that conveys control of the right to use another party's information technology (“IT”) software, alone or in combination with tangible capital assets (the underlying IT assets), as specific in the contract for a period of time in an exchange or exchange-like transaction. The subscription term not only includes the period during which a government has a noncancellable right to use the asset, but also include periods covered by an option to extend or terminate.

Under this Statement, a government generally should recognize the right-to-use subscription asset as an intangible asset and a corresponding subscription liability. The liability should be recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The liability should be initially measured at the present value of the subscription payments expected to be made during the subscription term. Any future payments should be discounted using the interest rate charged, or if not readily determinable, the government's incremental borrowing rate should be used.

The subscription asset will be measured as the sum of the liability amount, payments made to the vendor prior to commencing the subscription term and any implementation costs, offset by any incentives received from the vendor. The amortization of the subscription asset would then be reported as an outflow of resources over the subscription term.

The Statement does provide an exception for short-term SBITAs, which have maximum contractual terms of 12 months or less, including any option to extend regardless of their probability of being exercised. Any payments for these short-term SBITAs would be recognized as outflows of resources.

Further, the Statement provides for additional disclosure requirements detailing descriptive information about the SBITA, including but not limited to the amount of the subscription asset, accumulated amortization, other payments not included in the measurement liability, principal and interest requirements and any other essential information.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. The provisions of this Statement are **effective for fiscal years beginning after June 15, 2022 (i.e., the Corporation's financial statements for the year ended December 31, 2023).**

Appendix 1

Corrected Misstatements

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
Entry to write off receivable per client discussion			
7210	Reimbursed Expenses - Cacace	581,555	
2000	Accounts Receivable		581,555
Total		581,555	581,555

Appendix 2

Management Representation Letter

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Appendix 3

About PKF O'Connor Davies, LLP

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Founded in 1891, PKF O'Connor Davies has evolved from a regional accounting firm to an emerging national leader with more than 1,400 professionals and 18 offices in the U.S. Our team of top-notch professionals delivers a complete range of audit, tax and advisory services to a diverse and growing global client base. By bringing together a boutique firm culture with big-firm resources, we have a unique ability to connect with clients on a deeper level and create value where others can't.

REGIONAL CONNECTIONS BACKED BY GLOBAL EXPERTISE

We are the lead North American firm in the PKF International network of independent accounting and advisory firms with offices in over 400 cities, in 150 countries around the world. It's a relationship that delivers unmatched access to global expertise and strengthens our ability to serve clients anywhere in the world as their needs and their businesses continue to evolve.

PROACTIVE SERVICE MODEL, ENGAGED PARTNER BASE

With a proven, proactive service model and an engaged Partner base, PKF O'Connor Davies has built long-lasting, valuable relationships with our clients.

Our Partners are actively involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. The Firm's seasoned professional staff members employ a team approach to all engagements, providing clients with the utmost quality and timely services aimed at helping them succeed.

KNOW GREATER VALUE

Our unwavering focus on value has consistently driven growth and delivered strong outcomes for our clients and our Firm. PKF O'Connor Davies currently ranks 25th on *Accounting Today's* 2023 "Top 100 Firms" list and continually gains acclaim as one of the country's fastest-growing firms. With more professionals, in more places every day, our teams are on the ground, at the ready and in the know. As the world changes, PKF O'Connor Davies clients will always **Know Greater Value.**

INDUSTRY RECOGNITION

Ranked 25 of "2023's Top 100 Firms"
Accounting Today, 2023

Ranked 5 of the "Top Firms in the Mid-Atlantic"
Accounting Today, 2023

"America's Best Tax and Accounting Firms"
Forbes, 2023

"Best Accounting Firm in Westchester"
914INC., 2022

"Accounting/Due Diligence Firm of the Year"
The M&A Advisor, 2022

"Best Business Consulting Firm for Family Offices"
Private Asset Management Awards, 2022

"Best Accountancy Advisor"
Family Wealth Report Awards, 2022

"Best Family Office Management Consultancy"
Family Wealth Report Awards, 2022

"Best Places to Work in Westchester"
914INC., 2023

"Best Places to Work in New Jersey"
NJBIZ, 2022

Ranked 14 of the 50 "Best Accounting Employers to Work for in North America"
Vault, 2023

KNOW GREATER VALUE[®]

At PKF O'Connor Davies we maintain a relentless commitment to understanding each client's operations and financial history so we can uncover every challenge, help meet every objective and exceed expectations. Through our unwavering client focus we create deeper connections, delivering tailored support and expertise that drive real-world value.



ACCOUNTING AND ASSURANCE SERVICES

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit and Cybersecurity Reviews
- Peer Review
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits and Compliance



ADMINISTRATION SERVICES

- Fund Administration Services
- Outsourced CFO Services
- Outsourced Portfolio Company Accounting



ADVISORY SERVICES

- Bankruptcy and Restructuring
- Cybersecurity and Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- ESG, Sustainability and Impact Optimization
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Management Consulting Services
- Matrimonial Services
- Operational and Cost Effectiveness
- PPP Loan Forgiveness Services
- Private Client/Business Owner Services
- Recruiting and Human Resources Consulting
- Risk Advisory Services
- Strategy and Transformation
- System Organization Control (SOC) Reports
- Transaction and Financial Advisory Services
- Virtual Chief Information Security Officer Services (vCISO)
- Wealth Services
- Services Offered by PKF Clear Thinking – Turnaround Advisory, Performance Improvement and Creditors' Rights



FAMILY OFFICE SERVICES

- Accounting and Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring and Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning



INTERNATIONAL SERVICES

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Latin America Desk
- Transfer Pricing



INVESTMENT BANKING SERVICES

- Acquisition Advisory
- Exit Readiness and Transaction Planning
- Sell-Side Advisory



TAX COMPLIANCE AND PLANNING SERVICES

- Employee Benefit Planning and Tax Compliance
- International Tax Services
- IRS Representation and Tax Controversies
- Personal Financial Planning
- Private Client/Business Owner Services
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance and Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

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