

**MINUTES OF MEETING OF THE AUDIT COMMITTEE  
OF  
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION  
May 19, 2021**

A special meeting of the Audit Committee (the “Committee”) of New York City Economic Development Corporation (the “Corporation” or “NYCEDC”) was held virtually on Wednesday, May 19, 2021.

The following members of the Committee were present by means of a conference call at the above indicated meeting of the Committee (the “Meeting”), constituting a quorum:

- William Candelaria, Committee Chairperson
- James McSpirtt
- Betty Woo

The following members of NYCEDC staff were present by means of a conference call:

- Finance:
  - Fred D’Ascoli – CFO
  - Spencer Hobson – EVP/Treasurer
  - Leslie Escobar – Deputy Controller
- Internal Audit:
  - Jennie Wallace – EVP
  - Tony Khoury – VP
- Legal:
  - Mark Silversmith – Special Counsel

Also present were representatives from Ernst & Young LLP (“EY”):

- Kimberly Hancy – Partner
- Erin Montgomery – Senior Manager
- Adam Wolken – Manager

The meeting was called to order at 9:04 a.m.

**1. Approval of the Minutes of the January 27, 2021 Audit Committee meeting**

Mr. Candelaria asked if there were any questions or comments related to the minutes of the January 27, 2021 Committee meeting as submitted. There being no questions or comments, Mr. McSpirtt motioned to approve the minutes. Ms. Woo seconded the motion and the minutes were approved.

**2. Approval of FY2022 Audit Committee meeting dates**

Mr. Candelaria asked if there were any questions or comments related to the proposed FY2022 Audit Committee meeting dates- {9-28-21, 1-27-22, 5-19-22}. There being no questions or comments, Mr. McSpirtt motioned to approve the dates. Ms. Woo seconded the motion and the dates were approved.

**3. Finance Update**

Mr. D'Ascoli noted that the FY2022 NYCEDC budget will be presented at next month's Board meeting.

**4. Ernst & Young Update**

Ms. Hancy introduced Ms. Montgomery, the new senior manager for NYCEDC's audit, and Mr. Wolken, the new manager on the engagement. Next, Ms. Montgomery and Mr. Wolken described their audit background to the Committee.

Ms. Hancy highlighted the FY2021 Audit Plan:

- Financial statements of the Corporation
- Schedule of investments of NYCEDC
- Financial statements of the NYCEDC OPEB Trust

Ms. Hancy stated that in accordance with Government Auditing Standards, EY will test for any significant deficiencies or material weaknesses in internal controls over financial reporting. She noted that EY will issue written communication to Management and the Committee and issue a Management letter, if needed, including recommendations for improvements in controls and procedures. Ms. Hancy noted that a Management Letter was not required following last year's audit cycle.

Ms. Hancy discussed the NYCEDC FY2021 Audit Plan and summarized EY's deliverables and services that are consistent with prior years. Ms. Hancy detailed the areas of audit emphasis and the summary of planned audit procedures.

Ms. Montgomery highlighted the upcoming Government Auditing Standards Board ("GASB") pronouncements, GASB Statement No. 84, Fiduciary Activities, GASB Statement No. 87, Leases and GASB Statement No. 90, Majority Equity Interests. Mr. McSpirtt asked if GASB 84 is

in effect for FY2021 or for FY2022. Ms. Montgomery mentioned that GASB 84 will show changes to the financial statements in FY2021. Ms. Montgomery explained that each fiduciary fund activity would have a separate column on the financial statements. Ms. Escobar further explained that Finance and EY are in the process of analyzing different fiduciary funds and it would be recorded on a different page in the financial statements. Mr. D'Ascoli and Ms. Hancy assured Mr. McSpiritt that that this information would be shared with the Committee before being presented to the Board.

Ms. Montgomery then mentioned GASB 90. Mr. McSpiritt asked if GASB 90 will be effective for FY2021 and will this effect NYCEDC's accounting statements. Ms. Hancy stated that GASB 90 will have no material impact on the financial statements; however, management wanted to highlight the statement because it comes into effect for the current year.

Ms. Hancy stated that EY started working remotely on the NYCEDC interim procedures. She noted that they will return in late July and August to execute the year-end audit testing procedures, and then in September to report on the audit results.

#### **Internal Audit Activity Update**

Ms. Wallace presented the agenda for the Internal Audit update and then provided an update on the FY2021 Audit Plan, highlighting the audits deferred due to the pandemic.

Ms. Wallace then spoke about the open issues to date, highlighting that the issues are not yet due or have updated due dates.

Ms. Wallace then discussed the FY2022 Audit Plan Status to date and noted that there are a total of ten projects on the FY2022 Audit Plan.

Mr. Candelaria asked if there were any questions or comments related to the FY2022 proposed Audit Plan. There being no questions or comments, Mr. McSpiritt motioned to approve the FY2022 proposed Audit Plan. Ms. Woo seconded the motion and the motion was approved.

Mr. Khoury then gave an update on the activities performed by the Engineering Audit Unit ("EAU"), including the number of change orders reviewed and other metrics. He then updated the Committee on the status of FY2021 construction audits.

#### **5. Session with External Auditors**

A private session with EY was held by the Committee.

#### **6. Session with Internal Audit**

A private session with Internal Audit was held by the Committee.

**7. Session with Management**

A private session with Management was held by the Committee.

**8. Adjournment**

There being no further business to come before the Committee, the meeting was adjourned at 2:50 p.m.

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