



# **The Mayor's Fund to Advance New York City**

(a component unit of the City of New York)

Financial Report and Supplementary Information  
(in accordance with *Government Auditing Standards*  
and Federal Single Audit Act)  
June 30, 2017

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**Independent Auditor's Report**

To the Board of Directors  
The Mayor's Fund to Advance New York City

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Mayor's Fund to Advance New York City (the Fund), a component unit of the City of New York, which comprise the statements of net position as of June 30, 2017 and 2016, and the related statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 6 be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 audits of the basic financial statements. We do 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.

### **Other Information**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2017, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2018, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

*RSM US LLP*

New York, New York  
February 22, 2018

## **The Mayor's Fund to Advance New York City (a component unit of the City of New York)**

### **Management's Discussion and Analysis (Unaudited)**

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This section of The Mayor's Fund to Advance New York City's (the Fund) annual financial report presents our discussion and analysis of the Fund's financial performance during the fiscal years ended June 30, 2017 and 2016. Please read it in conjunction with the Fund's financial statements and accompanying notes.

#### **Overview of the Financial Statements**

This report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Fund follows enterprise fund reporting; therefore, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The statements of net position present the financial position of the Fund as of June 30, 2017 and 2016. They provide information about the nature and the amount of resources (assets), plus deferred outflows (as applicable), obligations (liabilities), plus deferred inflows (as applicable) and net position.

The statements of revenues, expenses and changes in net position present the changes in net position over the course of the years ended June 30, 2017 and 2016. The change in net position may be useful in assessing whether the financial position improved or deteriorated for the year.

The statements of cash flows present the cash activities segregated by four major cash flow categories; operating activities, noncapital financing activities, capital and related financing activities and investing activities. These statements may be useful in determining the changes in liquidity and in understanding how cash and cash equivalents were used during the years ended June 30, 2017 and 2016.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

#### **Financial Highlights**

The Fund works closely with many New York City (the City) agencies to support and strengthen innovative public programs serving the City's residents. Each initiative undertaken by the Fund is unique. Some initiatives are one-year pilot programs while others are multi-year projects. Thus, annual contributions and expenses are not directly correlated and expect to fluctuate from year to year depending on which year contributions are received and program expenses are incurred. Highlights of 2015-17 initiatives enhanced through private support include:

- The growth of the Center for Youth Employment, a joint collaboration of the Fund, business leaders, philanthropy, and several City agencies and offices. The Center's mission is to better engage local employers in youth workforce programming, and to facilitate greater coordination and strategic thinking between the public and private groups already supporting college-and-career-readiness activities. The Center quickly met its first major goal by more than doubling the number of internships available to New York City students through the City's Ladders for Leaders internship program—from just 475 internships in 2014 to 1,035 positions in 2015. In the summer of 2015, more youth landed summer jobs and internships through the City's Summer Youth Employment Program than at any other point in the program's 50-year history. The Center helped increase the overall number of City-supported jobs, internships and related opportunities for youth to approximately 70,000 in 2015—an increase of nearly 15 percent over the previous year.
- The Connections to Care program, a \$30 million public-private partnership, was established to evaluate the integration of mental health support at community-based organizations serving low-

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**Management's Discussion and Analysis (Unaudited)**

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income and at-risk populations that struggle with unmet mental health needs. Connections to Care will give staff at community-based organizations the training to provide mental health services – such as screenings for common mental health and substance use disorders and mental health first aid – and track the impact of the Connection to Care program on those who will receive services to test its effectiveness. Over the next five years, the mental health providers are expected to train nearly 1,000 staff members at community-based organizations to offer mental health services in non-clinical settings, serving 8,600 New Yorkers per year.

- The “Building Healthy Communities” initiative was introduced this past year –with the goal of providing safe open spaces, access to healthy food, and opportunities for physical activity for many communities that have historically been neglected from public investment. Many of these same neighborhoods continue to report high rates of crime and equally high rates of obesity, diabetes and chronic disease. To improve health outcomes in these communities, the de Blasio administration has launched the Building Healthy Communities initiative, a multi-million dollar, multi-year, public-private partnership committed to taking an innovative, holistic approach to increasing access to healthy food, increasing opportunities for physical activity and promoting public safety in 12 of the most underserved under-resourced neighborhoods in all five boroughs.
- The "Direct Access" health initiative aims to improve health care access for the city's immigrant population, making New York City one of the first major U.S. municipalities to expand health care access after the enactment of the Affordable Care Act. The program will coordinate new methods of delivering reliable access to affordable care for immigrants who are excluded from federal and state support.
- The Fund, along with the Department of Consumer Affairs, the Center for Economic Opportunity, and the DESIS Lab at the Parsons School of Design, continued to grow the Designing for Financial Empowerment program, a cross-sector initiative that explores how service design can be used to make public sector financial empowerment services more effective and accessible. This landmark program envisions New York City and other large urban areas challenging the cycle of poverty by holistically examining current public policy and service offerings; identifying the interrelated needs of the most vulnerable populations; and enabling community members to participate in the co-design and prototyping of the very services that they use.

At June 30, 2017, the Fund's total net position decreased by approximately \$1.56 million, or 9.96%, from the previous year due to the following changes in revenue and expenses:

- During the fiscal year ended June 30, 2017, total contributions and grants were approximately \$21.33 million, a decrease of about \$3.26 million, or 13.26%, from fiscal year 2016. The decrease is largely due to decreased contributions for Center for Economic Opportunity.
- In fiscal year 2017, total expenses were approximately \$23.28 million, a decrease of approximately \$5.70 million, or 19.68%, from the previous year. The decrease is mainly due to a decrease in spending for the Social Innovation Fund.

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**Management's Discussion and Analysis (Unaudited)**

At June 30, 2016, the Fund's total net position decreased by approximately \$3.87 million, or 19.81%, from the previous year due to the following changes in revenue and expenses:

- During the fiscal year ended June 30, 2016, total contributions and grants were approximately \$24.59 million, an increase of about \$3.78 million, or 18.19%, from fiscal year 2015. The decrease is largely due to increases in contributions for the Connections to Care, Building Healthy Communities, Food Policy, NYC Service, and Direct Access.
- In fiscal year 2016, total expenses were approximately \$28.99 million, a decrease of approximately \$10.82 million, or 27.20%, from the previous year. The decrease is mainly due to a decrease in spending for the Young Men's Initiative, the Social Innovation Fund, and NYC Service.

**Financial Analysis of the Fund**

**Net position:** The following table summarizes the changes in net position between June 30, 2017, 2016, and 2015:

	2017	2016	2015	Percentage Change	
				2017	2016
Total assets	\$ 17,446,843	\$ 22,620,147	\$ 25,101,593	(22.87)%	(9.89)%
Total liabilities	3,346,475	6,935,515	5,573,015	(51.75)%	24.55%
Deferred inflows of resources:					
Unavailable resources	-	25,000	-	(100.00)%	0%
Net position	<u>\$ 14,100,368</u>	<u>\$ 15,659,632</u>	<u>\$ 19,528,578</u>	(9.96)%	(19.81)%
Net position:					
Restricted expendable	\$ 13,664,569	\$ 14,565,277	\$ 18,395,133	(6.34)%	(20.82)%
Unrestricted	435,799	1,094,355	1,133,445	(58.07)%	(3.45)%
Total	<u>\$ 14,100,368</u>	<u>\$ 15,659,632</u>	<u>\$ 19,528,578</u>	(9.96)%	(19.81)%

**The Mayor's Fund to Advance New York City  
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**Management's Discussion and Analysis (Unaudited)**

**Operating activities:** The Fund receives contributions for programs that benefit the City of New York. Grant revenue is earned when the Fund has complied with the terms and conditions of the grant agreements.

The following table summarizes the activities of the Fund for fiscal years ended June 30, 2017, 2016, and 2015:

	2017	2016	2015	Percentage Change	
				2017	2016
Contributions and grants	\$ 21,331,863	\$ 24,592,594	\$ 20,807,154	(13.26)%	18.19%
Operating expenses:					
Program services	22,524,566	28,335,006	39,312,854	(20.51)%	(27.92)%
Management and general	351,430	269,271	255,335	30.51%	5.46%
Fund-raising	402,084	377,475	239,466	6.52%	57.63%
Total operating expenses	23,278,080	28,981,752	39,807,655	(19.68)%	(27.20)%
Operating (loss) income	(1,946,217)	(4,389,158)	(19,000,501)	(55.66)%	(76.90)%
Nonoperating revenue	386,953	520,212	376,369	(25.62)%	38.22%
Change in net position	\$ (1,559,264)	\$ (3,868,946)	\$ (18,624,132)	(59.70)%	(79.23)%

**General Outlook**

The Fund will continue to raise and accept contributions in support of public programs addressing the needs and general welfare of New Yorkers. This may include building partnerships and sharing best practices with local, state and federal stakeholders. To achieve its goals, the Fund is reliant on the generosity of individuals, foundations and corporations, which play a crucial role in making the City safer, healthier, and an even more vibrant and dynamic to live and work.

**Contacting the Fund's Financial Management**

The financial report is designed to provide donors with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the grants and contributions that it receives. If you have questions about this report, or need additional financial information, contact the Fund at 253 Broadway, 6th Floor, New York, NY 10007.



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**Statements of Net Position**  
**June 30, 2017 and 2016**

	2017	2016
<b>Assets</b>		
Current assets:		
Cash	\$ 2,354,884	\$ 3,013,168
Contributions and grants receivable	4,348,403	2,717,977
Investments	10,730,936	16,881,439
Prepaid expenses	12,620	7,563
<b>Total assets</b>	<b>\$ 17,446,843</b>	<b>\$ 22,620,147</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,846,475	\$ 6,435,515
Note payable	500,000	500,000
<b>Total liabilities</b>	<b>\$ 3,346,475</b>	<b>\$ 6,935,515</b>
<b>Deferred inflows of resources</b>		
Unavailable resources	\$ -	\$ 25,000
Contingency		
<b>Net position:</b>		
Restricted expendable	\$ 13,664,569	\$ 14,565,277
Unrestricted	435,799	1,094,355
<b>Total net position</b>	<b>\$ 14,100,368</b>	<b>\$ 15,659,632</b>

See notes to financial statements.

**The Mayor's Fund to Advance New York City**  
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**Statements of Revenue, Expenses and Changes in Net Position**  
**Years Ended June 30, 2017 and 2016**

	2017	2016
Operating activities:		
Support and revenue:		
Contributions and grants:		
Unrestricted	\$ 689,645	\$ 567,391
Restricted	20,642,218	24,025,203
<b>Total operating support and revenue</b>	<b>21,331,863</b>	<b>24,592,594</b>
Operating expenses:		
Program services	22,524,566	28,335,006
Management and general	351,430	269,271
Fund-raising	402,084	377,475
<b>Total operating expenses</b>	<b>23,278,080</b>	<b>28,981,752</b>
<b>Deficiency of operating support and revenue over expenses</b>	<b>(1,946,217)</b>	<b>(4,389,158)</b>
Nonoperating revenue:		
City of New York contract	374,510	374,510
Investment (loss) income	(133,385)	94,584
Interest income	145,828	51,118
<b>Total nonoperating revenue</b>	<b>386,953</b>	<b>520,212</b>
<b>Change in net position</b>	<b>(1,559,264)</b>	<b>(3,868,946)</b>
Net position:		
Beginning	15,659,632	19,528,578
Ending	<b>\$ 14,100,368</b>	<b>\$ 15,659,632</b>

See notes to financial statements.

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**Statements of Cash Flows**  
**Years Ended June 30, 2017 and 2016**

	2017	2016
Cash flows from operating activities:		
Receipts from contributions and grants	\$ 19,386,044	\$ 24,771,368
Payments for project and program expenses	(22,225,737)	(24,108,706)
Payments for salaries and related costs	(4,221,223)	(3,637,391)
Other payments	(134,824)	(210,168)
<b>Net cash used in operating activities</b>	<b>(7,195,740)</b>	<b>(3,184,897)</b>
Cash flows provided by noncapital financing activity:		
Receipts from City of New York contract	374,510	374,510
Issuance of loans	-	500,000
<b>Net cash provided by noncapital financing activities</b>	<b>374,510</b>	<b>874,510</b>
Cash flows from investing activities:		
Purchase of investments	(3,493,177)	(16,786,855)
Proceeds from investments	9,510,295	-
Interest income	145,828	51,118
<b>Net cash provided by (used in) investing activities</b>	<b>6,162,946</b>	<b>(16,735,737)</b>
<b>Net change in cash and cash equivalents</b>	<b>(658,284)</b>	<b>(19,046,124)</b>
Cash:		
Beginning	3,013,168	22,059,292
Ending	<b>\$ 2,354,884</b>	<b>\$ 3,013,168</b>
Reconciliation of deficiency of operating support and revenue over expenses to net cash used in operating activities:		
Deficiency of operating support and revenue over expenses	\$ (1,946,217)	\$ (4,389,158)
Adjustments to reconcile deficiency of operating support and revenue over expenses to net cash used in operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in contributions and grants receivable	(1,630,426)	322,935
Increase in prepaid expenses	(5,057)	(6,174)
(Decrease) increase in accounts payable and accrued expenses	(3,589,040)	862,500
(Decrease) increase in unavailable resources	(25,000)	25,000
<b>Net cash used in operating activities</b>	<b>\$ (7,195,740)</b>	<b>\$ (3,184,897)</b>

See notes to financial statements.

**The Mayor's Fund to Advance New York City  
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**Notes to Financial Statements**

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**Note 1. The Fund**

The Mayor's Fund to Advance New York City (the Fund) is a not-for-profit organization established to support innovative initiatives of the City's agencies, such as the Departments of Parks and Recreation, Consumer Affairs, Health and Mental Hygiene, Youth and Community Development, and Cultural Affairs. The Fund is dedicated to creating partnerships between the City and the private sector in an effort to enhance public programs and improve the quality of life for New York City's residents. The Fund is a component unit of the City of New York, and the Mayor of the City of New York appoints all of its board members.

The Fund was initially incorporated under the name New York City Public Private Initiatives, Inc., in June 1994, under the New York State Not-for-Profit Corporations Law. The Fund adopted the current name in July 2003. The Fund is considered a public charity and, as such, is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code.

**Note 2. Summary of Significant Accounting Policies**

**Accounting and reporting standards:** These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by Governmental Accounting Standards Board (GASB) codification section 2100, which establishes standards for defining and reporting on the financial reporting entity.

The GASB defines the basic financial statements of a business-type activity as the: statement of net position, statement of revenues, expenses and changes in net position, and the statement of cash flows. The statement of net position is presented to illustrate both the current and noncurrent balances of each asset and liability. All revenues and expenses are classified as either operating or non-operating activities in the statement of revenues, expenses and changes in net position. Operating activities are those that support the mission and purpose of the Fund. Nonoperating activities represent transactions that are capital, investing, legislative or regulated in nature.

The GASB requires that resources be classified into three categories of net position. Net position represents the residual interest in the Fund's assets plus deferred outflows (as applicable) of resources after liabilities plus deferred inflows (as applicable) of resources are deducted and consist of: net investment in capital assets, restricted, and unrestricted, as follows:

**Net Investment in capital assets:** At June 30, 2017 and 2016, the Fund did not maintain any net investment in capital assets.

**Restricted:** Restricted net position represents the portion of net position subject to externally imposed stipulations that can be fulfilled by actions of the Fund pursuant to those stipulations or that expire by the passage of time or are imposed by law through constitutional provision or enabling legislation.

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**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Unrestricted:** Unrestricted net position represents the portion of net position that is not included in the net investment in capital assets or the restricted component of net position. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may be otherwise limited by contractual agreements with outside parties. The Fund's unrestricted net position includes contributions received for the Civic Innovation Program, as they are permitted to be used for the general purposes of the Fund.

**Basis of accounting:** The financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP. Under the accrual basis, revenue is recognized when earned and expenses are recognized when obligations are incurred or when benefits are received.

Separate accounts are maintained for each underlying fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. All activity of the Fund is reported as operating funds, which includes unrestricted and restricted resources representing the portion of expendable funds that is available for support of the Fund's operations.

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash:** The Fund maintains cash in accounts in financial institutions which, at times, exceed federally insured limits. The Fund has not experienced any losses on these accounts to date. Cash at June 30, 2017 is held by one financial institution. Please see Note 11 for additional disclosure regarding custodial credit risk.

**Investments:** Investments are generally reported at fair value. The Fund uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

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**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

The Fund's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three categories within the hierarchy are as follows:

**Level 1:** Quoted prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

**Level 3:** Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

**Contributions and grants receivable, net:** The Fund provides allowance for uncollectible receivables based on management's best estimate of uncollectible amounts at year-end, considering type, age, collection history and any other factors considered appropriate. As of June 30, 2017 and 2016, no allowance was deemed necessary.

**Prepaid expenses:** Payments made for expenses relating to events or projects which have not occurred as of the end of the fiscal year are considered prepaid expenses.

**Revenue recognition:** Per GASB No. 33, eligibility requirements may be stipulated by the provider and comprise one or more of the following:

- a. Required characteristics of recipients - the recipient has the characteristics specified by the provider.
- b. Time requirements - time requirements specified by the provider have been met. For example, the time period when the resources are required to be used has begun.
- c. Reimbursements - the provider offers resources on a reimbursement basis and the recipient has incurred allowable costs.
- d. Contingencies - the provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Purpose restrictions do not affect when a nonexchange transaction is recognized. Resources received with purpose restrictions are recognized as revenue and reported in restricted net position balance by the Fund until the resources are used for the specified purpose. In most cases, the Fund reserves the right to transfer funds that are in excess of a specific program's needs to a different program of the Fund.

**The Mayor's Fund to Advance New York City  
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**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

Revenue from federal grants and the City of New York contract is recognized when all applicable eligibility requirements—required characteristics of recipient, time requirements, reimbursements, and contingencies—are met.

The Fund seeks in-kind support from various sources in support of its projects. In-kind contributions are reported as operating revenues and expenses in the accompanying statements of revenue, expenses and changes in net position at their estimated fair value at the date of donation. In-kind contributions recorded in the financial statements for the year ended June 30, 2017 were \$504,673 for rent, facilities and other, and \$181,414 for legal and other professional services. For the year ended June 30, 2016, the Fund recognized in-kind contributions of \$109,687 for rent and facilities and \$71,204 for legal and other professional services. The Fund also receives donated items for the benefit of certain City agencies and the City of New York. Such items that are not retained by the Fund have not been reflected in the financial statements.

**Nonoperating revenue:** The Fund includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Revenue from the City of New York contract, net change in fair value of investments (investment income) and interest income are recognized as nonoperating revenue.

**Functional expenses:** The costs of providing the various programs and other activities of the Fund have been summarized in the statements of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated to the programs and supporting services benefitted.

**Income taxes:** The Fund is subject to unrelated business income tax (UBIT), if applicable. For the years ended June 30, 2017 and 2016, the Fund did not owe any UBIT. Management evaluated the Fund's income tax positions and concluded that the Fund had taken no uncertain income tax positions that require adjustments or disclosure to the accompanying financial statements.

**Subsequent events:** The Fund evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was February 22, 2018 for these financial statements.

**Note 3. Investments**

As of June 30, 2017 and 2016, the Fund had the following investments:

	2017	2016
Mutual funds:		
Short duration bond fund	\$ 10,730,936	\$ 16,881,439

All of the Fund's investments at June 30, 2017 were Level 1 in the fair value hierarchy. There were no transfers between levels during the years ended June 30, 2017 and 2016.

**Credit risk:** The Fund's investment policy is designed to protect principal and minimize exposure to credit risk by limiting investments to certain types of assets that are backed or fully collateralized by the United States Government, certificates of deposit and corporate debt obligations. The short duration bond fund is not rated by credit agencies.

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**Notes to Financial Statements**

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**Note 3. Investments (Continued)**

**Custodial credit risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments that are in the possession of an outside party. Mutual funds are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Concentration of credit risk:** The Fund should provide information about the concentration of credit risk associated with its investments by disclosing, by amount and issuer, investments in any one issuer that represent five percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

**Interest rate risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund's investment is a short duration bond fund with average maturities of a year and a half and therefore there is limited exposure to fair value losses arising from increasing interest rates.

**Note 4. Contributions and Grants Receivable**

Contributions and grants receivable are due to be collected within one year or less. Management has determined that all receivables at June 30, 2017 were collectible in full and no allowance for doubtful accounts is deemed necessary.

**Note 5. Note Payable**

On September 1, 2015, the Fund entered a cash flow loan agreement with the City of New York for \$500,000 for operating expenses pending the receipt of funds from the New York State Office of Children and Family Services (NYS OCFS). The loan was subject to a service charge of 1.5% of its principal balance. On August 30, 2016, the Fund repaid the cash flow loan.

On September 20, 2016, the Fund entered a cash flow loan agreement with the City of New York for \$500,000 for operating expenses pending the receipt of funds from the New York State Office of Children and Family Services (NYS OCFS). The loan was subject to a service charge of 1.5% of its principal balance. On September 22, 2017, the Fund repaid the cash flow loan.



**The Mayor's Fund to Advance New York City  
(a component unit of the City of New York)**

**Notes to Financial Statements**

**Note 6. Restricted Expendable Net Position**

Restricted expendable net position represents resources provided by donors to fund various projects undertaken for the benefit of and on behalf of the City. The following tables summarize support received from donors and expenditures made for such projects for the years ended June 30, 2017 and 2016:

	Restricted Expendable Net Position Balance at June 30, 2016	Support Received and Income Earned	Expenses Incurred	Interfund Transfers <sup>(2)</sup>	Restricted Expendable Net Position Balance at June 30, 2017
Transfers from unrestricted	\$ (263,139)	\$ -	\$ (286,219)	\$ (23,080)	-
Building Healthy Communities	119,750	629,500	699,250	-	50,000
Center for Economic Opportunity	1,101,498	-	612,007	-	489,491
Commission for Economic Opportunity <sup>(1)</sup>	2,624,225	74,968	1,498,408	(783,276)	417,509
Center for Innovation Thru Data Intelligence	68,524	77,919	90,018	-	56,425
Commission Gender Equity	-	79,150	26,018	-	53,132
Connections To Care	703,867	2,414,926	3,343,420	783,276	558,649
Department of Citywide Administrative Services /					
Historic Preservation	13,183	5,473	13,574	-	5,082
Department of Consumer Affairs	1,060,519	530,121	1,134,371	-	456,269
Department of Cultural Affairs	417,544	30,000	179,025	-	268,519
Department of Design & Construction	-	20,000	19,857	-	143
Department of Education	13,410	-	10,000	-	3,410
Department of Environmental Protection	193,591	28,000	84,632	-	136,959
Department of Homeless Services	(78,088)	525,000	438,875	-	8,037
Department of Housing Preservation and Development	808,231	779,532	279,682	-	1,308,081
Department of Information Technology	58,847	497,000	529,831	-	26,016
Department of Mental Health	21,825	125,600	56,139	-	91,286
Department of Parks and Recreation	23,538	489	12,084	-	11,943
Department of Probation	165,803	400,000	194,400	-	371,403
Department of Records and Information Services	1,105	-	-	-	1,105
Department of Transportation	180,434	57,006	45,574	-	191,866
Department of Youth and Community Development	566,450	2,505,250	1,719,016	-	1,352,684
Early Childhood Education	-	81,194	1,444	-	79,750
Expanding Broadband in NYC	52,475	401,500	81,886	-	372,089
Food Justice Fund	536	-	-	-	536
Food Policy	525,000	700,000	759,000	-	466,000
Human Rights Commission	-	750	-	-	750
Mayor's Office of Media Entertainment	40,000	-	40,000	-	-
NYC Economic Development Corporation	373,250	-	-	-	373,250
NYC Housing Authority	115,000	115,000	115,000	-	115,000
NYC Service <sup>(1)</sup>	758,610	3,189,991	3,302,833	(24,150)	621,618
NYC Soccer Initiative	-	800,250	324,536	-	475,714
Office For People With Disabilities	64,893	181,000	78,159	-	167,734
Office of Criminal Justice	6,286	2,000	6,240	-	2,046
Office of Environmental Remediation	-	10,000	700	-	9,300
Office of Film Theatre & Broadcasting	21,710	-	-	-	21,710
Office of Immigrant Affairs	1,778,797	1,711,900	2,496,804	-	993,893
Office of Special Projects and Community Events	152,319	359,280	416,445	-	95,154
Office of Sustainability	-	450,000	31,500	-	418,500
Office of Tech & Innovation	-	100,000	7,000	-	93,000
Office of Veterans' Affairs	213,159	-	61,486	-	151,673
Office to Combat Domestic Violence	33,796	1,162,237	241,256	-	954,777
Public Design Commission	112,865	10,000	700	-	122,165
Relief Efforts	96,705	73,205	70,201	-	99,709
Small Business Services	401,332	325,000	498,186	24,150	252,296
Veterans Housing Assistance	139,821	125	139,946	-	-
Women's Soccer Parade	148,984	-	-	-	148,984
Young Men's Initiative	302,139	47	120,602	-	181,584
Center for Youth Employment	1,426,483	2,188,805	2,049,040	23,080	1,589,328
Totals	\$ 14,565,277	\$ 20,642,218	\$ 21,542,926	\$ -	\$ 13,664,569

(1) Direct program expenses shown above include direct personnel service costs of \$3,217,693. Such amount is reported as personnel services costs in Note 10.

(2) Interfund transfers represent authorized transfers between projects.

**The Mayor's Fund to Advance New York City  
(a component unit of the City of New York)**

**Notes to Financial Statements**

**Note 6. Restricted Expendable Net Position (Continued)**

	Restricted Expendable Net Position Balance at June 30, 2015	Support Received and Income Earned	Expenses Incurred	Interfund Transfers <sup>(2)</sup>	Restricted Expendable Net Position Balance at June 30, 2016
Transfers from unrestricted	\$ -	\$ -	\$ -	\$ (263,139)	\$ (263,139)
Building Healthy Communities	25,000	325,000	280,250	50,000	119,750
Center for Economic Opportunity	-	1,106,748	5,250	-	1,101,498
Commission for Economic Opportunity <sup>(1)</sup>	5,288,696	2,981,330	5,645,801	-	2,624,225
Center for Innovation Thru Data Intelligence	1,977	115,000	48,453	-	68,524
Connections To Care	-	2,028,668	1,324,801	-	703,867
Department of Citywide Administrative Services /					
Historic Preservation	5,270	8,125	212	-	13,183
Department of Consumer Affairs	808,694	1,356,400	1,104,575	-	1,060,519
Department of Cultural Affairs	176,119	279,500	38,075	-	417,544
Department of Education	31,505	1,905	45,000	25,000	13,410
Department of Environmental Protection	165,136	137,818	109,363	-	193,591
Department of Homeless Services	348,183	194,411	620,682	-	(78,088)
Department of Housing Preservation and					
Development	1,969,291	168,951	1,330,011	-	808,231
Department of Information Technology	83,530	197,000	221,683	-	58,847
Department of Mental Health	103,350	10,000	91,525	-	21,825
Department of Parks and Recreation	21,157	195,398	178,017	(15,000)	23,538
Department of Probation	53	178,000	12,250	-	165,803
Department of Records and Information Services	-	1,105	-	-	1,105
Department of Sanitation	48	-	-	(48)	-
Department of Transportation	108,916	123,555	52,037	-	180,434
Department of Youth and Community Development	424,255	1,728,873	2,058,078	471,400	566,450
Early Care and Education Taskforce	100,000	20,000	228,780	108,780	-
Expanding Broadband in NYC	-	150,000	97,525	-	52,475
Food Justice Fund	-	1,642	1,106	-	536
Food Policy	-	1,712,500	1,187,500	-	525,000
Mayor's Office of Media Entertainment	-	40,000	-	-	40,000
NYC Economic Development Corporation	400,000	(25,000)	1,750	-	373,250
NYC Global Partners	-	1,196	1,196	-	-
NYC Housing Authority	115,000	-	-	-	115,000
NYC Service <sup>(1)</sup>	340,753	3,587,935	3,185,078	15,000	758,610
Office For People With Disabilities	67,926	110,000	113,033	-	64,893
Office of Criminal Justice	-	180,000	173,714	-	6,286
Office of Film Theatre & Broadcasting	51,710	-	30,000	-	21,710
Office of Immigrant Affairs	293,279	3,468,197	1,982,679	-	1,778,797
Office of Special Projects and Community Events	-	445,506	293,187	-	152,319
Office of Sustainability	71,535	-	71,535	-	-
Office of Veterans' Affairs	119,567	100,305	6,713	-	213,159
Office to Combat Domestic Violence	245,679	365,420	577,303	-	33,796
PlaNYC	-	108	108	-	-
Public Design Commission	116,023	-	3,158	-	112,865
Relief Efforts	84,149	89,040	84,491	8,007	96,705
Small Business Services	626,332	350,000	575,000	-	401,332
Veterans Housing Assistance	-	412,500	272,679	-	139,821
Women's Soccer Parade	-	462,015	313,031	-	148,984
Young Men's Initiative	5,126,890	75,047	4,899,798	-	302,139
Center for Youth Employment	1,075,110	1,341,005	589,632	(400,000)	1,426,483
Totals	\$ 18,395,133	\$ 24,025,203	\$ 27,855,059	\$ -	\$ 14,565,277

<sup>(1)</sup> Direct program expenses shown above include direct personnel service costs of \$2,909,098. Such amount is reported as personnel services costs in Note 10.

<sup>(2)</sup> Interfund transfers represent authorized transfers between projects.

**The Mayor's Fund to Advance New York City  
(a component unit of the City of New York)**

**Notes to Financial Statements**

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**Note 7. City of New York Contract**

The Fund renewed its contract agreement with the City to perform private fund-raising and other related services for the benefit of the City. The contract provides for reimbursement of certain operating expenses stipulated within the contract. The contract allows the Fund to retain up to 8% of all restricted contributions to offset reimbursable expenses. This retainage must be approved by the donor. This retainage may be waived for program use at the discretion of the Fund and the authorizing Deputy Mayor.

The contract also stipulates that the City provide the Fund with administrative office space, and office furniture and equipment. The cost of such facilities may be paid by the Fund from the retainage of contributions or it may be treated as an in-kind contribution if retainage is not available. In fiscal years 2017 and 2016, the Fund elected to treat the use of facilities as an in-kind contribution. The in-kind contribution was \$108,979 and \$96,635 for the years ended June 30, 2017 and 2016, respectively, which is considered to be the fair value of such facilities (see Note 2 for additional discussion on in-kind contributions).

**Note 8. Revenue Concentrations**

Revenues from federal grant awards accounted for approximately 19% and 27% of the total restricted contributions and grants for the years ended June 30, 2017 and 2016, respectively. Amounts due from various federal grant awards for reimbursable expenses incurred by the Fund represent approximately 60% and 85% of the restricted contributions and grants receivable at June 30, 2017 and 2016, respectively.

**The Mayor's Fund to Advance New York City  
(a component unit of the City of New York)**

**Notes to Financial Statements**

**Note 9. Operating Expenses**

Expenses as shown in the accompanying statements of revenue, expenses and changes in net position consisted of the following:

	2017			
	Program Services	Management and General	Fund- Raising	Total
Salaries	\$ 3,166,195	\$ 159,465	\$ 281,152	\$ 3,606,812
Payroll taxes and other employee benefits	534,268	41,051	64,337	639,656
Total personnel services	3,700,463	200,516	345,489	4,246,468
Direct program expenses - restricted programs	18,611,452	-	-	18,611,452
Accountant	20,800	5,200	-	26,000
Audit and tax preparation fees	15,000	52,939	-	67,939
In-kind legal and other professional services	99,778	45,353	36,283	181,414
In-kind facilities and tech support	59,938	32,694	16,347	108,979
Insurance	8,249	4,442	-	12,691
Other expenses	8,886	10,286	3,965	23,137
	<u>\$ 22,524,566</u>	<u>\$ 351,430</u>	<u>\$ 402,084</u>	<u>\$ 23,278,080</u>
	2016			
	Program Services	Management and General	Fund- Raising	Total
Salaries	\$ 2,816,586	\$ 112,221	\$ 282,360	\$ 3,211,167
Payroll taxes and other employee benefits	376,774	21,244	53,451	451,469
Total personnel services	3,193,360	133,465	335,811	3,662,636
Direct program expenses - restricted programs	24,945,961	-	-	24,945,961
Accountant	30,360	7,590	-	37,950
Audit and tax preparation fees	15,542	41,179	-	56,721
Executive search fees	24,855	25,019	4,125	53,999
In-kind legal and other professional services	39,162	17,801	14,241	71,204
In-kind facilities and tech support	53,876	29,387	14,694	97,957
Insurance	8,228	4,430	-	12,658
Other expenses	23,662	10,400	8,604	42,666
	<u>\$ 28,335,006</u>	<u>\$ 269,271</u>	<u>\$ 377,475</u>	<u>\$ 28,981,752</u>

**The Mayor's Fund to Advance New York City  
(a component unit of the City of New York)**

**Notes to Financial Statements**

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**Note 10. Custodial Credit Risk – Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to the entity. The Fund does not have a deposit policy for custodial credit risk.

Of the Fund's total cash and cash equivalents held by one financial institution at June 30, 2017 and 2016, \$2,104,884 and \$2,763,168, respectively, were uninsured and uncollateralized.

**Note 11. Contingencies**

Certain grants recognized as revenue by the Fund are subject to continued compliance with donor-imposed restrictions and conditions. In the event of noncompliance, a donor may cancel its grant agreement and may require the Fund to return any unspent amount on the grants. In addition, certain grants and contracts are subject to independent audit by the awarding agency or funding source. Such audit could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds.

Management is of the opinion that such events, if any, will not have a material impact on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such contingency.

The Office of Inspector General (OIG) for the Corporation for National and Community Service (CNCS) issued a draft audit report of the Social Innovation Fund grant from CNCS for the period from August 1, 2010 to July 31, 2015. The draft audit report includes findings with potential questioned Federal costs totaling \$4,606,377. Management has responded to the draft report and strongly disagrees with its conclusions. Management will work with the CNCS Office of Grants Management (OGM) for audit resolution (a process that generally takes 6-12 months). No liabilities have been recorded in the Fund's financial statements in connection with the OIG's audit findings as the likelihood of an unfavorable outcome is not ascertainable at this time and management believes the probability of a significant loss to be remote. In addition, in accordance with provisions of its contract with the City, the Fund is indemnified by the City against such claims and would expect to recover losses, if any, from the City.

**The Mayor's Fund to Advance New York City  
(a component unit of the City of New York)**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017  
See Independent Auditor's Report**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Number Entity Identifying Number	Federal Expenditures	Subrecipient expenditures
Corporation for National and Community Service: Social Innovation Fund/Connections to Care	94.019	N/A	\$ 1,299,520	\$ 1,251,335
Pass-Through New York State Office of Children and Family Services: AmeriCorps	94.006	C027686	2,341,949	2,341,949
<b>Total Corporation for National and Community Service</b>			3,641,469	3,593,284
U.S. Department of Justice: Office to Combat Domestic Violence	16.582	N/A	2,159	2,159
<b>Total U.S. Department of Justice</b>			2,159	2,159
<b>Total expenditures of federal awards</b>			<u>\$ 3,643,628</u>	<u>\$ 3,595,443</u>

See notes to schedule of expenditures of federal awards.

**The Mayor's Fund to Advance New York City  
(a component unit of the City of New York)**

**Notes to Schedule of Expenditures of Federal Awards**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Fund under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (2 CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Fund, it is not intended to and does not present the financial position, changes in financial position or cash flows of the Fund.

**Note 2. Summary of Significant Accounting Policies**

Expenditures recognized on the Schedule are recognized on the accrual basis of accounting. Such expenditures are reported following the cost principles contained in 2 CFR Part 230, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**Note 3. Indirect Cost Rate**

The Fund has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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 Auditor's Report**

To the Board of Directors  
The Mayor's Fund to Advance New York City

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Mayor's Fund to Advance New York City (the Fund), a component unit of the City of New York, which comprise the statement of net position as of June 30, 2017, and the related statements of revenue, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an other matter that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-001.

**The Fund's Response to Findings**

The Fund's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Fund's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

New York, New York  
February 22, 2018

**Report on Compliance for the Major Federal Program and Report on  
Internal Control Over Compliance by the Uniform Guidance**

**Independent Auditor's Report**

To the Board of Directors  
The Mayor's Fund to Advance New York City

**Report on Compliance for the Major Federal Program**

We have audited The Mayor's Fund to Advance New York City's (the Fund), a component unit of the City of New York, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Fund's major federal program for the year ended June 30, 2017. The Fund's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Fund's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Fund's compliance.

**Opinion on the Major Federal Program**

In our opinion, the Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

## **Report on Internal Control Over Compliance**

Management of the Fund is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Fund's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

New York, New York  
February 22, 2018

**The Mayor's Fund to Advance New York City  
(a component unit of the City of New York)**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

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**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes    X no
- Significant deficiency(ies) identified? \_\_\_ yes    X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes    X no

***Federal Awards***

Internal control over major program:

- Material weakness(es) identified? \_\_\_ yes    X no
- Significant deficiency(ies) identified? \_\_\_ yes    X none reported

Type of auditor's report issued on compliance for  
major program:

Unmodified

- Any audit findings disclosed that are required to be  
reported in accordance with Uniform Guidance?

\_\_\_ yes    X no

Identification of major programs:

**CFDA Number(s)**

94.006

**Name of Federal Program or Cluster**

AmeriCorps & CivicCorps

Dollar threshold used to distinguish  
between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_ yes    X no

**The Mayor's Fund to Advance New York City  
(a component unit of the City of New York)**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

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**Section II - Financial Statement Findings**

**A. Internal Control Findings**

No matters to report.

**B. Compliance Findings**

No matters to report.

**C. Other Matters**

**2017-001 Office of Inspector General audit over Social Innovation Fund Program**

Criteria: The Fund is subject to review of its records by the federal awarding agency.

Condition: The Fund was subject to an audit by the Office of Inspector General (OIG) for the Corporation for National and Community Service (CNCS) over the Social Innovation Fund program for the period of August 1, 2010 to July 1, 2015. On October 26, 2017, the OIG issued a draft audit report with ten findings that include recommendations that CNCS disallow and recover costs totaling \$4,606,377 that were paid to the Fund.

Context: Fund management has submitted its response on December 22, 2017 disputing most of the findings. OIG is expected to issue its report together with the Fund's response. CNCS is then expected to enter into a resolution process with the Fund. The Fund is also party to an agreement with the City of New York whereby the City indemnifies the Fund.

Effect: The Fund could be liable for questioned costs. Fund management has advised us that it would expect to recover any such costs from the City.

Cause: The audit by the OIG includes ten findings and questioned costs as noted above.

Recommendation: We recommend the Fund continue to pursue resolution of these matters with CNCS.

View of Responsible Officials: Management recognizes and agrees with the finding and recommendation cited above. Management will continue to pursue resolution of these matters with CNCS.

**Section III - Federal Award Findings and Questioned Costs**

**A. Internal Control**

No matters to report.

**B. Compliance Findings**

No matters to report.

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SUMMARY UPDATE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR END 2016

**Identifying Number: 2016 - 001**

**Audit Finding:** The Civic Innovation program contributions and net position were previously classified as restricted. Additional information became known in the current year which led to the determination that funds for this program are not restricted and can be used by the Fund for general operations or for programs.

**Corrective Action Plan:** Management has taken corrective action to account for Civic Innovation income and expenditures as unrestricted funds in our financial accounting system. More detailed analyses of the contributions received to ensure the appropriate classification between restricted and unrestricted have been implemented.

**Identifying Number: 2016 - 002**

**Audit Finding:** The Fund incurred expenditures of federal awards under the Child Health and Human Development Extramural Research program during the period under audit, however the program was not included on the preliminary SEFA provided for audit.

**Corrective Action Plan:** Management believes this was a result of human clerical error and not because we do not have any internal controls over the review process; however, Management has taken corrective action to increase internal controls over the review of the schedule of federal expenditures. Moving forward, the Finance Manager will prepare the SEFA and the Director of Finance and Operations will approve the SEFA before submission to auditors.

**Identifying Number: 2016 - 003**

**Audit Finding:** The Fund's detail of expenditures for Social Innovation Fund did not tie to the general ledger. It was noted that there was one 2015 expenditure that was included in the 2016 schedule of expenditures of federal awards instead of the 2015 schedule of expenditures of federal awards.

**Corrective Action Plan:** Management has taken corrective action to increase internal controls over the review of the general ledger of federal expenditures. The Director of Finance and Operations will add an extra internal control of comparing and confirming expenditures with the Grants Analyst prior to SEFA submission to the auditors.

**Identifying Number: 2016 - 004**

**Audit Finding:** The Fund does not have any documented controls in place to ensure that the Level of Effort requirement is met.

**Corrective Action Plan:** Management has implemented a more thorough and detailed compliance review to ensure that the Level of Effort is met.

**Identifying Number: 2016 - 005**

**Audit Finding:** The Fund was unable to locate one end of year assessment form out of 23 selections.

**Corrective Action Plan:** Management has implemented a process that will ensure all reports will be properly documented and filed for future access.

  
Fred Begley  
Director, Finance & Operations

Date:

