

## **MAYOR'S FUND TO ADVANCE NEW YORK CITY**

### **MEETING OF THE FINANCE AND AUDIT COMMITTEE OF THE BOARD OF DIRECTORS: MINUTES**

February 24, 2022

Directors in attendance:

- Gary Jenkins, Commissioner, Department of Social Services
- Dawn Pinnock, Commissioner, Department of Citywide Administrative Services
- Sheena Wright, Deputy Mayor for Strategic Initiatives

Officers in attendance:

- Matt Everett, Secretary

Other participants:

- Daniele Baierlein, Co-Executive Director
- Meaghan Brown, Chief of Staff to the Deputy Mayor for Strategic Initiatives
- Jorge Luis Paniagua Valle, Co-Executive Director
- Leah Prestamo, Counsel and Director of Programs and Policy
- Jill Price, Director of Finance and Operations
- Jennifer Katz, Partner, RSM
- Melissa Quinn, Assurance Manager, RSM

Jorge Luis Paniagua Valle, Co-Executive Director, opened the meeting at 3:22 PM, took the roll, and welcomed Jennifer Katz and Melissa Quinn from RSM.

Ms. Katz then began the audit presentation and asked for questions.

Ms. Wright asked how long Ms. Katz has been working on the Mayor's Fund audit and Ms. Katz replied since at least 2013 or 2014, but that the Fund had been a client of RSM before her tenure.

Ms. Katz noted that RSM was offering a draft of a clean, unmodified opinion.

Ms. Katz then brought up the Management Discussion and Analysis report to share comparative information for the incoming Board members. She noted that the total assets of the Fund had decreased by 17% from \$34.3-million to \$28.5-million. She further noted a 34% decrease in net position from approximately \$27.4-million to \$17.8-million.

Ms. Katz noted that these decreases were due to the unprecedented increase in revenue the Fund experienced the previous fiscal year due to the COVID-19 Relief Fund. She noted that in FY2020, the Fund took in approximately \$77.4-million, while in FY2021, the Fund took in approximately \$17.8-million, which is more in line with usual receipts. She further noted that the Fund's expenses for direct services outpaced revenue over the two years of the pandemic.

Ms. Katz then moved to the balance sheet. She noted that the Fund currently holds \$9-million in cash and \$17.7-million in investments in a single mutual fund. She noted that the Fund had \$17.8-million in revenue against \$28.2-million in expenses and noted that there would be an adjustment to the investment loss line item.

Ms. Katz then moved to the statement of cash flow. She noted there would be a change in the sale of investment numbers in the final report but that it would not affect the Fund's net position.

Ms. Katz then asked for questions. Hearing none, she proceeded to discuss the Single Audit, which is required of any organization that expends \$750,000 or more in federal funds annually. Ms. Katz noted that the fund expended approximately \$963,000 (to be adjusted to approximately \$968,000 in the final report) as part of an ongoing AmeriCorps grant and found nothing reportable.

Ms. Katz then moved to the schedule of findings and questioned costs. She noted that there were no reportable findings regarding federal awards. She did identify one material weakness regarding internal controls over financial reporting but explained that it has been a recurring matter—despite the Fund's basic function as a non-profit organization, it is required to operate under GASB reporting requirements, which creates discrepancies. She further noted that the Fund frequently is called upon to reimburse other government agencies for programs that had previously commenced, which can create discrepancies in timing over fiscal years.

Ms. Katz then moved to required communications. She noted that there were no new significant accounting policies, no disagreements with management or consultations with other accountants, and no significant difficulties or issues, aside from turnover with finance staff ahead of the end of the fiscal year, which caused a delay in the presentation of the audit report.

Ms. Wright asked what the typical timing of the audit is. Ms. Katz replied that it usually is prepared by October, but due to turnover, plus new guidance from the federal OMB, this year's report was delayed.

Ms. Katz then highlighted estimates in the financial statements. She noted that management's investment estimates were reasonable. She noted there did not appear to be an assessment of allowance for doubtful accounts and encouraged management to look closer at this allowance. She noted that management's allocation of expense between program and support services was a reasonable estimate.

Ms. Katz then moved to the recorded audit adjustments section of the report. She noted a few material misstatements, notably \$925,000 that had been returned by a COVID-19 Relief Fund vendor that need to be re-recognized following additional costs that needed to be covered after the fact. She noted that overall, the impact on expenses was approximately \$1.5-million versus \$700,000 on revenue.

Ms. Katz then moved on to uncorrected misstatements and noted that RSM agreed with management on materiality. She did note \$144,000 in expenses that should have likely been reported in the previous year, but with no impact on net position. She then noted an additional \$99,000 in possible misstatements as an extrapolated result of the audit's sampling process. She noted the impact on the net position of this was approximately \$115,000, but not considered material.

Ms. Katz then spoke about recommendations for the Fund, which included a strong succession plan because of the natural turnover that occurs. She then introduced and explained the representation letter.

Mr. Paniagua Valle then asked for questions. There were no questions, however Ms. Wright noted her appreciation for the recommendation of a succession plan.

Mr. Paniagua Valle offered his thanks to the entire team, especially Ms. Price, and asked for a motion to approve the financial statements. Ms. Wright moved to approve; Mr. Jenkins seconded. The motion carried.

Ms. Katz then asked if the Committee was aware of any allegations of fraud or significant matters since the June 30, 2021 that needed to be brought to her attention. There were none reported.

Mr. Paniagua Valle clarified that the motion to approve the financial statements was referring to FY2021.

Ms. Wright inquired about the next steps regarding the IRS 990 form. Ms. Katz responded that this would not be a part of the audit team's purview but that the tax team would handle this.

Mr. Paniagua Valle asked for questions; hearing none, he asked for a motion to adjourn.

Ms. Wright moved to adjourn. Mr. Jenkins seconded.

Mr. Paniagua Valle then adjourned the meeting at 3:51 PM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Matt Everett', followed by a horizontal line extending to the right.

Matt Everett  
Board Secretary