

AUDIT COMMITTEE MEETING
NEW YORK CITY
ECONOMIC DEVELOPMENT CORPORATION

June 17, 2025





NOTICE OF THE AUDIT COMMITTEE MEETING OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

June 17, 2025

A meeting of the Audit Committee of the Board of Directors of New York City Economic Development Corporation ("NYCEDC") will be held at 9:45 a.m. on Tuesday, June 17, 2025 at NYCEDC, One Liberty Plaza, Conference Room 14B (Highbridge), New York, New York 10006.

The agenda for the meeting is as follows:

- I. Approval of the Minutes of the February 4, 2025 Audit Committee Meeting
- II. Approval of FY2026 Audit Committee Meeting Dates
- III. Ernst & Young Update
- IV. Internal Audit Update
- V. Session with External Auditors (if necessary)
- VI. Session with Internal Audit Management (if necessary)
- VII. Session with Management (if necessary)
- VIII. Such other business as may properly come before the Committee

Approval of the minutes of the February 4, 2025 Audit Committee Meeting

**MINUTES OF MEETING OF THE AUDIT COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
February 4, 2025**

A meeting of the Audit Committee (the "Committee") of New York City Economic Development Corporation (the "Corporation" or "NYCEDC") was held on Tuesday, February 4, 2025, at the Corporation, One Liberty Plaza, Conference Room 14B (Highbridge), New York, New York 10006.

The following members of the Committee were present in person at the above indicated meeting of the Committee (the "Meeting"), constituting a quorum:

- James McSpirtt
- Betty Woo
- Eric Clement

The following members of NYCEDC staff were present in person:

- Finance:
 - Jeanny Pak – CFO
 - Spencer Hobson – EVP/Treasurer
 - Amy Chan – Controller
 - Leslie Escobar – Deputy Controller
 - Yana Djin – Executive Assistant
- Internal Audit ("IA"):
 - Eric Katz – Senior Vice President
 - May Boucherak – Principal, KPMG LLP
- Legal:
 - Mark Silversmith – Special Counsel
- MIS:
 - Delano Clarke – Technical Support

Also present was a representative from Ernst & Young LLP ("EY"):

- Daniella Hurlburt – Managing Director

The meeting was called to order at 9:55 a.m.

1. Approval of the Minutes of September 25, 2024 Audit Committee Meeting

Mr. Clement asked if there were any questions or comments related to the minutes of the September 25, 2024 Committee meeting as submitted. There being no questions or comments,

Mr. Clement motioned to approve the minutes. Ms. Woo seconded the motion and the minutes were approved.

2. Finance Update

Ms. Chan provided an update on GASB Statement No. 101 which addresses reporting of earned compensation absences and is required to be implemented by NYCEDC for the June 30, 2025 financial statements. Ms. Chan noted that the standard does not have an impact to NYCEDC as the requirements of establishing a liability when earned by employees and using employee pay rate as of the financial statement date is already the Corporation's practice. Additionally, NYCEDC employees do not get paid out for sick days upon termination and are able to carry over, at most, ten vacation days at December 31st.

In response to a question about the liability at NYCEDC, Ms. Chan responded that NYCEDC has always established a liability due to the employees' vacation balances as of June 30th, noting the balance was approximately \$5.4 million as of June 30, 2024.

3. Internal Audit Activity Update

Mr. Katz presented an overview of the status of the FY25 Internal Audit Plan. Mr. Katz began by summarizing the status of ongoing internal audits and consulting projects, noting four projects currently in progress, three led by KPMG and one from FY24 led by CohnReznick. Mr. Katz stated that the Asset Tracking and Reporting audit has taken longer than anticipated, mainly as a result of the comprehensiveness of control testing as well as competing priorities of the business. Mr. Katz stated the ongoing projects were expected to be completed by the revised end dates presented.

In response to a question about the budget for contractor evaluation software, Ms. Pak replied that there is potential for the enhancement of existing software or the introduction of new software depending on the audit findings and if within budget. Mr. Katz added that a contractor evaluation tool exists within the company but has not been used since 2019. Mr. Katz then reviewed the upcoming work for the remainder of the fiscal year.

Mr. Katz gave an update regarding open internal audit issues stating that there are 43 open issues, 26 issues pending validation, and 5 closed issues. Of all the open issues, the majority are within Asset Management and the Capital Programs, which is in line with the number of audits performed in those areas. Mr. Katz added that a majority of open issues are expected to be resolved within three to six months. Mr. Katz stated that the Audit Committee and NYCEDC leadership will be updated on the status of all open issues on a regular basis.

In response to a question about the FY2026 audit planning, Mr. Katz stated FY26 risk assessment will begin in April.

4. **Session with External Auditors**

There was no session with External Auditors.

5. **Session with Internal Audit**

There was no session with Internal Audit.

6. **Session with Management**

There was no session with Management.

7. **Adjournment**

The meeting was adjourned at 10:07 a.m.

DRAFT

Approval of FY2026 Audit Committee Dates



To: NYCEDC Audit Committee Members

Re: FY2026 Audit Committee Meetings for NYCEDC

Place: At the request of the chairperson, meetings will be held at One Liberty Plaza, New York, NY 10006

Thursday	9-25-25	9:00 a.m.
Tuesday	2-3-26	9:45 a.m.
Tuesday	6-16-26	9:45 a.m.

Ernst & Young Update

New York City Economic Development Corporation

2025 audit plan

June 17, 2025



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Overview

EY audit team introduction

2025 services and deliverables (slide 2)

2025 audit plan: areas of audit emphasis (slides 3-4)

Required communications (slide 5)

Upcoming GASB accounting pronouncements (slides 6-7)

What's next?

2025 EY services

Services and deliverables

Audit and audit-related services

- ▶ Express an opinion on, and report to Audit Committee, the results of our audit of:
 - The financial statements of New York City Economic Development Corporation
 - The Schedule of Investments of New York City Economic Development Corporation
- ▶ Issue a 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*
- ▶ Issue a written communication to
 - Management and Audit Committee describing significant deficiencies and material weaknesses identified during our audit, if any
- ▶ Issue a management letter including recommendations for improvements in controls and procedures (if applicable)

2025 audit plan: Areas of audit emphasis

Our audit procedures emphasize testing those processes, accounts, contracts or transactions where we believe there is the greatest risk of material misstatement to the financial statements, whether due to error or fraud. We consider the effects of current market risk factors on New York City Economic Development Corporation, and place emphasis on those areas requiring subjective determinations by management. We will reassess our risk assessment and other internal and external factors influencing the Corporation throughout our audit and communicate to you any changes to our initial plan, as necessary. Our areas of audit emphasis are as follows. Our proposed audit plan to address specific areas of emphasis is detailed within.

Areas of audit emphasis	Summary of planned audit procedures
<ul style="list-style-type: none">Internal controls over processes that affect the financial statements	<ul style="list-style-type: none">We will obtain an understanding of internal control and evaluate the various internal controls over financial reporting as a basis of determining our overall audit approach and scope.System documentation and evaluation of internal controls over significant classes of transactions such as:<ul style="list-style-type: none">PayrollPurchases/Accounts Payable/Cash DisbursementsLease Revenue/Accounts Receivable/CashGrant RevenueConstruction ExpensesReal Estate Land SalesFinancial Statement CloseRecording AccrualsRecording Unearned Fee Revenue
<ul style="list-style-type: none">Risk of management override of controls	<ul style="list-style-type: none">Professional standards require that we consider the risk of management override of controls to be a fraud risk on all audits. We will design our audit procedures, including our journal entry testing, to be responsive to this risk.

2025 audit plan: Areas of audit emphasis (continued)

Areas of audit emphasis	Summary of planned audit procedures
<ul style="list-style-type: none"> ▸ Cash and Investments 	<ul style="list-style-type: none"> ▸ We will confirm cash and investment balances and agree responses to NYCEDC's accounts and related reconciliations. Investments will be tested to determine that they are properly valued and all risk disclosures will be evaluated.
<ul style="list-style-type: none"> ▸ Accounts receivable and allowances 	<ul style="list-style-type: none"> ▸ NYCEDC's methodology for recording allowances and writing off old balances will be tested and evaluated for consistency and reasonableness. We will also test any significant accounts receivable balances.
<ul style="list-style-type: none"> ▸ Capital Assets, including intangible assets 	<ul style="list-style-type: none"> ▸ We will vouch additions to capital assets and test for proper classification. Capitalized costs will be tested and evaluated for reasonableness.
<ul style="list-style-type: none"> ▸ Due to the City of New York 	<ul style="list-style-type: none"> ▸ We will test significant outstanding Due to the City balances. In addition, we will test a sample of associated entries that have been made during the year for propriety.
<ul style="list-style-type: none"> ▸ Obligations for postemployment benefits other than pensions 	<ul style="list-style-type: none"> ▸ We will utilize internal actuaries from our EYs actuarial service group to review and evaluate the work performed by NYCEDC's actuarial firm. They will evaluate the assumptions utilized in making the calculation and compare such assumptions to industry trends.
<ul style="list-style-type: none"> ▸ Leases 	<ul style="list-style-type: none"> ▸ We will test EDC's continued application of GASB No. 87 and the related impacts on the financial statements and note disclosures.
<ul style="list-style-type: none"> ▸ Disclosures related to GASB No. 84 <i>Fiduciary Activities</i> 	<ul style="list-style-type: none"> ▸ We will review and conclude on the accounting for the newly established SSSM Sustainability Fund LLC activities as a fiduciary fund. ▸ We will determine whether disclosures related to GASB No. 84 and any impacts on the financial statements are in line with required standards.

2025 audit plan: Areas of audit emphasis (continued)

Areas of audit emphasis	Summary of planned audit procedures
<ul style="list-style-type: none"> ▸ Deposits 	<ul style="list-style-type: none"> ▸ We will test tenant security deposits and escrow deposits received for proper classification and compare the liability to the offsetting asset to determine whether they are in agreement.
<ul style="list-style-type: none"> ▸ Unearned revenue 	<ul style="list-style-type: none"> ▸ We will test cash receipts to ensure revenue is recognized in the proper period.
<ul style="list-style-type: none"> ▸ Retainage payable 	<ul style="list-style-type: none"> ▸ We will test vendor invoices to determine whether the proper percentage of the payment is withheld based on the respective contracts. We will also test the release of retainage to the vendor is in accordance with the respective contract.
<ul style="list-style-type: none"> ▸ Operating revenues (grants, property rentals, fee income, other income) 	<ul style="list-style-type: none"> ▸ We will test the recognition and recording of revenue and substantively test a sample of transactions. ▸ In conjunction with Grant Revenue we will substantively test Project and Programs Costs.
<ul style="list-style-type: none"> ▸ Operating expenses (project costs, program costs, property rentals, personnel services, contract and other expenses to The City) 	<ul style="list-style-type: none"> ▸ We will test the purchasing, accounts payable and cash disbursement processes and substantively test a sample of transactions.
<ul style="list-style-type: none"> ▸ Net Position 	<ul style="list-style-type: none"> ▸ We will test changes to net position and evaluate the classification of net position balances.
<ul style="list-style-type: none"> ▸ Litigation and loss contingencies 	<ul style="list-style-type: none"> ▸ We will review litigation and loss contingencies, obtaining legal confirmations from external and internal legal counsel.
<ul style="list-style-type: none"> ▸ Compliance with applicable laws, regulations, and contractual provisions 	<ul style="list-style-type: none"> ▸ We will test NYCEDC's compliance with applicable laws and regulations.

Required communications

Area	Comments
<ul style="list-style-type: none"> ▶ Terms of the audit engagement, including the objective of the audit, the auditor's responsibilities under generally accepted auditing standards and management's responsibilities 	This is included in the contract/engagement agreement signed with the Corporation.
<ul style="list-style-type: none"> ▶ Overall planned scope and timing of the audit, and significant risks identified and any changes thereto 	Refer to the overview and areas of emphasis for additional information.
<ul style="list-style-type: none"> ▶ Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention 	There are no matters to communicate.
<ul style="list-style-type: none"> ▶ Independence matters 	We are not aware of any matters that in our professional judgment would impair our independence.
<ul style="list-style-type: none"> ▶ Inquiries regarding: <ul style="list-style-type: none"> – Risks of material misstatement – Fraud and noncompliance with laws and regulations (illegal acts) – Related-party relationships and transactions 	Inquiries regarding these matters are to be performed at this meeting.

As required, provided above is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *The Auditor's Communication With Those Charged With Governance*, and other applicable auditing standards. This communication is intended solely for the information and use of those charged with governance and, if appropriate, management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Upcoming GASB accounting pronouncements

GASB Standard	Effective Date
<p>GASB Statement No. 101, <i>Compensated Absences</i></p> <p>The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.</p> <p>The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.</p>	<p>Effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.</p>
<p>GASB Statement No. 102, <i>Certain Risk Disclosures</i></p> <p>State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.</p>	<p>Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.</p>

Upcoming GASB accounting pronouncements (continued)

GASB Standard	Effective Date
GASB Statement No. 103, <i>Financial Reporting Model Improvements</i> The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.	Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.
GASB Statement No. 104, <i>Disclosure of Certain Capital Assets</i> The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.	Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

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Internal Audit Update

FY25 Internal Audit Plan Status

Internal Audits Completed in FY25

Project Name	Scope/Objective	Date Report Issued	Observations
Contractor Evaluation and Accountability Review	To assess the current state of the contractor evaluation and accountability review process for fiscal year 2024. The internal audit focused on EDC's process for documenting contractor performance and how this information is used to evaluate contractors for potential future work.	4/29/2025	2 medium – rated findings
Trust for Cultural Resources of the City of New York Internal Controls Review	To assess the effectiveness of internal controls implemented by the NYCEDC Accounting Department related to the Agreement with TCR for the period January 1, 2024, to December 31, 2024	4/29/2025	None

FY25 Internal Audit Plan Ongoing Projects

FY25 Internal Audit					
Project Name	Plan Start Date	Actual Start Date	Expected End Date	Revised End Date	Notes
Asset Tracking and Reporting	July 2024	08/06/2024	March 2025	August 2025	In Reporting Phase: Additional detailed work was performed to recommend improvements to the systems used within the asst tracking and reporting process.
FY25 Consulting Project					
Project Central Data Review	November 2024	11/18/2024	February 2025	July 2025	In Reporting Phase: Draft report sent to stakeholders for review on 6/6.

Other Ongoing Audit					
Project Name	Scope/Objective	Consultant Assisting IA	Expected End Date	Revised End Date	Notes
Skanska Labor Analysis	Analysis of the construction management labor billed by Skanska USA Building Inc.'s related to various Properties.	CohnReznick	February 2025	July 2025	Initial draft report provided to EDC on 1/29. Asset Management requested additional detail and analysis to quantify potential overbillings. Revised draft report expected by 6/20.

Note: The IT General Controls (ITGC) Review and Asset Management Risk Assessment Committee (AMRAC) consulting project were put on hold.

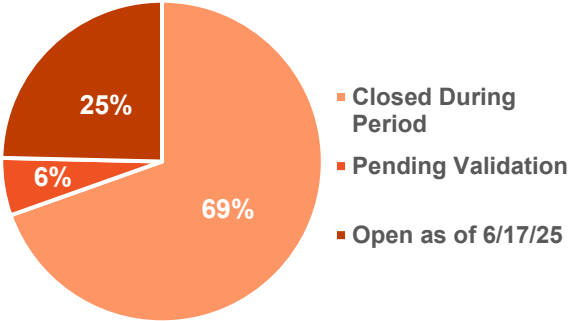
Status of Open Issues

Since the February Audit Committee meeting, Internal Audit worked with relevant stakeholders to address open audit issues.

Notes and Accomplishments

- ✓ Met with departments with open issues to validate issue remediation
 - ✓ Asset Management
 - ✓ Capital Program
 - ✓ Finance
 - ✓ MIS
- ✓ Closed out approximately 70% of open issues
- ✓ Of the remaining 21 issues that are open/pending validation, approximately 40% are within Asset Management
- ✓ Issues categorized into 3 buckets: Open, Pending Validation, Closed
 - ✓ Pending Validation: Department has indicated that the issue is addressed. Next step is for Internal Audit to validate and close.
- ✓ Based on discussions with departments, most remaining open issues are expected to be resolved within the next 3 - 6 months

Issue Status as of 6/17/25



Status	#
Open as of 2/4/25	69
Closed During Period	48
Pending Validation	4
Open as of 6/17/25	17

Next Steps

- ✓ Continue to perform ongoing reviews of remediation of open issues, regular check-ins with departments on implementation status
- ✓ Provide regular progress updates to leadership and Audit Committee



FY25 Internal Audit Plan

Based on the results of the risk assessment, the following internal audits were approved for the FY25 Internal Audit Plan:

#	Project Name	Objective/Purpose	Risk Mapping	Key Dept	Project Type
1	Asset Tracking and Reporting	Assess the current state of Asset Management's tracking of and reporting on the asset portfolio and evaluate against leading practice. Provide recommendations to further EDC's asset tracking and reporting portfolio strategy.	Management of Assets Revenue Management Forecasting and Budgeting Internal Strategic Priorities	Asset Management Finance	Internal Audit
2	Asset Management Risk Assessment Committee	Advise on internal controls and standard operating procedures related to the Asset Management Risk Assessment Committee's (AMRAC) approval decisions process. Include procurement package requirements, roles and responsibilities for CMs and PMs and the review/approval process prior to submission to the AMRAC.	Cost Management Policies and Operating Guidelines	Asset Management	Consulting
3	Project Central Data Review	Assess the reliability of data within the Project Central system. Review Project Central's capabilities for whether they meet the user's needs. Understand what information is tracked outside the system and whether process or system improvements can be made to limit separate tracking.	Data Analytics, Benchmarking, and Dashboarding	MIS User Departments	Internal Audit

FY25 Internal Audit Plan (Cont'd)

#	Project Name	Objective/Purpose	Risk Mapping	Key Dept	Project Type
4	Contractor Evaluation and Accountability Review	Assess EDC's current processes for evaluating contractor performance both during on-going capital projects and at project end. Review the current contractor evaluation system to determine how evaluations are being performed, how evaluation information is collected, and how evaluation information is applied to assess contractor performance for potential future work with EDC. Review the current evaluation process against industry leading practices to determine any gaps.	Contractor Accountability and Quality	Asset Management Capital Contracts Legal	Internal Audit
5	IT General Controls (ITGC) Review	Evaluate the control environment of EDC's IT systems, including the access control environments. Examine the primary IT control objectives based on the Control Objectives for Information Related Technologies framework. Review areas such as IT governance and management, access management, data management, business continuity planning, information security, change management, and IT infrastructure outsourcing. Verify core IT objectives as well as an inspection of the auxiliary systems used by EDC to support business functions.	Data Privacy and Integrity IT Network Security and Access Technological Change	MIS	Internal Audit
6	Trust for Cultural Resources	Validate that efficient and effective controls are in place to ensure that Accounting is fulfilling its contractual obligations to the Trust for Cultural Resources.	Accounting	Accounting	Internal Audit

Session with External Auditors (If Necessary)

Session with Internal Audit Management (If Necessary)

Session with Management (If Necessary)

Such other business as may properly
come before the Committee