



Audit Committee Meeting

PRELIMINARY

Agenda

**Tuesday, December 20, 2022
12:00 p.m.**

Agenda subject to change

- 1) Roll Call**
- 2) Approval of Minutes for March 31, 2022 Meeting**
- 3) Review and Discussion of Engagement Letter for External Auditing Services for 2022**
- 4) Review and Discussion of Audit Plan**
- 5) Other Business**
- 6) Adjournment**

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**Yonkers Industrial Development Agency
Audit Committee
March 31, 2022**

COMMITTEE MEMBERS:

CECILE D. SINGER: Chairperson

PETER KISCHAK: Member

MELISSA NACERINO: Member

IDA STAFF:

JIM CAVANAUGH - President & CEO, IDA

JAIME MCGILL - Executive Director, IDA

SIBY OOMMEN - CFO, IDA

FIONA KHAN - Administrative Assistant, IDA

OTHERS:

ROBERT DANIELE: O'Connor Davies

1 JAIME MCGILL: It's 11:00, so we can
2 officially start. We can call the meeting to
3 order.

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

7 The first order of business is the
8 review of our audit.

9 JAIME MCGILL: We'll just do an
10 official rollcall.

11 CHAIR CECILE SINGER: All right.

12 JAIME MCGILL: So we have Cecile
13 Singer.

14 CHAIR CECILE SINGER: Here.

15 JAIME MCGILL: Peter Kischak.

16 PETER KISCHAK: Here.

17 JAIME MCGILL: Melissa Nacerino.

18 MELISSA NACERINO: Here.

19 JAIME MCGILL: Madam Chair, we have a
20 quorum.

21 CHAIR CECILE SINGER: All right. So do
22 we have any minutes from our prior meeting?

23 JAMIE MCGILL: We do. We have minutes
24 from our December 9th meeting for approval.

25 CHAIR CECILE SINGER: Right. Right.

1 All right. So you have the minutes in your
2 packet and if everyone will just take a minute to
3 look and if there are no additions or
4 corrections, may I have a motion?

5 PETER KISCHAK: I'll make a motion,
6 Cecile.

7 MELISSA NACERINO: Second.

8 CHAIR CECILE SINGER: All right. And
9 is there a second? Thank you, Melissa. All
10 right. Any objections? The motion is passed.

11 Thank you. So now we'll begin with the
12 meeting and go through the review. And Rob, what
13 have you got to tell us?

14 ROBERT DANIELE: Okay. I'm going to
15 put something up on the screen. Let me see. Am
16 I able to share, Jamie?

17 JAIME MCGILL: Sure. Fiona can share.
18 She can allow you to host and you'll share your
19 screen.

20 ROBERT DANIELE: Okay?

21 FIONA KHAN: You should be set,
22 Rob.

23 ROBERT DANIELE: Can you see -- you
24 actually see the PowerPoint?

25 JAIME MCGILL: We do.

1 ROBERT DANIELE: Okay, good. All
2 right. So I'll start with this. Good morning.
3 And then thank you for having me present the
4 financial statements and audit results of the
5 Yonkers IDA or Industrial Development Agency,
6 again, for the fiscal year ending December 31st,
7 2021.

8 I put together a PowerPoint to kind of
9 condense the information to easily present it.
10 But before I begin, I just wanted to thank Jamie.
11 I wanted to thank Siby and the entire office
12 there again for their professionalism and really
13 being available throughout the entire audit
14 process while they're still handling their day-
15 to-day activities. So again, thank you.

16 I'm just going to scroll here. If we
17 turn to the table of contents, we'll go over the
18 status of the audit, the audit opinion. And
19 basically the financial statements have been
20 drafted and reviewed by management. Management
21 has prepared the MDNA. So we once you folks
22 approve the report, it can go final.

23 We'll go through some financial
24 statement highlights comparing the 2021 activity
25 to 2020. We have our required communications

1 along with our management letter or communication
2 of internal control matters.

3 As far as the required communications,
4 we'll briefly touch upon what our role is as your
5 external auditors and what management's role is.

6 And then in the back is a sample of our
7 management representation letter, which we get at
8 the conclusion of the audit, which basically says
9 that you've provided us in a number of form or in
10 a detailed, bullet form all of the information so
11 that we can perform the audit and offer an
12 opinion.

13 And then the last couple of pages is
14 just a firm overview. You can see that we have
15 expanded tremendously over the past couple of
16 years. And then in the back, there's some other
17 work that we do other than audits if, you know,
18 you may be interested in.

19 So I'm just going to scroll here. And
20 just let me know that you can see this and if
21 it's an issue, let me know.

22 So as I mentioned, the field work is
23 complete. The financial statements have been
24 drafted and reviewed with management thoroughly.
25 We have issued what is termed an unmodified

1 opinion. An unmodified opinion is a clean
2 opinion. It's the highest level of assurance
3 that an entity can receive.

4 And it basically states that the
5 financial statements present fairly the financial
6 position of the Yonkers IDA at a specific point
7 in time. In this case, as of December 31, 2021,
8 and in accordance with the accounting standards,
9 in accordance with accounting principles
10 generally accepted in the United States of
11 America.

12 So again, once these reports are
13 accepted by you, we can go final with the
14 independent auditor's report, the report on
15 internal controls. And then there's some public
16 authority and accountability documents that we
17 will get as well, which would conclude wrapping
18 up the audit.

19 So I'm not going to -- the audit
20 approach, you can see the chart. This was gone
21 over through our planning session. I'm not going
22 to really spend much time, but, you know, we do
23 come in in December and January and do some
24 preliminary work looking at your transaction
25 cycles, your payroll, cash receipts, cash

1 disbursements.

2 Then we come back and we probably spent
3 about two weeks completing the audit where we do
4 what we call our substantive work and we kind of
5 drill down into various details in the account
6 analysis.

7 Now I'm going to turn to the financial
8 statement highlights. I'm going to skip the
9 balance sheet or the statement of net position.
10 I'm going to start with the statement of
11 activities, scroll down a little bit. And you
12 can see, we are presenting 2021 versus 2022.

13 And again from an overall standpoint,
14 you can see that total operating revenues are
15 dramatically up from 2020 from 766,000 to almost
16 \$3.5 million in 2021. So that's great news. I
17 know 2020 was hampered with the COVID pandemic,
18 but it appears that things are starting to pick
19 up again. So that's great news.

20 As far as your agency and refinancing
21 fees, you did close on some large projects. Just
22 to name a few, the Hudson View generated about
23 \$300,000 in agency fees. You had 57 Alexander
24 Street, LLC, generated over \$870,000 of agency
25 fees. And a couple other projects: Conifer

1 Reality \$388,000 in fees. And the Yonkers School
2 joint construction --

3 CHAIR CECILE SINGER: Is Lionsgate's
4 included in that, Rob?

5 ROBERT DANIELE: Is that under a
6 different -- is Lionsgate under a different name?
7 I'm not sure.

8 SIBY OOMMEN: So Lionsgate Phase Two.
9 It's included.

10 CHAIR CECILE SINGER: It is included.
11 Thank you.

12 ROBERT DANIELE: So you generated \$2.3
13 million in agency fees in 2021. You have a
14 contribution from the City of Yonkers, which is
15 included in your expenses under consulting fees.
16 You did lay out for some architect work, some
17 consulting, some engineering and that was
18 reimbursed by the City of Yonkers. We'd like to
19 show that in gross. So we picked up the income
20 from the City, but you have the corresponding
21 expenditures included in the consulting and
22 professional fees line.

23 JIM CAVANAUGH: That's for the Saint
24 Denis School, I believe, correct?

25 ROBERT DANIELE: I'm sorry?

1 JIM CAVANAUGH: That's for the Saint
2 Denis School.

3 ROBERT DANIELE: A portion of it I
4 believe is, yes. There is another piece as well.
5 Maybe Siby could talk to that.

6 SIBY OOMMEN: Yeah. So those are
7 related to Savin Engineers and the KG&D, both for
8 the construction of the school.

9 JIM CAVANAUGH: Right. So what
10 happened there is that we fronted the money. The
11 City subsequently issued a bond and now the City
12 is repaying us out of that bond for our
13 expenditures.

14 ROBERT DANIELE: Okay. Yeah, so it's a
15 wash, but we like to report it gross.

16 JIM CAVANAUGH: Yeah, it's just when of
17 you see contribution, you say, well why is the
18 City contributing? It's really a repayment of
19 funds that we spent on behalf of the City.

20 ROBERT DANIELE: Okay. As far as
21 management administration fees, \$159,000. And
22 that's almost doubled, more than doubled from
23 last year and there's two components to that.
24 The Agency does receive some reporting fees for
25 billable projects. Those fees range anywhere

1 from like \$500 to \$2,000. That generated about
2 \$79,000 of the 159,000. And then you did receive
3 \$80,000 to manage the Yonkers Larkin Garage for
4 2021.

5 Some application fees, you do have
6 licensing fees, \$120,000. I believe there's a --
7 these are licensing fees from the pier. I
8 believe it's \$12,000 a month. So 10 or \$12,000 a
9 month, I believe, maybe 10,000 month.

10 SIBY OOMMEN: 10,000 a month.

11 ROBERT DANIELE: Yeah, for 12 months.
12 So that generated \$120,000. So that's mainly
13 your revenue side.

14 If we go down a little bit, your
15 expenses, you can see salaries are up a little
16 bit. There were some small raises, as well as
17 the addition of one person. And that resulted in
18 the increase in the current year.

19 Your payroll taxes, you can see that's
20 down. Although your payroll taxes related to the
21 salaries are up the, your pension, because the
22 pension system is well funded, your pension
23 liability is dramatically down. And that's
24 something that's provided by New York State. And
25 you can see that the pension program is one of

1 the best funded pensions in the country. It's
2 almost 100 percent funded. It's like 99.25
3 percent funded and that drew down your current
4 year expense and ultimately, your current year
5 liability. And that's something we need to
6 report.

7 Your rent seems to be down compared to
8 last year, but there's a couple of things. Rent
9 is actually up about 3 percent, but in 2020,
10 there was a security system that put there that
11 was included in your rent payments and that was
12 about \$40,000 last year. So if you really back
13 that out, you're pretty consistent on the rent
14 with a 3 percent increase.

15 As I mentioned before, your consulting
16 and professional fees, that includes the
17 architects that Siby mentioned for the school
18 project. Again, we show that grossed up. So
19 that really contributed to the increase in 2021.

20 Advertising, printing and reproduction,
21 again, these are just advertising on the new
22 school project. It's actually down. You did a
23 big advertising program in 2020. And that
24 continued into 2021, but it was more so on the
25 new school projects.

1 Your other expenses are pretty much in
2 line. Depreciation is your annual depreciation
3 on your capital assets. Mainly, you absorbed the
4 Yonkers Pier and its leasehold improvements. And
5 we're appreciating that over the life of those
6 assets. And then you can see the last line
7 there, your emergency disaster relief grants.
8 Last year, because of the pandemic, you did issue
9 grants to small businesses that were in need.
10 And obviously that was a 2020 thing. It didn't,
11 fall into the 2021 year. And those are grants
12 that were given out that don't have to be paid.

13 If you come down, you have income for
14 the year of a little over \$1.1 million. If you
15 factor in what we call these nonoperating
16 expenses -- and let me just scroll down a little
17 bit -- you do operate the Workforce Investment
18 Program. The IDA was designated as the grant
19 recipient of the Workforce Investment Program.
20 And that was to create workforce investment
21 activities.

22 The grant folks are hired and they're
23 paid out in this grant on a cost reimbursement
24 basis. So you can see revenues match expenses.
25 However, at the end of the year, whatever is not,

1 whatever its spent is claimed for and you do have
2 a receivable that offsets to match the revenues
3 and expenses.

4 As far as interest income, interest
5 rates are at all-time low. You can see that
6 that's down from 2020. And you do have some
7 interest expense because the IDA did absorb a
8 Section 108 loan when they absorbed the
9 activities of the pier.

10 There is a balance of \$675,000 on that
11 loan and you also have a New York Power Authority
12 loan with the balance of about \$265,000.

13 So overall you did generate \$1 million.
14 Your revenues did exceed your expenditures by a
15 million dollars and you're able to add that to
16 your opening net position of \$5.8 million. So
17 you end the year at \$6.9 million. So a rather
18 healthy year considering COVID in the prior year.

19 So now I'm just going to go back to the
20 balance sheet here. And as I mentioned, you
21 know, you ended the year at \$6.9 million. You
22 see that at the bottom there, the \$6.9 million
23 dollars. And I'll talk about those components in
24 a minute. But if we go to the top here, and I
25 apologize, it's hard to fit this on a page here.

1 It's jumping around here. Just go down a little
2 bit. Your total assets are up about \$1 million.
3 You can see from 7.5 million to \$8.5 million
4 dollars. But most of your assets are liquid, if
5 you will. They're in the form of cash, \$7.9
6 million.

7 You do have some accounts receivable of
8 about \$150,000 and that includes some of the
9 Workforce Investment Board receivables that I
10 discussed before. There is an allowance against
11 those receivables.

12 There's some monies that an allowance
13 to set up I believe a couple of years ago based
14 on the Yonkers Pier and Peter Kelley does owe
15 some monies that go back to I think 2019 and '20.
16 And since payment wasn't guaranteed and things
17 weren't worked out, the Agency decided to take an
18 allowance because we don't know when that will
19 happen. So that still stays on the books. The
20 accounts receivable is not written off, but we
21 did, the Agency did take an allowance against it.

22 You also have a loan receivable that's
23 also fully allowed for. This is a loan from the
24 wind down of the New Market tax credit and the
25 Larkin Garage. This represents a loan balance of

1 \$2.6 million that was brought over as well as
2 some accrued interest. And this is to be paid
3 back to the IDA if the Larkin garage is
4 profitable. And since we don't know when some of
5 those payments will happen, the loan is fully
6 allowed for. It's not written off. It's just
7 allowed for because we don't know the timing of
8 when the parking garage will be in the black.

9 And then some other restricted cash,
10 you do have money set aside for specific
11 activities and that's detailed in the notes.

12 If I come down a little bit, in
13 addition to the grants that the IDA gave out last
14 year, you did also give out some small loans to
15 businesses. And that was to begin to be repaid
16 once the pandemic was deemed to be over with
17 which I believe happened sometime in June or July
18 of '21. So these loans are starting to be paid
19 back and should be paid back in 2022. And again,
20 we'll have to readdress this at the end of
21 12/31/22, to see what has been paid to that
22 point.

23 And you do have \$3 million dollars in
24 capital assets, mainly the leasehold improvements
25 on the Yonkers Pier and those are depreciated

1 over the life of those assets.

2 If we come down to your liabilities
3 here, you can see accounts payable, incurred
4 expenses, those are just, you know, your normal
5 payables in the normal course of business. Some
6 of those have been subsequently paid in January
7 through March of this year.

8 What's new here is your escrow
9 deposits. The IDA was part of a new -- there was
10 some new pilots that the IDA generated, IDA
11 pilots for the City of Yonkers and I believe a
12 portion for Westchester County that the IDA
13 facilitated in forming those new pilot
14 agreements. There was some collateral that the
15 IDA received. And this is basically \$126,000 is
16 collateral.

17 It's one year's worth of pilot
18 agreements that the IDA holds onto for the term
19 of the pilot and some of these pilots are 5-10
20 years. And if the companies make their normal
21 pilot payments, at the end of the term of the
22 pilot agreement, these will be returned. These
23 are set aside in individual accounts. They are
24 earning interest. The entire amount, if the
25 companies don't default, gets returned to the

1 companies, including the accrued interest. So
2 IDA is tracking that. I believe there are two
3 companies currently. And obviously, this will go
4 up as the pilot payments go up because it
5 requires the IDA to retain one year's worth of
6 pilot payments and the schedule of the pilot
7 payments has annual increases. So every year the
8 IDA will get the difference and hold it as
9 collateral, if you will.

10 As I mentioned before, you do have some
11 loans, the Section 108 loan, \$675,000. Those are
12 being paid currently. And you have a New York
13 Power Authorities loan. Again, almost \$265,000.
14 So combined, that's your eight or \$900,000 in
15 loans that are due in one year in long term
16 loans.

17 Then you come down to the bottom, as I
18 mentioned, your net position. You increase net
19 position by over \$1 million. Not all of that is
20 in the form of cash. You do have fixed assets,
21 if you will, a little over \$2 million. And those
22 are the leasehold improvements less the debt that
23 I just mentioned related to those leasehold
24 improvements. But more importantly, the IDA does
25 have the \$4.7 million dollars of unrestricted net

1 assets that's free and cleared to be used for,
2 you know, it's activities. And that has gone up,
3 you can see, from \$3 million to \$4.7 million.

4 So, you know, although there was an
5 unusual year in 2020 due to the pandemic, it
6 appears that activity is starting to pick up,
7 which is a great sign. And overall, the IDA did
8 have a relatively great year.

9 CHAIR CECILE SINGER: All right. And
10 our liquidity is certainly excellent. So it
11 bodes well for the future because we have the
12 ability to do many things and we're in a position
13 to take advantage of what whatever comes to us.

14 ROBERT DANIELE: Right. You have
15 almost \$5 million dollars in freed up,
16 unrestricted funds that you can utilize for other
17 projects.

18 All right. I'm just going to down here
19 and I don't want to spend a lot of time, but this
20 is what we call our required communications.
21 Although we get the financial statements together
22 and our main goal is to, you know, form and
23 express an opinion on those financial statements,
24 as I mentioned, we have issued an unmodified
25 opinion which is a, you know, the highest opinion

1 you can get. You know we obtain reasonable
2 assurance that the financial statements are free
3 from material misstatements and we say that
4 because we don't look at every transaction. We
5 do our sampling and if anything deviates in our
6 sample then we would increase our sample and
7 obviously if there was a problem, we would bring
8 it to your attention before we got to this point.

9 We are required, you know any journal
10 entries that we derive, we are required to
11 communicate those to you and those are included
12 in your packet of the report to those charged
13 with governance. And as I mentioned before, if
14 there was a matter that really needs to be talked
15 about, you would have known about it before we
16 got to this point.

17 The bottom here is, you know, there's
18 some supplementary schedules in the back, bonds
19 issued, retired and so on. We don't audit that
20 information. We review it to make sure that the
21 information presented is accurate. I know that
22 Siby gets some confirmations from the banks. We
23 review that information so that we can present it
24 the way that they have it presented to us.

25 Again, I'm not going to spend a lot of

1 time but although we do prepare the financial
2 statements, management is still ultimately
3 responsible for the financial statements and
4 fairly presenting the accounting policies. And
5 again, since we assist you with that, we make
6 sure that the updated policies are in there.

7 Management is responsible to maintain
8 effective internal controls and they're also
9 responsible to maintain law, provisions of laws,
10 contracts and to follow regulations and
11 contracts. And obviously we look at that when we
12 do the audit and obviously, we would tell you if
13 there's something other than that going on. And
14 management is responsible to provide us with all
15 the information so that we can perform the audit.
16 So we have gotten all that.

17 The other thing just in here is that
18 included in the financial statements, there are
19 estimates, as I mentioned before, you know, we
20 put allowances on the accounts receivable. Those
21 are estimates. Giving a useful life to your
22 capital assets, again, that that is an estimate.
23 So there are certain estimates, but a lot of
24 these numbers, because it's now March, we were
25 able to look at receivables and payables for

1 activity that happened in '22. We can vouch that
2 it was valid for '21 because it happened already
3 and we saw it because of the first couple of
4 years in 2022 -- first couple of months in 2022,
5 sorry.

6 And that's really it here. Again, as
7 we mentioned here, if there are journal entries
8 that we come up with we have to report those to
9 you. Those are included in your packet. Where
10 it says uncorrected, that just means if we pass
11 on a journal entry we're supposed to notify you.
12 Again, we didn't pass on any journal entries.
13 All the entries that we proposed were recorded by
14 management and they are included in your packet.

15 We had no disagreements with
16 management. And at the conclusion of this if you
17 accept the report, we will get a management
18 representation letter which kind of just lists
19 out all the information we requested that you've
20 provided to us and you represent that you have
21 given us all that information so we can complete
22 the audit.

23 We are independent with respect to the
24 IDA.

25 The communication of internal control

1 matters, again, I'm happy to report that we did
2 not identify deficiencies in internal controls
3 that we felt were material weaknesses or
4 significant deficiencies.

5 We did have a couple of comments. We
6 reviewed those with management in detail and some
7 of those comments have been already addressed.
8 As I said, we look at activity through today,
9 actually through the end of March, and I know
10 that some of those comments were already
11 addressed.

12 The big one there was being your IT and
13 cybersecurity. We mentioned that last year and
14 unfortunately you did get hacked. So we, you
15 know, we like the IDA to stay on top of that and
16 hope that never happens again.

17 JIM CAVANAUGH: I'd like to mention one
18 thing there. I think the Board probably knows
19 this, but I think it's worth reinforcing. Our IT
20 system here is handled by the City IT Department.
21 So we're on the same email system. Many of our
22 documents reside on the City-administered
23 servers. So the hack wasn't, it wasn't the IDA
24 but it actually was a hack of the City of
25 Yonkers. And because the City of Yonkers was

1 hacked, and they do administer our IT system, you
2 know, we lost files too. So it wasn't just us.

3 Having said that, and I know Rob you're
4 aware of this because you guys audit the City, in
5 the last year, the City IT Department has really
6 stepped up in a big way to address the increasing
7 occurrences of hacking and malware. And we do
8 talk to them on an ongoing basis. And so we will
9 benefit from the measures that the City's IT
10 Department is undertaking. The alternative would
11 be for us to split off, but I think probably that
12 would put us in a worse position because we're a
13 small agency. We probably could not afford the
14 measures that the City of Yonkers as a whole is
15 taking. So I think we're better off sticking
16 with them. But I just wanted to clarify the
17 relationship.

18 CHAIR CECILE SINGER: That's very
19 helpful. That's very helpful, Jim, because as
20 you know, this is a very much discussed item
21 everywhere. Everyone is at a risk level that's
22 hard to measure. And the protections we hope are
23 going to be adequate. But going forward, and
24 certainly your comments about splitting off, we
25 would certainly -- it would be a very difficult

1 thing to do and certainly doesn't seem advisable.
2 But all right.

3 So since you raised a very important
4 question, I'd like to ask if anyone has any
5 questions about this because it's a critical area
6 for us?

7 ROBERT DANIELE: No, I just wanted to
8 thank Jim. He's absolutely right. I should have
9 mentioned that the IDA does share its software
10 with the City and really the City was hacked. So
11 it wasn't the IDA directly but indirectly and
12 according to -- you're right, I mean if you were
13 to branch off, it's very costly. So it's
14 something to decide, but I think the City has
15 done a lot to for this not to happen again and
16 will continue with cybersecurity assessments and
17 things like that on an annual basis.

18 CHAIR CECILE SINGER: All right, well,
19 you know, both of you. So let's take a minute.
20 Are there any questions from anyone? All right.
21 So if there are no questions, we'll continue.

22 JIM CAVANAUGH: Let me just say I'm
23 not, you know, I don't want my comments to be
24 taken as a criticism of the City because
25 certainly in my previous role, I was aware that

1 there were hacking attempts on a daily basis and,
2 you know, one finally got through. But when you
3 look at what happened to Yonkers compared to some
4 other cities, Rochester for example which
5 actually paid I understand a rather large ransom
6 to get their data back, the City of Yonkers
7 actually fared reasonably well. You know we lost
8 some files. It took a while to recover, but
9 eventually the City got us up and running as well
10 as themselves.

11 So, you know, but it's a wakeup call.

12 CHAIR CECILE SINGER: Right. But it's
13 a wakeup call and it's one everywhere. It's not
14 just here and it's not just with the City. So
15 everyone who deals with IT in any magnitude is
16 being challenged. So we have to be confident
17 that the City has the resources and the people to
18 evaluate what is happening and take the steps
19 that are most protective going forward.

20 JIM CAVANAUGH: Yes.

21 CHAIR CECILE SINGER: All right, Rob.

22 ROBERT DANIELE: Okay. And I just to
23 move forward, included in here is the management
24 representation letter that we get at the
25 conclusion of the audit. I don't really have to

1 spend time, but it's just several pages and it
2 kind of lists out what we requested and what we
3 received. So I don't really have to spend much
4 time.

5 And that's it really. The last few
6 pages just affirm overview. You know we've grown
7 as a company and we're now the top 27th in the
8 country. And more importantly, there's some
9 other services that we offer other than audits in
10 the back. So I know some folks are interested
11 even on a personal level, so I'd just like to
12 share that with you. But that's really it with
13 the IDA. I know I went through a lot of numbers,
14 but if anyone has any questions I could circle
15 back to what has happened.

16 CHAIR CECILE SINGER: All right. Are
17 there any questions about anything in the report?

18 PETER KISCHAK: I have none.

19 CHAIR CECILE SINGER: Do you have a
20 question, Pete?

21 PETER KISCHAK: No.

22 CHAIR CECILE SINGER: All right. Does
23 anyone else have a question or a comment?

24 So it looks like a very thorough report
25 and it looks like we're in an excellent position,

1 that the IDA has taken full advantage of the
2 ability to move forward in this last year. So we
3 can see that by the financials and by the growth
4 that we have had. And so it would seem that we
5 are looking at a very healthy entity with
6 excellent cash reserves and that we will be able
7 to do the things that will place us in the
8 forefront moving forward.

9 So if there are no comments, then may I
10 have a motion to accept the report as submitted
11 and to recommend it to the IDA Board?

12 PETER KISCHAK: I'll make a motion.

13 MELISSA NACERINO: Second.

14 CHAIR CECILE SINGER: Thank you. Are
15 there any objections? If there's no objections,
16 then the report is submitted.

17 So, before we adjourn, we should go
18 into this session and ask management to leave so
19 that we would talk to Rob for a moment. So, can
20 we ask management to leave?

21 JAIME MCGILL: Sure. Fiona will just
22 pull you into an executive session so you'll just
23 have to accept to go in.

24 CHAIR CECILE SINGER: All right.

25 JAIME MCGILL: Just give Fiona a moment

1 to navigate that.

2 FIONA RODRIQUEZ: Is Rob going into the
3 room or just the committee members?

4 JIM CAVANAUGH: Rob also.

5 FIONA KHAN: Okay.

6 JAIME MCGILL: Hey, Mike. Mike are you
7 still there?

8 JIM CAVANAUGH: I got invited to go to
9 the room. I declined.

10 JAIME MCGILL: I declined as well. I
11 think it invites, I think it possibly invites
12 everyone.

13 JIM CAVANAUGH: Okay. All right.

14 JAIME MCGILL: Mike. Can you just
15 check your phone? I just sent you a text.

16 MIKE CURTI: Will do, thanks.

17 (Executive Session)

18 CHAIR CECILE SINGER: All right. We
19 should be back in. Is everybody in?

20 JAIME MCGILL: We have everyone back.

21 PETER KISCHAK: We're back.

22 CHAIR CECILE SINGER: Okay. All right.

23 So is there any further business? Does anyone
24 have any comments or concerns?

25 We want to tell you, Jamie, that we all

1 we're very pleased to know about all the hard
2 work that you've done to bring back so much that
3 was lost during COVID and to guard what's
4 happening in the base.

5 And we were very pleased to know also
6 that it is continuing and the comments, of
7 course, we are we are concerned about the outside
8 accountant and what has happened and why because
9 some of the things are things that were routine
10 that should have been in the report and should
11 have been guarded. So we want to be insured that
12 going forward, there will be consideration of the
13 problem and we leave to you a judgment of how to
14 move forward with the outside accountant. But
15 certainly, we do not want to see a continuation
16 of something that could jeopardize the excellent
17 way that you have operated and the IDA, and so
18 that consideration.

19 So we both congratulate you and ask you
20 to look at this and see how we could work going
21 forward.

22 JAIME MCGILL: Absolutely. Thank you,
23 Cecile. And we have already um put some things
24 in motion to start to rectify that situation.

25 CHAIR CECILE SINGER: All right. So

1 can we have a motion to rectify the situation?

2 JIM CAVANAUGH: We will be having an
3 extremely -- first of all, we're not any happier
4 than you are about restated expenses that should
5 not happen. And the outside accountant is there
6 to make sure it doesn't happen. So we're going
7 to be having an extremely candid conversation and
8 review of our outside accountant and we expect to
9 get back to the Board within 30 days with an
10 action plan which will contain our
11 recommendations. I can't say where, I can't say
12 where they're going to go. But our outside
13 accountant has to be up to the job and able to do
14 it or that outside accountant is not valuable to
15 us.

16 CHAIR CECILE SINGER: So my concern is
17 not that the comments were ancillary but that
18 these were basic things that in any financial
19 statement you would look at and understand. And
20 so that was my concern that it wasn't something
21 that was a note or was something that was some
22 other area. It was the basic financial statement
23 and a bottom line. So, you know, that's what
24 concerned me. Anyhow, I know that you will look
25 at all of this because it's very important to all

1 of us and bring it to a conclusion that will
2 strengthen whatever we are doing because I was
3 very pleased. And I think everyone is with the
4 record that the IDA was able to establish for
5 this past year. To bring back so much after
6 COVID is certainly something that the leadership
7 has to be congratulated for Jaime and everybody
8 working in this area.

9 So it has meant a great deal to the
10 city. And I think we're all elated about what's
11 happened with Lionsgate and other things that
12 bode well for the future, but we want to be sure
13 that nothing happens that will jeopardize any of
14 this. So we thank you for that.

15 And is there any further business?
16 Does anyone have any other concern that they
17 would like to discuss? If not, may I have a
18 motion to adjourn the meeting?

19 PETER KISCHAK: I'll make a motion,
20 Cecile.

21 MELISSA NACERINO: Second.

22 CHAIR CECILE SINGER: Thank you and
23 thank you, Melissa and Pete, for always being
24 very important to what happens in the IDA and for
25 the way we move forward. Thank you.

1 All right. The meeting is now
2 adjourned.

3 JAIME MCGILL: Thank you everyone.
4 (Proceeding concluded)

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



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Date: April 14, 2022

1	3	a	
<p>1 13:13 14:2 17:19 1.1 12:14 10 10:8 10,000 10:9,10 100 11:2 108 13:8 17:11 11501 33:14 11:00 2:1 12 10:11 12,000 10:8,8 12/31/22 15:21 120,000 10:6,12 12151 33:9 126,000 16:15 14 33:16 150,000 14:8 159,000 9:21 10:2</p>	<p>3 11:9,14 15:23 18:3 3.5 7:16 30 30:9 300 33:13 300,000 7:23 31 1:14 6:7 31st 4:6 330 33:12 388,000 8:1</p>	<p>ability 18:12 27:2 able 3:16 13:15 20:25 27:6 30:13 31:4 absolutely 24:8 29:22 absorb 13:7 absorbed 12:3 13:8 accept 21:17 27:10 27:23 accepted 6:10,13 account 7:5 accountability 6:16 accountant 29:8 29:14 30:5,8,13,14 accounting 6:8,9 20:4 accounts 14:7,20 16:3,23 20:20 accrued 15:2 17:1 accurate 19:21 33:4 action 30:10 activities 4:15 7:11 12:21 13:9 15:11 18:2 activity 4:24 18:6 21:1 22:8 add 13:15 addition 10:17 15:13 additions 3:3 address 23:6 addressed 22:7,11 adequate 23:23 adjourn 27:17 31:18</p>	<p>adjourned 32:2 administer 23:1 administered 22:22 administration 9:21 advantage 18:13 27:1 advertising 11:20 11:21,23 advisable 24:1 affirm 26:6 afford 23:13 agency 1:12 4:5 7:20,23,24 8:13 9:24 14:17,21 23:13 ago 14:13 agreement 16:22 agreements 16:14 16:18 alexander 7:23 allow 3:18 allowance 14:10 14:12,18,21 allowances 20:20 allowed 14:23 15:6,7 alternative 23:10 america 6:11 amount 16:24 analysis 7:6 ancillary 30:17 annual 12:2 17:7 24:17 apologize 13:25 appears 7:18 18:6 application 10:5 appreciating 12:5 approach 6:20</p>
<p>2</p>	<p>4</p>		
<p>2 17:21 2,000 10:1 2.3 8:12 2.6 15:1 20 14:15 2019 14:15 2020 4:25 7:15,17 11:9,23 12:10 13:6 18:5 2021 4:7,24 6:7 7:12,16 8:13 10:4 11:19,24 12:11 2022 1:14 7:12 15:19 21:4,4 33:16 21 15:18 21:2 22 21:1 265,000 13:12 17:13 27th 26:7</p>	<p>4.7 17:25 18:3 40,000 11:12</p>		
	<p>5</p>		
	<p>5 18:15 5-10 16:19 5.8 13:16 500 10:1 57 7:23</p>		
	<p>6</p>		
	<p>6.9 13:17,21,22 675,000 13:10 17:11</p>		
	<p>7</p>		
	<p>7.5 14:3 7.9 14:5 766,000 7:15 79,000 10:2</p>		
	<p>8</p>		
	<p>8.5 14:3 80,000 10:3 870,000 7:24</p>		
	<p>9</p>		
	<p>900,000 17:14 99.25 11:2 9th 2:24</p>		

<p>approval 2:24 approve 4:22 april 33:16 architect 8:16 architects 11:17 area 24:5 30:22 31:8 aside 15:10 16:23 assessments 24:16 assets 12:3,6 14:2 14:4 15:24 16:1 17:20 18:1 20:22 assist 20:5 assurance 6:2 19:2 attempts 25:1 attention 19:8 audit 1:13 2:5,8 4:4,13,18,18 5:8 5:11 6:18,19 7:3 19:19 20:12,15 21:22 23:4 25:25 auditor's 6:14 auditors 5:5 audits 5:17 26:9 authorities 17:13 authority 6:16 13:11 available 4:13 aware 23:4 24:25</p>	<p>based 14:13 basic 30:18,22 basically 4:19 5:8 6:4 16:15 basis 12:24 23:8 24:17 25:1 behalf 9:19 believe 8:24 9:4 10:6,8,9 14:13 15:17 16:11 17:2 benefit 23:9 best 11:1 better 23:15 big 11:23 22:12 23:6 billable 9:25 bit 7:11 10:14,16 12:17 14:2 15:12 black 15:8 board 14:9 22:18 27:11 30:9 bode 31:12 bodes 18:11 bond 9:11,12 bonds 19:18 books 14:19 bottom 13:22 17:17 19:17 30:23 branch 24:13 briefly 5:4 bring 19:7 29:2 31:1,5 brought 15:1 bullet 5:10 business 2:7 16:5 28:23 31:15 businesses 12:9 15:15</p>	<p style="text-align: center;">c</p> <p>c 33:1,1 call 2:2,5 7:4 12:15 18:20 25:11 25:13 candid 30:7 capital 12:3 15:24 20:22 case 6:7 cash 6:25,25 14:5 15:9 17:20 27:6 cavanaugh 8:23 9:1,9,16 22:17 24:22 25:20 28:4 28:8,13 30:2 cecile 2:4,11,12,14 2:21,25 3:6,8 8:3 8:10 18:9 23:18 24:18 25:12,21 26:16,19,22 27:14 27:24 28:18,22 29:23,25 30:16 31:20,22 certain 20:23 certainly 18:10 23:24,25 24:1,25 29:15 31:6 certify 33:3 chair 2:4,11,14,19 2:21,25 3:8 8:3,10 18:9 23:18 24:18 25:12,21 26:16,19 26:22 27:14,24 28:18,22 29:25 30:16 31:22 challenged 25:16 charged 19:12 chart 6:20 check 28:15 circle 26:14</p>	<p>cities 25:4 city 8:14,18,20 9:11,11,18,19 16:11 22:20,22,24 22:25 23:4,5,14 24:10,10,14,24 25:6,9,14,17 31:10 city's 23:9 claimed 13:1 clarify 23:16 clean 6:1 cleared 18:1 close 7:21 collateral 16:14,16 17:9 combined 17:14 come 6:23 7:2 12:13 15:12 16:2 17:17 21:8 comes 18:13 comment 26:23 comments 22:5,7 22:10 23:24 24:23 27:9 28:24 29:6 30:17 committee 1:13 2:6 28:3 communicate 19:11 communication 5:1 21:25 communications 4:25 5:3 18:20 companies 16:20 16:25 17:1,3 company 26:7 compared 11:7 25:3 comparing 4:24 complete 5:23 21:21</p>
b			
<p>back 5:6,16 7:2 11:12 13:19 14:15 15:3,19,19 19:18 25:6 26:10,15 28:19,20,21 29:2 30:9 31:5 balance 7:9 13:10 13:12,20 14:25 banks 19:22 base 29:4</p>			

<p>completing 7:3 components 9:23 13:23 concern 30:16,20 31:16 concerned 29:7 30:24 concerns 28:24 conclude 6:17 concluded 32:4 conclusion 5:8 21:16 25:25 31:1 condense 4:9 confident 25:16 confirmations 19:22 congratulate 29:19 congratulated 31:7 conifer 7:25 consideration 29:12,18 considering 13:18 consistent 11:13 construction 8:2 9:8 consulting 8:15,17 8:21 11:15 contain 30:10 contents 4:17 continuation 29:15 continue 24:16,21 continued 11:24 continuing 29:6 contracts 20:10,11 contributed 11:19 contributing 9:18 contribution 8:14 9:17</p>	<p>control 5:2 21:25 controls 6:15 20:8 22:2 conversation 30:7 correct 8:24 corrections 3:4 corresponding 8:20 cost 12:23 costly 24:13 country 11:1 26:8 33:12 county 16:12 couple 5:13,15 7:25 11:8 14:13 21:3,4 22:5 course 16:5 29:7 covid 7:17 13:18 29:3 31:6 create 12:20 credit 14:24 critical 24:5 criticism 24:24 current 10:18 11:3 11:4 currently 17:3,12 curti 28:16 cybersecurity 22:13 24:16 cycles 6:25</p>	<p>deal 31:9 deals 25:15 debt 17:22 december 2:24 4:6 6:7,23 decide 24:14 decided 14:17 declined 28:9,10 deemed 15:16 default 16:25 deficiencies 22:2,4 denis 8:24 9:2 department 22:20 23:5,10 deposits 16:9 depreciated 15:25 depreciation 12:2 12:2 derive 19:10 designated 12:18 detail 22:6 detailed 5:10 15:11 details 7:5 development 1:12 4:5 deviates 19:5 difference 17:8 different 8:6,6 difficult 23:25 directly 24:11 disagreements 21:15 disaster 12:7 disbursements 7:1 discuss 31:17 discussed 14:10 23:20 documents 6:16 22:22</p>	<p>doing 31:2 dollars 13:15,23 14:4 15:23 17:25 18:15 doubled 9:22,22 drafted 4:20 5:24 dramatically 7:15 10:23 drew 11:3 drill 7:5 due 17:15 18:5</p>
		<p>d</p>	<p>e</p>
		<p>daily 25:1 daniele 3:14,20,23 4:1 8:5,12,25 9:3 9:14,20 10:11 18:14 24:7 25:22 data 25:6 date 33:16 day 4:14,15 days 30:9</p>	<p>e 33:1 earning 16:24 easily 4:9 effective 20:8 eight 17:14 elated 31:10 email 22:21 emergency 12:7 ended 13:21 engineering 8:17 engineers 9:7 entire 4:11,13 16:24 entity 6:3 27:5 entries 19:10 21:7 21:12,13 entry 21:11 escrow 16:8 establish 31:4 estimate 20:22 estimates 20:19,21 20:23 evaluate 25:18 eventually 25:9 everybody 28:19 31:7 example 25:4 exceed 13:14</p>

<p>excellent 18:10 26:25 27:6 29:16 executive 27:22 28:17 expanded 5:15 expect 30:8 expenditures 8:21 9:13 13:14 expense 11:4 13:7 expenses 8:15 10:15 12:1,16,24 13:3 16:4 30:4 express 18:23 external 5:5 extremely 30:3,7</p>	<p>firm 5:14 first 2:7 21:3,4 30:3 fiscal 4:6 fit 13:25 fixed 17:20 folks 4:21 12:22 26:10 follow 20:10 forefront 27:8 foregoing 33:4 form 5:9,10 14:5 17:20 18:22 forming 16:13 forward 23:23 25:19,23 27:2,8 29:12,14,21 31:25</p>	<p>13:24 14:1,15 17:3,4 27:17,23 28:8 30:12 goal 18:22 going 3:14 4:16 5:19 6:19,21 7:7,8 7:10 13:19 18:18 19:25 20:13 23:23 23:23 25:19 28:2 29:12,20 30:6,12 good 4:1,2 gotten 20:16 governance 19:13 grant 12:18,22,23 grants 12:7,9,11 15:13 great 7:16,19 18:7 18:8 31:9 gross 8:19 9:15 grossed 11:18 grown 26:6 growth 27:3 guaranteed 14:16 guard 29:3 guarded 29:11 guys 23:4</p>	<p>happens 22:16 31:13,24 happier 30:3 happy 22:1 hard 13:25 23:22 29:1 healthy 13:18 27:5 helpful 23:19,19 hey 28:6 highest 6:2 18:25 highlights 4:24 7:8 hired 12:22 hold 17:8 holds 16:18 hope 22:16 23:22 host 3:18 hudson 7:22 hyde 33:3</p>
<p>f</p>	<p>free 18:1 19:2 freed 18:15 fronted 9:10 full 27:1 fully 14:23 15:5 funded 10:22 11:1 11:2,3 funds 9:19 18:16 further 28:23 31:15 future 18:11 31:12</p>	<p>hack 22:23,24 hacked 22:14 23:1 24:10 hacking 23:7 25:1 hampered 7:17 handled 22:20 handling 4:14 happen 14:19 15:5 24:15 30:5,6 happened 9:10 15:17 21:1,2 25:3 26:15 29:8 31:11 happening 25:18 29:4</p>	<p>i</p>
<p>f 33:1 facilitated 16:13 factor 12:15 fairly 6:5 20:4 fall 12:11 far 5:3 7:20 9:20 13:4 fared 25:7 fees 7:21,23,25 8:1 8:13,15,22 9:21,24 9:25 10:5,6,7 11:16 felt 22:3 field 5:22 files 23:2 25:8 final 4:22 6:13 finally 25:2 financial 4:4,19,23 5:23 6:5,5 7:7 18:21,23 19:2 20:1,3,18 30:18,22 financials 27:3 fiona 3:17,21 27:21,25 28:2,5</p>	<p>g</p>	<p>h</p>	<p>ida 2:6 4:5 6:6 12:18 13:7 15:3 15:13 16:9,10,10 16:12,15,18 17:2,5 17:8,24 18:7 21:24 22:15,23 24:9,11 26:13 27:1,11 29:17 31:4,24 identify 22:2 important 24:3 30:25 31:24 importantly 17:24 26:8 improvements 12:4 15:24 17:22 17:24 included 8:4,9,10 8:15,21 11:11 19:11 20:18 21:9 21:14 25:23</p>

<p>includes 11:16 14:8 including 17:1 income 8:19 12:13 13:4 increase 10:18 11:14,19 17:18 19:6 increases 17:7 increasing 23:6 incurred 16:3 independent 6:14 21:23 indirectly 24:11 individual 16:23 industrial 1:12 4:5 information 4:9 5:10 19:20,21,23 20:15 21:19,21 insured 29:11 interest 13:4,4,7 15:2 16:24 17:1 interested 5:18 26:10 internal 5:2 6:15 20:8 21:25 22:2 investment 12:17 12:19,20 14:9 invited 28:8 invites 28:11,11 issue 5:21 12:8 issued 5:25 9:11 18:24 19:19 item 23:20</p>	<p>32:3 january 6:23 16:6 jeopardize 29:16 31:13 jim 8:23 9:1,9,16 22:17 23:19 24:8 24:22 25:20 28:4 28:8,13 30:2 job 30:13 joint 8:2 journal 19:9 21:7 21:11,12 judgment 29:13 july 15:17 jumping 14:1 june 15:17</p>	<p>law 20:9 laws 20:9 lay 8:16 leadership 31:6 leasehold 12:4 15:24 17:22,23 leave 27:18,20 29:13 ledanski 33:3 legal 33:11 letter 5:1,7 21:18 25:24 level 6:2 23:21 26:11 liabilities 16:2 liability 10:23 11:5 licensing 10:6,7 life 12:5 16:1 20:21 line 8:22 12:2,6 30:23 lionsgate 8:6,8 31:11 lionsgate's 8:3 liquid 14:4 liquidity 18:10 lists 21:18 26:2 little 7:11 10:14,15 12:14,16 14:1 15:12 17:21 llc 7:24 loan 13:8,11,12 14:22,23,25 15:5 17:11,13 loans 15:14,18 17:11,15,16 long 17:15 look 3:3 19:4 20:11,25 22:8 25:3 29:20 30:19</p>	<p>30:24 looking 6:24 27:5 looks 26:24,25 lost 23:2 25:7 29:3 lot 18:19 19:25 20:23 24:15 26:13 low 13:5</p>
<p>j</p>	<p>k</p>	<p>liability 10:23 11:5 licensing 10:6,7 life 12:5 16:1 20:21 line 8:22 12:2,6 30:23 lionsgate 8:6,8 31:11 lionsgate's 8:3 liquid 14:4 liquidity 18:10 lists 21:18 26:2 little 7:11 10:14,15 12:14,16 14:1 15:12 17:21 llc 7:24 loan 13:8,11,12 14:22,23,25 15:5 17:11,13 loans 15:14,18 17:11,15,16 long 17:15 look 3:3 19:4 20:11,25 22:8 25:3 29:20 30:19</p>	<p>m</p>
<p>jaime 31:7 jamie 2:1,9,12,15 2:17,19,23 3:16,17 3:25 4:10 27:21 27:25 28:6,10,14 28:20,25 29:22</p>	<p>kelley 14:14 kg&d 9:7 khan 28:5 kind 4:8 7:4 21:18 26:2 kischak 2:15,16 3:5 26:18,21 27:12 28:21 31:19 know 5:17,20,21 6:22 7:17 13:21 14:18 15:4,7 16:4 18:2,4,22,25 19:1 19:9,17,21 20:19 22:9,15 23:2,3,20 24:19,23 25:2,7,11 26:6,10,13 29:1,5 30:23,24 known 19:15 knows 22:18</p>	<p>liability 10:23 11:5 licensing 10:6,7 life 12:5 16:1 20:21 line 8:22 12:2,6 30:23 lionsgate 8:6,8 31:11 lionsgate's 8:3 liquid 14:4 liquidity 18:10 lists 21:18 26:2 little 7:11 10:14,15 12:14,16 14:1 15:12 17:21 llc 7:24 loan 13:8,11,12 14:22,23,25 15:5 17:11,13 loans 15:14,18 17:11,15,16 long 17:15 look 3:3 19:4 20:11,25 22:8 25:3 29:20 30:19</p>	<p>madam 2:19 magnitude 25:15 main 18:22 maintain 20:7,9 malware 23:7 manage 10:3 management 4:20 4:20 5:1,7,24 9:21 20:2,7,14 21:14,16 21:17 22:6 25:23 27:18,20 management's 5:5 march 1:14 16:7 20:24 22:9 market 14:24 match 12:24 13:2 material 19:3 22:3 matter 19:14 matters 5:2 22:1 mcgill 2:1,9,12,15 2:17,19,23 3:17,25 27:21,25 28:6,10 28:14,20 29:22 32:3 mdna 4:21 mean 24:12 means 21:10 meant 31:9 measure 23:22 measures 23:9,14 meeting 2:2,5,22 2:24 3:12 31:18 32:1</p>

<p>melissa 2:17,18 3:7,9 27:13 31:21 31:23 members 28:3 mention 22:17 mentioned 5:22 11:15,17 13:20 17:10,18,23 18:24 19:13 20:19 21:7 22:13 24:9 mike 28:6,6,14,16 million 7:16 8:13 12:14 13:13,15,16 13:17,21,22 14:2,3 14:3,6 15:1,23 17:19,21,25 18:3,3 18:15 mineola 33:14 minute 3:2 13:24 24:19 minutes 2:22,23 3:1 misstatements 19:3 moment 27:19,25 money 9:10 15:10 monies 14:12,15 month 10:8,9,9,10 months 10:11 21:4 morning 4:2 motion 3:4,5,10 27:10,12 29:24 30:1 31:18,19 move 25:23 27:2 29:14 31:25 moving 27:8</p>	<p>name 7:22 8:6 navigate 28:1 need 11:5 12:9 needs 19:14 net 7:9 13:16 17:18,18,25 never 22:16 new 10:24 11:21 11:25 13:11 14:24 16:8,9,10,13 17:12 news 7:16,19 nonoperating 12:15 normal 16:4,5,20 note 30:21 notes 15:11 notify 21:11 number 5:9 numbers 20:24 26:13 ny 33:14</p>	<p>ongoing 23:8 oommen 8:8 9:6 10:10 opening 13:16 operate 12:17 operated 29:17 operating 7:14 opinion 4:18 5:12 6:1,1,2 18:23,25 18:25 order 2:3,6,7 outside 29:7,14 30:5,8,12,14 overall 7:13 13:13 18:7 overview 5:14 26:6 owe 14:14</p>	<p>pension 10:21,22 10:22,25 pensions 11:1 people 25:17 percent 11:2,3,9 11:14 perform 5:11 20:15 person 10:17 personal 26:11 pete 26:20 31:23 peter 2:15,16 3:5 14:14 26:18,21 27:12 28:21 31:19 phase 8:8 phone 28:15 pick 7:18 18:6 picked 8:19 piece 9:4 pier 10:7 12:4 13:9 14:14 15:25 pilot 16:13,17,19 16:21,22 17:4,6,6 pilots 16:10,11,19 place 27:7 plan 30:10 planning 6:21 pleased 29:1,5 31:3 point 6:6 15:22 19:8,16 policies 20:4,6 portion 9:3 16:12 position 6:6 7:9 13:16 17:18,19 18:12 23:12 26:25 possibly 28:11 power 13:11 17:13 powerpoint 3:24 4:8</p>
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<p>n 33:1 nacerino 2:17,18 3:7 27:13 31:21</p>			

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November 10, 2022

**Board of Directors
Yonkers Industrial Development Agency**

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 Industrial Development Agency (the "Agency").

Audit Scope and Objectives

We will audit the Agency's financial statements and the related notes disclosures, which collectively comprise the financial statements of the Agency as of and for the year ending December 31, 2022 and issue our report thereon as soon as reasonably possible after completion of our work. We will also provide an opinion on the Agency's compliance with its investment policy during the period January 1, 2022 through December 31, 2022 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 Agency'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 Agency'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
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Pension Contributions

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

- Schedule of Indebtedness - Industrial Revenue Bonds and Notes Issued
- Schedule of Straight-Lease Transactions Executed in 2022
- Schedule of Payments in Lieu of Taxes

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 the standards for financial audits contained in Government Auditing Standards ("GAGAS") issued by the Comptroller General of the United States and will include tests of accounting records and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. As part of an audit in accordance with US GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. The aforementioned standards require that we obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement, whether caused by error or fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the Agency or to acts by management or employees acting on behalf of the Agency. Because the determination of abuse is subjective, GAGAS do not expect auditors to provide reasonable assurance of detecting abuse. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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.

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 Agency'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.

If our opinion on the financial statements is 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 an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement.

In making our risk assessments, we consider internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. 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 preventing and detecting 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 and other internal control related matters relevant to the audit of the financial statements that we have identified during the audit, as required by US GAAS and 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, and (2) the scope of testing internal control over compliance with Section 2925(3)(1) of the New York State Public Authorities Law compliance 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. The paragraph will also state that the report is not suitable for any other purpose.

We will 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.

Audit Procedures – Internal Control

We will obtain an understanding of the government/Entity 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.

The objective 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 New York State Public Authorities Law Section 2925(3)(1).

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 Agency'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 Agency'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 Agency. 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 opinions or withdraw from this engagement.

Other Services

We will also assist in preparing the financial statements of Agency 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 and supplementary information, 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.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Management's responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the RSI and supplementary information in accordance with US GAAP; (2) you believe the RSI and supplementary information, 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 and supplementary information.

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.

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.

You are 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 Agency 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 Agency received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Agency 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.

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 Agency 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.

It is expected that a portion of the audit will be conducted remotely. Management is responsible for ensuring that all electronically provided documents and records are complete and accurate reproductions of the original documents and records. For any part of the engagement performed on premises, management is responsible for ensuring that all applicable safeguards are in place in accordance with Centers for Disease Control guidance and any state and local regulations and guidelines. PKF O'Connor Davies holds the right to not perform work onsite if we consider the onsite conditions unsafe for any reason.

Management, in coordination with PKF O'Connor Davies, is responsible to arrange for alternative methods for audit procedures that must be performed on the Agency's or a third-party's premises.

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 Agency'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, aforementioned schedules 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 Agency 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 Agency 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 Agency 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 Agency 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 Agency 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

Our fees are based on actual time expended at our standard hourly rates. We estimate our fees to be as follows:

	<u>2022</u>
Basic audit inclusive of the continued YPDI activities and pension reporting	<u>\$ 33,500</u>

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 Agency generally does not receive Federal Assistance. In the event that the Agency receives and expends 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	<u>25%</u>
	<u>100%</u>

Liability

Any and all claims by the Agency arising under this engagement must be commenced by the Agency 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 Agency 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 Agency 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 Agency 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 Agency 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.

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 Agency acknowledges that hiring current or former PKF O'Connor Davies 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

Robert A. Daniele is the engagement partner and is 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 Agency; 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.

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
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 INDUSTRIAL DEVELOPMENT AGENCY

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.



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. 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

Yonkers Industrial Development Agency



Audit Planning Meeting

**KNOW
GREATER
VALUE**

Robert A. Daniele, Partner

December 20, 2022

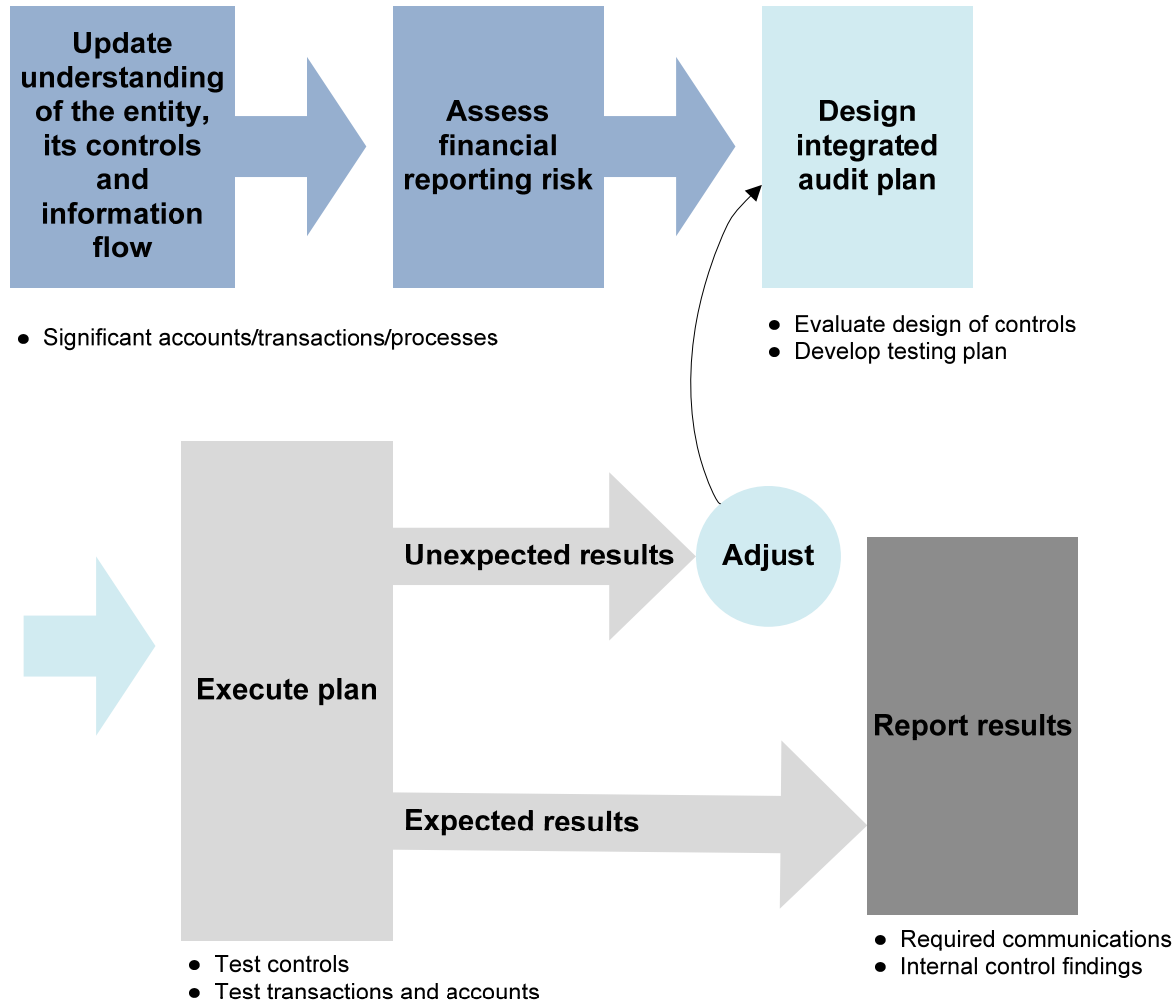




- Our Audit Methodology – Overview of the Audit Process
- Auditor Reports to be Issued
- Audit Scope and Focus
- Audit Timing
- Auditors' Responsibilities
- Management's Responsibilities



Our Audit Methodology



Our Audit Methodology

- Update and document our understanding of the Agency'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 Yonkers Pier Development Corporation activities rolled into YIDA in 2015 and continued in 2016-2022
 - Inclusive of Required and Other Supplemental information
 - Managements Discussion and Analysis
 - Net Pension Liability
 - Schedule of the Agency's proportionate share of the net pension liability
 - Schedule of Contributions
 - Schedule of Industrial Revenue Bonds and Notes Issued
 - Schedule of Straight-Lease Transactions Executed in 2022
 - Schedule of Payments in Lieu of Taxes
- 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

- Cash and Equivalents/ Restricted Cash
- Accounts Receivable
 - Estimates related to collections
- Loan Receivable – YEDC
- Emergency Disaster Relief Program Loans Receivable
- Capital Assets
- Due to Other Entities
- Loan Payable – Yonkers Pier Development Inc. and Subsidy and NYPA Loan
- GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – Net Pension Liability, Deferred amounts on pensions
- Operating Revenue – Agency and Refinancing Fees, Management Administration Fees
- Operating Expenses – Salaries, Payroll and employee benefits, rent, consulting and and professional fees, advertising and printing
- Non-Operating Revenues (Expenses) – Workforce Grant income and expenses
- **Leases in accordance with GASB Statement No 87, “Leases”**



Audit Timing

	2022	2023	
	December	January	February March
Audit Planning			
Audit Committee communications related to audit approach	√		
Interim Audit Procedures			
Review, evaluation and testing of internal controls	√		
Risk assessment procedures and development of detailed audit procedures	√		
Year-End Audit Procedures			
Substantive testing		√	√
Final analytical review			√
Report Review			
Report review			√
Quality control			√
Communication			
Issuance of opinions			√
Management letter			√
Audit Committee meeting and presentation			√



- 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 is 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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