

# YEDC

*Yonkers Economic Development Corporation*

## **Audit Committee Meeting**

**PRELIMINARY**

### **Agenda**

**Thursday, December 14, 2023**

**At 2:20 p.m.**

*Agenda Subject to Change*

- 1) Roll Call**
- 2) Approval of Minutes for March 28, 2023 Meeting**
- 3) Review and Discussion of Engagement Letter for External Auditing Services for 2023**
- 4) Review and Discussion of Audit Plan**
- 5) Other Business**
- 6) Adjournment**

**DRAFT**

STATE OF NEW YORK

CITY OF YONKERS

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Minutes of

The City of Yonkers YEDC

Audit Committee Meeting

March 28, 2023 - 2:30 P.M.

At

470 Nepperhan Avenue, Suite 200

Yonkers, New York 10701-3892

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B E F O R E:

CECILE SINGER - President & CEO

MELISSA NACERINO - Member

VICTOR GJONAJ - Member

I D A S T A F F:

JAIME MCGILL - IDA Executive Director

JIM CAVANAUGH - IDA President & CEO

SIBY OOMMEN - IDA Chief Fiscal Officer

P R E S E N T

ROBERT DANIELE - PKF O'Connor Davies

PROCEEDINGS

MS. SINGER: I'd like to call the audit committee of the YEDC to order. The first order of business is the roll call.

MR. OOMMEN: Cecile Singer?

MS. SINGER: Here.

MR. OOMMEN: Melissa Nacerino?

MS. NACERINO: Here.

MR. OOMMEN: Victor Gjonaj?

MR. GJONAJ: Here.

MR. OOMMEN: Madam Chair, we have a quorum.

MS. SINGER: We have a quorum.

The next order of business is the approval of the minutes of March 31st and December 20th meetings. You have those minutes before you.

MS. MCGILL: So Victor, this one you can't vote on.

MS. NACERINO: Make a motion to accept the minutes.

MS. SINGER: All right.

MS. MCGILL: Cecile, Victor

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1 can't vote, so you have to be the  
2 second. Victor can't vote on the March  
3 minutes so you would have to vote

4 MS. SINGER: All right. So  
5 then I second the motion. Any  
6 objections? If there are no  
7 objections, the minutes are accepted  
8 as submitted.

9 Next order of business is the  
10 review and discussion of the report  
11 to the Audit Committee.

12 MS. MCGILL: Cecile, if I may,  
13 we just need to go back and vote  
14 separately on the December 20th  
15 minutes, which both Victor and  
16 Melissa can vote on.

17 MS. SINGER: Oh, they were?  
18 All right.

19 MS. MCGILL: So we took March  
20 and now we have to take December  
21 separately.

22 MS. SINGER: So then we'll go  
23 back to December.

24 MS. NACERINO: I make a motion  
25 to accept the December minutes.

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MR. GJONAJ: Motion to accept.

MS. SINGER: Since the minutes were accepted and there are no objections, the minutes are accepted as submitted.

Now we'll go to the review and discussion of the Audit Committee report.

MR. DANIELE: Again, thank you, and I'm glad to present the audit results for the Yonkers Economic Development Corporation.

Just wanted to thank Siby and Jaime again in the work with the outside accountant -- again, in conjunction with the IDA -- for bringing the books and records up to present to us so that we can audit them.

I prepared a -- the same report to the Audit Committee. Quickly, if we start on page 1, obviously, our work is complete, the financial statements have been reviewed with

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management. Once you accept these we can go final with them, with the exception of some public authorities' documents that we'll get today or tomorrow.

Same approach to the IDA. The EDC is a little less in scope as far as audit work, but same audit approach: We kind of get an understanding of any changes, any information flow, then we look at the agency fees that are generated based on contracts that are closed on in the fiscal year.

So if we turn to the financial highlights, we're going to turn to page 3 again, comparing the activities for 2021, you can see the YEDC generated agency fees of almost \$1.1 million, compared to \$350,000 last year.

You did close on some large projects: Lionsgate, \$700,000 was generated; Ridge Hill, another

## PROCEEDINGS

1  
2 \$327,000. Those are some bigger  
3 items.

4 Your expenses, most are in  
5 line. Consulting fees are down,  
6 actually, compared to 2021. The EDC  
7 was paying some consulting fees for  
8 the repair on the garage -- and that  
9 occurred through August -- and those  
10 costs are now absorbed by the City of  
11 Yonkers. You have your professional  
12 fees, you can see that's up. And  
13 that's mostly your outside attorneys,  
14 Harris Beach, mostly on the Cacace  
15 garage. And that's what caused the  
16 increase in the current here.

17 The other expenses are in line  
18 with the exception of community  
19 relations. You can see that's up  
20 \$1.2 million. The Economic  
21 Development Corporation did spend  
22 \$750,000 for funding for a War  
23 Memorial, as well as, I believe, Ray  
24 Park. So that was some big costs in  
25 the current year that were all

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approved by the board.

So you had operating revenues of \$1.1 million; you had operating expenses of \$1.5 million. So the EDC generated a loss, if you will, in the current year, to the tune of about \$422,000. You subtract that from your opening net position of \$3.2 million and end the year at \$2.8 million.

If we turn back to page 2, you can see that mostly, the \$2.8 million is all in the form of cash. And again, to Jim's point, this is also in Signature Bank, but obviously, the new bank has taken over and these deposits are fully collateralized, as well as with the \$250,000 FDIC, as well as collateral that's required in New York State for theres cash and CDs and things like that.

So again, you did spend some money down based on these activities, but you still have \$2.8 million as of



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12/31/2022.

We also have to report the schedule of cash and investments to the public authorities. Again, no different than what's reported here, the \$2.8 million. And we also have a report to those charging governments to you folks. And again, I'm happy to report that there were no findings to report to the Yonkers Economic Development Corporation as of 12/31/2022.

Again, the back schedule, it's pretty much the same as the IDA. We issued an opinion, it's a clean opinion, it's the highest level of opinion that we can offer to an entity.

And again, really, there aren't many estimates here. It's mostly money that's spent during the year. You don't have receivables; you don't have payables. There's really no estimates to make. Your balance

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1  
2 sheet is basically cash. Again, \$2.8  
3 million.

4 You do have -- and the EDC  
5 doesn't have the supplemental  
6 schedules -- it does have a small  
7 schedule in the back.

8 Again, these aren't audited,  
9 but we do have the EDC confirm these  
10 with the banks. So whatever's  
11 reported as your schedule of  
12 indebtedness, these aren't  
13 liabilities to the corporation, but  
14 you are the middle person that  
15 facilitated these transactions. And  
16 again, that's what we call  
17 supplemental so we really don't offer  
18 an opinion on it, but as I said, they  
19 are confirmed with the banks.

20 MS. SINGER: All right. And  
21 you have the management  
22 representation letter?

23 MR. DANIELE: Yeah, the  
24 representation letter is included in  
25 here. And again, these are what our

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responsibilities are, what your responsibilities are, and all the information that you gave us so that we can do the audit.

Those are separate documents as well. Once you approve those, you'll sign that form and we'll finalize the audit reports so they can upload them to the public authorities commission.

MS. SINGER: And your comments on internal controls?

MR. DANIELE: Yeah. Everything was operating in accordance with what we expected. So again, no findings, you know, as far as the EDC. There really isn't salaries. It's mostly consulting and professional fees, so you don't have salaries and benefits and things like that.

MS. SINGER: Do you have any questions?

MR. GJONAJ: I'll make a motion.

MS. NACERINO: No questions.

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MS. SINGER: So we have a motion.

MS. NACERINO: Second the motion.

MS. SINGER: You second the motion. All right. Any further discussion? Then the report to the Audit Committee is accepted as submitted.

We are not going to do a second executive session because the questions are the same for both the YEDC and the IDA, so we'll end.

We'd like to congratulate you on the clean opinion. And that's a very important thing both for the future of the agencies and for the way that business was handled, because we certainly had a -- many fees, many inquiries.

And Jaime, you do an outstanding job --

MS. MCGILL: Thank you very much.

## PROCEEDINGS

1  
2 MS. SINGER: -- of managing all  
3 of that. And wherever I go I hear  
4 more comments about the City of  
5 Yonkers, about Lionsgate, about the  
6 development on the waterfront. So I  
7 think if we did a retrospective on  
8 what's been done with the IDA and the  
9 EDC in this city, I think that we  
10 have remarkable staff who have been  
11 able to carry out an amazing amount  
12 of work and development. That's  
13 pointed to everybody today. So we  
14 congratulate you on that. We are  
15 fortunate to have the people who are  
16 here with the board, devoted to the  
17 future of the city.

18 And I don't know if you can  
19 find anymore pieces of land to  
20 develop, so...

21 MR. GJONAJ: That was a good  
22 one.

23 MS. SINGER: But I'm sure, if  
24 you can find any pieces, you'll have  
25 the -- there are inquiries, so there

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are more and more people who want to come to Yonkers. And that's a testament to what's been done and what's being done. So we all feel fortunate to be part of this organization, and we thank you for the work that has been done.

MS. MCGILL: Thank you, Cecile.

MS. SINGER: If there's any further business? There's no further business.

May I have a motion to adjourn?

MS. NACERINO: Make a motion.

MR. GJONAJ: Motion.

MS. SINGER: Seconded. Any objections? Then we stand adjourned.

(Time noted: 2:43 P.M.)

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PROCEEDINGS

C E R T I F I C A T E

STATE OF NEW YORK )  
: SS.:  
COUNTY OF WESTCHESTER )

I, NATHAN DAVIS, a Notary Public for  
and within the State of New York, do hereby  
certify:

That the witness whose examination is  
hereinbefore set forth was duly sworn and  
that such examination is a true record of  
the testimony given by that witness.

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

IN WITNESS WHEREOF, I have hereunto  
set my hand this 31st day of March 2023.



NATHAN DAVIS

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November 15, 2023

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

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

**Audit Scope and Objectives**

We will audit the Corporation's financial statements and the related notes and disclosures, which collectively comprise the financial statements of the Corporation as of and for the year ending December 31, 2023 and issue our report thereon as soon as reasonably possible after completion of our work. We will also provide an opinion on the Corporation's compliance with its investment policy during the period January 1, 2022 through December 31, 2023 as required by the *Public Authority Law*.

Accounting standards generally accepted in the United States of America ("US GAAS") provide for certain required supplementary information ("RSI"), such as Management's Discussion and Analysis ("MD&A"), to supplement the Corporation's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Corporation's RSI in accordance with US GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by US GAAP and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

We will conduct the audit in accordance with US GAAS and GAGAS and will include tests of accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with US GAAS and GAGAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

The objective for our audit also includes reporting on:

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

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

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

After our planning is complete, we will communicate to management and those charged with governance, the significant risk(s) of material misstatement identified in our audit planning.

## **Audit Procedures - Internal Control**

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

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

## **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Corporation's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to GAGAS.

## **Reporting**

We will issue a written report upon completion of our audit of the Corporation's financial statements and written reports required with audits performed in accordance with GAGAS. Our reports will be addressed to management or those charged with governance of the Corporation. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express an opinion or withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by GAGAS.

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over

compliance with Section 2925(3)(1) of the New York State Public Authorities Law and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with GAGAS in considering internal control over financial reporting and compliance and Uniform Guidance in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

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

### **Other Services**

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

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

### **Responsibilities of Management for the Financial Statements**

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

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

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

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



reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the RSI.

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

Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the Corporation involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Corporation received in communications from employees, former employees, grantors, regulators or others. In addition, you are responsible for identifying and ensuring that the Corporation complies with applicable laws, regulations, contracts, agreements and grants and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

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

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

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

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

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

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

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information, and therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

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

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

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

#### **Non-Reliance on Oral Advice**

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

#### **Electronic and Other Communication**

During the course of the engagement, we may communicate with you or with Corporation personnel via fax or e-mail. You should be aware that communication in those media may be unsafe to use and

contains a risk of misdirection and/or interception by unintended third parties, or failed delivery or receipt. In that regard, you agree that we shall have no liability for any loss or damage to any person or Corporation resulting from the use of e-mail or other electronic transmissions by third parties (other than our Firm), including any consequential, incidental, direct, indirect, or special damages.

### **Access to Working Papers**

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

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

### **Fees and billing**

We agree that our fee including expenses will not exceed \$19,500. The fee is based on anticipated cooperation from your personnel, audit condition of the books and records and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

The Corporation generally does not receive Federal Assistance. In the event that the Corporation receives and expands in excess of \$750,000 in Federal Assistance, a single audit will be required pursuant to Uniform Guidance. We estimate our fees for this compliance audit will be \$3,000 per program.

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

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

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

Our hourly rates for any additional services for the initial year of the engagement are detailed below. This rate will increase by 2% each year in the subsequent years.

Level	2023
Sr. Partner/Partner	\$325-315
Sr. Manager/Manager	\$250-220
Supervisor	\$195
Senior Accountant	\$175
Associate	\$150

### **Liability**

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

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

### **Dispute Resolution**

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

If the dispute is not resolved by mediation within 90 days of its submission to the mediator, then, and only then, the parties shall submit the dispute for arbitration administered by the American Arbitration

Association under its Professional Accounting and Related Services Dispute Resolution Rules (the "Rules"). The arbitration will be conducted before a single arbitrator selected from the AAA's Panel of Accounting Professionals and Attorneys and shall take place in New York, New York.

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

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

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

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

Any claim by our firm seeking payment of our fees and disbursements related to this engagement and the services provided hereunder shall be brought in a federal or state court of appropriate jurisdiction sitting without a jury. YOU AND OUR FIRM IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING RELATED TO NON-PAYMENT OF ANY OF OUR FEES AND DISBURSEMENTS.

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

### **Hosting Services**

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

### **Employment of Firm Partner or Professional Employee**

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

In addition, during the term of this Engagement Letter and for a period of one (1) year after the services are completed, we both agree not to solicit, directly or indirectly, or hire the other's personnel participating in the engagement without express written consent. If this provision is violated, the

violating party will pay the other party a fee equal to the hired person's annual salary in effect at the time of the violation to reimburse the estimated costs of hiring and training replacement personnel.

### **Confirmation and Other**

H. Chris Kopf and Robert A. Daniele are the engagement partners and are responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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

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

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

PKF O'Connor Davies LLP ("LLP") and PKF O'Connor Davies Advisory LLC ("Advisory") practice in an alternative practice structure in accordance with applicable law, regulations and professional standards. LLP provides attest services to its clients. Advisory is not a registered CPA firm and does not provide audit or attest services. LLP has a contractual arrangement with Advisory, whereby Advisory provides LLP with professional and support personnel to perform professional services on behalf of LLP. In connection with our services, we may share information that we currently have and/or receive in the future between LLP and Advisory. Unless you indicate otherwise, your acceptance of the terms of this engagement shall be understood by us as your consent for LLP, Advisory and its employees to share confidential information between LLP and Advisory. LLP and Advisory have policies in place that require their employees to maintain as confidential all client information that is not otherwise publicly available.

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

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

We are pleased to have this opportunity to serve you.

Very truly yours,

*PKF O'Connor Davies, LLP*

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

**YONKERS ECONOMIC DEVELOPMENT CORPORATION**

**BY:** \_\_\_\_\_

**TITLE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

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

\*\*\*\*

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

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## **REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL**

June 16, 2020

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

We have reviewed the system of quality control for the accounting and auditing practice of PKF O'Connor Davies, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### ***Firm's Responsibility***

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### ***Peer Reviewer's Responsibility***

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### ***Required Selections and Considerations***

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits of broker-dealers, and examinations of service organizations SOC 1 and SOC 2 engagements.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.



***Opinion***

In our opinion, the system of quality control for the accounting and auditing practice of PKF O'Connor Davies, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. PKF O'Connor Davies, LLP has received a peer review rating of *pass*.

*Davie Kaplan, CPA, P.C.*

DAVIE KAPLAN, CPA, P.C.

Davie Kaplan, CPA, P.C.  
Certified Public Accountants

**DRAFT**

# ***Yonkers Economic Development Corporation Audit Planning Meeting***



**Robert A. Daniele, Partner**

December 14, 2023

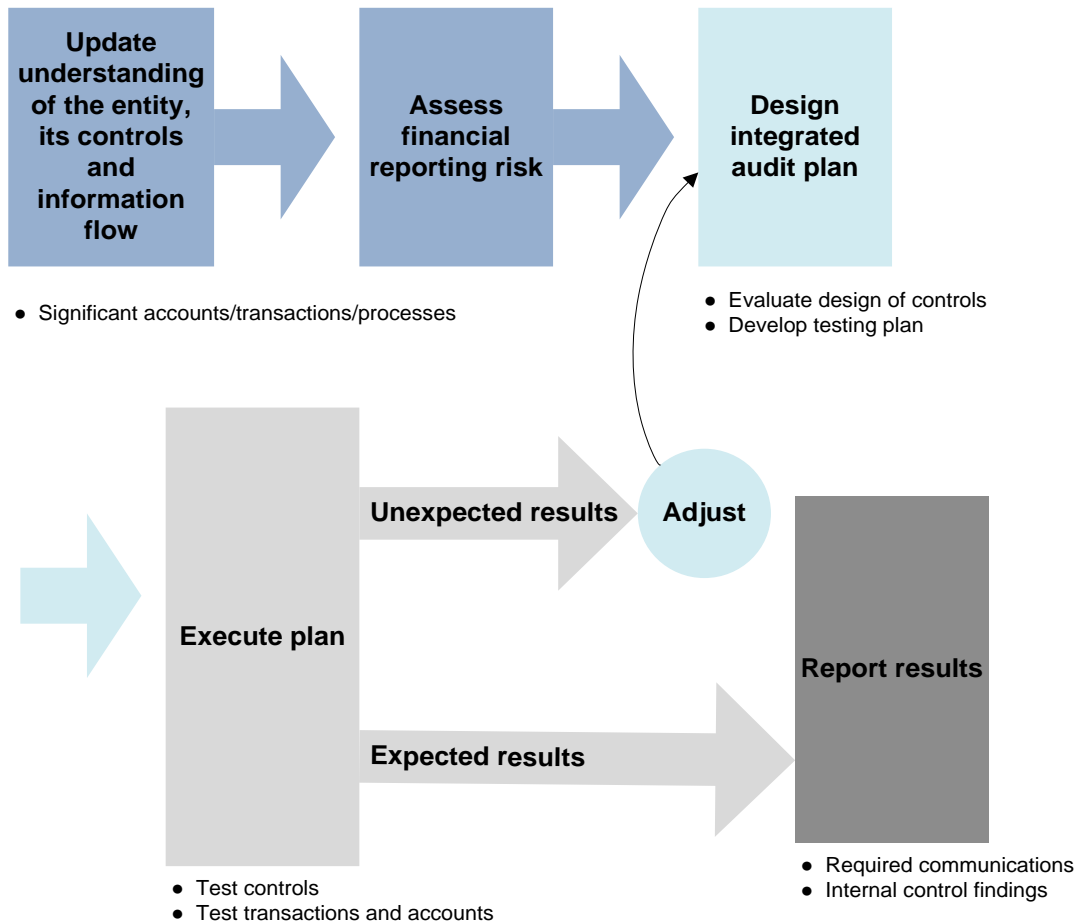
**KNOW  
GREATER  
VALUE®**

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# Agenda

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

# Our Audit Methodology



# Our Audit Methodology

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

# Auditor Reports to be Issued

- Independent Auditors' Report on Financial Statements
  - Inclusive of Required and Other Supplemental information
    - Managements Discussion and Analysis
    - Schedule of Industrial Revenue Bonds and Notes Issued, Outstanding or Retired
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditors Report – Investment Guidelines and Section 2925 of the NYS Public Authorities Law

# Audit Scope and Focus

- Cash and Equivalents
- Operating Revenue – Management Fees, Agency Fees
- Operating Expense – Management fees and professional fees
- Non-Operating Revenues (Expenses) – Interest income and expense
- Leases in accordance with GASB No. 87, if applicable
- **Subscriptions in accordance with GASB Statement No. 96 –  
*Subscription-Based Information Technology Arrangements*  
(“SBITA’s”), if applicable**

# Audit Timing

	2023	2024
	December	January February March
<b>Audit Planning</b>		
Audit Committee communications related to audit approach	✓	
<b>Interim Audit Procedures</b>		
Review, evaluation and testing of internal controls	✓	
Risk assessment procedures and development of detailed audit procedures	✓	
<b>Year-End Audit Procedures</b>		
Substantive testing		✓
Final analytical review		✓
<b>Report Review</b>		
Report review		✓
Quality control		✓
<b>Communication</b>		
Issuance of opinions		✓
Management letter		✓
Audit Committee meeting and presentation		✓



# Auditors' Responsibilities

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

# Auditors' Responsibilities (Continued)

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

# Auditors' Responsibilities (Continued)

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

# Management's Responsibility

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

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## Contact Us

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