

THE TRUST FOR CULTURAL RESOURCES
OF THE CITY OF NEW YORK

MINUTES OF MEETING
OF THE AUDIT COMMITTEE

March 29, 2022

A meeting of the Audit Committee of The Trust for Cultural Resources of The City of New York (the "Trust") was held on March 29, 2022 at 11:00 a.m. by Zoom conference, which permitted each person who participated to hear and be heard by all others who participated in the meeting.

Lynne B. Sagalyn, Leah C. Johnson, Erika Mallin and Dawanna Williams, who are all of the members of the Audit Committee, participated in the meeting. Ms. Sagalyn, Chair of the Audit Committee, presided.

In addition, the following persons were also present:

Douglas Zimmerman	EFPR Group LLP
Brent Jensen	EFPR Group LLP
Amy Chan	New York City Economic Development Corporation
Leslie Escobar	New York City Economic Development Corporation
Carol Ann Butler	New York City Economic Development Corporation
Anne Adams Rabbino	Secretary of the Board of Trustees
B. Seth Bryant	Assistant Secretary of the Board of Trustees

The meeting was called to order at 11:04 a.m. by Ms. Sagalyn.

The minutes of the Audit Committees meetings on March 25, 2021 and December 7, 2021 were reviewed. The following resolutions were then moved, seconded and unanimously adopted:

RESOLVED, that the minutes of the meeting of the Audit Committee of the Board of Trustees of The Trust for Cultural Resources of The City of New York (the "Trust") held on March 25, 2021, be and hereby are approved; and be it further

RESOLVED, that the minutes of the meeting of the Audit Committee of the Board of Trustees of the Trust held on December 7, 2021, be and hereby are approved.

Ms. Chan reported that the audit of the Trust's financial statements is substantially complete. An unmodified opinion or clean opinion from EFPR is anticipated and no significant deficiencies or material weaknesses in controls were identified as a result of the audit. Ms. Chan

asked Ms. Escobar, the Deputy Controller of the New York City Economic Development Corporation, to present the Draft Financial Statements and Supplementary Information as of December 31, 2021 on behalf of management. Ms. Escobar explained the changes in the Trust's income statement and balance sheet in 2021 as compared to the prior year. The decrease of \$3.2 million in the Trust's net deficit during the year from \$182.5 million to \$179.3 million was primarily attributable to changes in the assessed values of units in the Museum Condominium, which are established by the New York City Department of Finance, and to fluctuations in the interest rate calculated on the Trust's obligation to The Museum of Modern Art. The interest rate is the rate on three-year Treasury notes in effect on July 1 each year, which decreased from 1.74% to 0.19% on July 1, 2020 and increased from 0.19% to 0.47% on July 1, 2021.

Mr. Zimmerman, the partner of EFPR in charge of the engagement with the Trust, referred to the four documents prepared by EFPR. The Report to the Board, which is a required communication under auditing standards, contains no discussion of any issues, and no action is required by the Audit Committee. He confirmed that EFPR's opinion on the Trust's basic financial statements is an unmodified opinion. Mr. Zimmerman stated that there were no findings or exceptions noted within any of the reports prepared by EFPR.

Mr. Jensen, an audit partner for EFPR's engagement with the Trust, confirmed that the audit proceeded with no significant difficulties. The Trust's records are kept in accordance with professional standards. The staff prepares all of the records for review on a timely basis and otherwise in a manner that enables EFPR to conduct its audit virtually. Mr. Jensen also reported on EFPR's review of the Trust's internal controls over financial reporting in accordance with Government Auditing Standards. No matters of concern were identified, and no control deficiencies were disclosed. After the management representation letter is signed and subsequent event confirmations are received, EFPR will issue its final reports.

Ms. Sagalyn asked whether there are significant difficulties in performing an audit virtually. Mr. Zimmerman stated that EFPR has been able to manage virtual audits as well as audits that are partially virtual and partially in person and audits that are fully in person, depending on the practices of their client. His personal preference is for in-person audits, which he thinks are somewhat more efficient, but he reiterated that the Trust's practices in carrying out a virtual audit are excellent and that there were no difficulties of any sort in completing the audit.

Ms. Escobar then discussed the Trust's evaluation of its internal control. In addition to EFPR's evaluation, as in the prior year, the Internal Audit Department of EDC conducted a limited review for the purpose of examining the performance during 2021 of EDC's responsibilities under the contract between the Trust and EDC. The review by the Internal Audit Department noted no exceptions related to the internal controls over accounting and financial reporting performed by the EDC Accounting Department. The Internal Audit Department did note that the certified budget was not posted timely to TCR's website, but that has since been rectified and did not affect the conclusion of their report that internal controls are effective.

State law requires TCR management to annually certify that an assessment of internal controls has been made. Based on the assessments of EFPR and EDC's Internal Audit

Department, Ms. Escobar stated that management believes that the Trust's overall system of internal controls was effective during the year ending December 31, 2021.

In response to Ms. Sagalyn's question regarding the implementation of controls to ensure that documents are posted on a timely basis to TCR's website in the future, Ms. Chan stated that EDC's Accounting Department and Compliance Department have created a checklist of items required to be posted on the Trust's website to address this.

After an opportunity for questions and comments and review of the proposed resolutions, the following resolutions, which were moved, seconded and unanimously adopted:


RESOLVED, that the Audit Committee of the Trust hereby approves the Independent Auditors' Report on the Trust's Basic Financial Statements for the years ended December 31, 2021 and 2020, prepared by EFPR Group, Certified Public Accountants, LLP, and recommends the approval thereof by the Board of Trustees of the Trust; and be it further

RESOLVED, that the Audit Committee of the Trust hereby approves the Reports on Compliance with Contractual Provisions of Debt Agreements for the year ended December 31, 2021, prepared by EFPR Group, Certified Public Accountants, LLP, and recommends the approval thereof by the Board of Trustees of the Trust; and be it further

RESOLVED, that the Audit Committee of the Trust hereby approves the Report on Agreed-Upon Procedures of the Trust for the year ended December 31, 2021, prepared by EFPR Group, Certified Public Accountants, LLP, and recommends the approval thereof by the Board of Trustees of the Trust; and be it further

RESOLVED, that the Audit Committee of the Trust hereby approves the Assessment of Internal Control Structure and Procedures for the Trust during the year ending December 31, 2021 and recommends the approval thereof by the Board of Trustees of the Trust.

There being no further business to come before the meeting, the meeting was adjourned at 11:20 a.m.

Respectfully submitted,

Anne Adams Rabbino
Secretary