

MAYOR'S FUND TO ADVANCE NEW YORK CITY

MEETING OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS: MINUTES

October 11, 2019

Directors in attendance:

- Alexis Blane
- Darren Bloch
- Matthew Klein

Officers in attendance:

- Matt Everett, Secretary
- Maya Jakubowicz, Treasurer
- Toya Williford, Executive Director

Other participants:

- Jennifer Katz, RSM US LLP
- Ashleigh Fryer, Communications Manager
- Chris Kelsaw, Director of Finance and Operations

Others in attendance:

- Katie Honan, Reporter, Wall Street Journal

Toya Williford, Executive Director, opened the meeting at 2:07pm and welcomed attendees.

Ms. Williford turned the meeting over Ms. Katz to present the findings of the audit and financials.

Ms. Katz first presented the Audit Report. She noted that the Fund did not adopt any new accounting policies and that there are no new GASB statements on the horizon that would affect the financial statements.

Ms. Katz further noted that there were no disagreements with management, but highlighted one significant matter dealing with GASB 33 that arose during the process of the audit and was discussed with management for corrective action.

Mr. Bloch ask how many matters had to do with judgment or application versus error. Ms. Katz replied that because of the complex nature of grant agreements, these matters had to do with judgment of how to apply GASB 33.

Ms. Katz noted that management's estimates included in the financial statements were reasonable.

Ms. Katz then noted the summary of items that were brought to management's attention and reported as audit adjustments. Specifically she noted that \$515,000 in revenue should not have been recognized as revenue but should have been deferred. She also noted that \$405,000 should not have been recognized as revenue. She noted that this was a combination of money in and out, from both previous and future periods. She noted, however, that past statements would not need to be amended because they did not materially affect the statements.

Mr. Bloch asked how common it was to find these discrepancies. Ms. Katz replied that it was common to have adjustments.

Ms. Katz noted an error in liabilities and that management identified certain items that were deemed uncollectable. Mr. Klein asked to clarify whether these were pledges the Fund no longer expected to receive. Ms. Katz replied that they were, in the amount of approximately \$278,000.

Ms. Katz noted the summary of uncorrected misstatements, items that were brought to the attention of management, but ultimately not recorded for various reasons. She clarified that because the audit occurs on a sampling basis, some misstatements projected and statistical, not factual, such as a judgmental misstatement of \$64,000. She noted the net impact of all items was \$21,000 and thus not seen as material.

Ms. Katz then noted Exhibit A, a draft of the management representation letter.

Mr. Bloch then inquired about the nature of the liability errors, and whether they were a case of commitments not received, or expenses made that were not balanced by revenue. Ms. Williford replied that they referred to money not received. Ms. Kelsaw further clarified that they did not put any programs at deficit.

Ms. Katz then turned to the Financial Report. She noted that based on the results, the auditors expected to issue an unmodified, or complete, opinion. She then noted the statement of net position, with total assets at \$18.9 million, a decrease from the prior year's position of \$20.5 million.

Ms. Katz noted total liabilities of \$3.2 million, a decrease from the prior year's position of \$5.6 million. She noted total net position of \$15.7 million, an increase of 6.5% over the prior year.

Ms. Katz then noted a total of \$29.2 million in operating support compared to \$21.3 million the previous year. Total operating expenses increased from \$29.2 million to \$20.7 million the previous year. She noted a revenue increase of 37% against an expense increase of 41%, a relatively consistent increase. She noted that the contract with the City of New York increased to \$700,000, investment income, and that the Fund had a positive net income of \$1.1 million.

Mr. Bloch asked if the \$29.2 million in operating support was a final number and Ms. Katz replied that it was. Ms. Katz noted the increase in \$9.5 million of in-kind revenue from reusable water bottles donated to public school students from S'well, a new program.

Ms. Katz then noted the expanding list of programs.

Ms. Katz then turned to the Financial Report and Supplementary Information, beginning with the schedule of findings. She noted material weaknesses that were found and had been identified in previous years, and stated that one related to adjustments on expenses was remedied and that one relating to adjustments on revenue was being addressed on an ongoing basis by management.

Ms. Blane then asked to clarify that the weaknesses identified had been corrected in one instance, but that the second instance had not yet been fully corrected. Ms. Katz confirmed that the adjustments on revenue were still being corrected but noted that no new weaknesses had been found. Ms. Williford stated that it was something that management was still working with auditors to address under GASB 33.

Ms. Katz then noted the summary of prior data audit findings and noted they would be asking for it to be modified slightly in the corrective action plan for material weaknesses.

Ms. Williford then asked if there were any questions.

Mr. Bloch asked if there was any further training that was needed that wasn't happening. Ms. Katz replied that RSM would invite staff to attend their ongoing trainings, and to call RSM with questions when they arise. Mr. Bloch asked about the status of controls that had been implemented to increase response time from agency program partners. Ms. Williford responded that a plan to provide quarterly reports has worked well with some agencies but that others remained a challenge. Ms. Kelsaw agreed that this depended on the size and capacity of agencies.

Ms. Williford asked for any further questions. Seeing none, she thanked Ms. Katz and asked for a motion from the committee to approve the audit as presented. Mr. Klein offered a motion to approve. Mr. Bloch seconded. The motion was adopted without opposition.

Ms. Williford then adjourned the meeting at 2:33pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Matt Everett", with a long horizontal line extending to the right.

Matt Everett
Board Secretary