

**Mayor's Fund to Advance New York City
Finance & Audit Committee Meeting Minutes
October 5, 2023 (Virtual)**

Attendance

Audit Committee Members:

Ana Almanzar, Deputy Mayor for Strategic Initiatives (Chair)

Bill Heinzen, Special Counsel, Office of the Mayor (Vice Chair)

Lorraine Cortés-Vázquez, Commissioner, NYC Aging, Board Member

Dawn Pinnock, Commissioner, Department of Citywide Administrative Services, Board Member

Officers:

Marcella Tillett, Executive Director of the Mayor's Fund to Advance New York City (President)

Other Participants:

Irfan Ahmed, Chief of Staff, Mayor's Fund to Advance New York City

Kamaria Brisseau, Director of Finance and Operations, Mayor's Fund to Advance New York City

Jonathon Gemerek, EFPR Group

Brent Jensen, EFPR Group

Ms. Tillett opened the meeting at 2:10pm.

Ms. Tillett welcomed the new Board of Directors Chair of the Mayor's Fund, Deputy Mayor for Strategic Initiatives, Ana Almanzar.

Ms. Tillett then passed the floor to the auditors, EFPR Group, to begin their presentation.

Mr. Gemerek stated they started receiving documentation from Jill Price in July and wrapped up the audit by mid-September, and final draft of the audit was provided on September 25, 2023.

Mr. Gemerek then turned to the "Statement of the Financial Position". He went over the financial results. He stated there was a cash decrease of \$1.2M. The current position is \$3.9M as of June 30, 2023. Receivables have increased to \$129K, to a balance of \$1.3M as of June 30, 2023. The source of these receivables is the Federal AmeriCorps program, and there is approximately \$950K of outstanding pledges from Robin Hood Foundation for various programs.

Mr. Gemerek highlighted that the Intermediate Duration Bond Fund decreased in value from FY22 to FY23 in the amount of \$422K. It was affected by interest rates and the markets. The current position of investments is \$10.7M. Accounts payable decreased \$642K as a result of an

outstanding invoice to the CUNY Research Foundation. The Mayor's Fund's net position decreased from FY22 to FY23 by \$136K. The unrestricted balance has turned into a net deficit of \$133K.

Mr. Gemerek turned to the "Statement of Activities" of the audit, where he described the change of net position of the Mayor's Fund in 2023. The Mayor's Fund incurred a loss of \$886K.

Mr. Gemerek then switched to the "Financial Services" section of the audit, where he discussed the decrease in net revenue to \$9.1M as a result of a decrease in one-time foundation contributions, such as the Bronx Fire Relief Fund and Health and Hospitals related contributions. Program expenses also decreased by \$9M, mainly due to reductions in COVID-19 programs. The Mayor's Fund position as of June 30, 2023, is \$10.9M

Salary and related expenses decreased by \$104K. This is due to various vacancies during the year. The Mayor's Fund position as of June 30, 2023, is \$1.3M.

Investment loss was \$422K during 2023, and this was due to the decrease in market value of the Intermediate Duration Bond. The auditors noted that the majority of the assets are held in the aforementioned bond. The bond fund is sensitive to interest rate changes, causing fluctuations in market value. Over two years, the losses from the fund amounted to approximately \$2 million. The risk associated with the fund and the need for diversification were highlighted.

Ms. Tillett mentioned that the Finance and Audit Committee would prioritize revisiting the investment strategy and that a prospective candidate for Treasurer is being interviewed during October, with a focus on this issue.

Mr. Gemerek then turned to the "Current Ratio," which stood at 9, indicating a strong financial position. Mr. Gemerek then turned to the Program Expenses, the largest item on the Statement of Activities. Mr. Gemerek indicated that 94 cents on the dollar are being turned around and used on the program it was used for, which is far below the average for nonprofits. Ms. Tillett then mentioned the adjustment to the administrative fee to 12% that took effect on July 1, 2023, which will impact this rate.

Mr. Gemerek then turned to the "Net Position Trend," which shows the contributions and expenses have stayed even for the past five years.

Mr. Gemerek then referred to the "Notes to the Financial Statement." The auditors highlighted a note they left for the Employee Retention Credit, which may be audited at the federal level.

Mr. Gemerek then referred to the other items, namely, the Generally Accepted Auditing Standards and Government Auditing Standards, and identified an ongoing material weakness

from last year. \$4M worth of adjustments, \$1M of program expenses were added on, and \$1.87M of revenue was accrued and adjusted.

Mr. Gemerek then moved to the final slide, "Report to the Board." Along with the presentation, there is a two-page letter that states no new accounting policies were adopted, accounting estimates were reasonable, there were no issues in performing audit, and adjustments were agreed upon before being posted.

The EFPR Group then turned to Q&A. Ms. Cortés-Vázquez inquired whether the auditors had a discussion on the loss of funding prior to the current Administration. The auditors responded that their first year as Mayor's Fund auditors was in 2022, but they did provide recommendations that the investments be reviewed. They noted that the previous auditors, RSM, also disclosed the interest rate risk in their audit report.

Ms. Tillett requested a motion to approve the FY23 audited financial statements, Mr. Heinzen so moved and the motion was seconded by Ms. Cortés-Vázquez. The motion carried.

Ms. Cortés-Vázquez then requested a follow-up meeting to discuss the investment challenges. Committee members agreed. Ms. Tillett then notified the audit committee that they will be interviewing candidates for Board Treasurer in the coming weeks.

Ms. Tillett requested a motion to close the meeting. Mr. Heinzen so moved and the motion was seconded by Ms. Cortés-Vázquez. The meeting adjourned at 2:55pm.

Respectfully Submitted,

Irfan Ahmed
Chief of Staff, Mayor's Fund to Advance New York City.