

To: *Audit/Finance Committee Members*
Re: *Minutes of March 13, 2017*

Present: Mitch Amado – Treasurer/Chair of Committee
Judy Calogero, Representative, City of Glens Falls

Absent: Jim Siplon -Member

Guest: Karl Newton – Marvin & Company P.C.

Staff: Ed Bartholomew, President/CEO
Jennifer Switzer, Director of Finance/CFO

On March 13, 2017 the Audit & Finance Committee of the Economic Development Corporation met in the Conference Room at EDC Offices located at 333 Glen Street, Suite 101 in Glens Falls, New York. The following items of business were discussed:

I. **Welcome & Call to Order:** Chairman Mitch Amado welcomed Karl Newton of Marvin & Company along with committee members and staff and called the meeting to order at 8:35 a.m.

II. **Approval of October 4, 2016 Minutes:** The group reviews the minutes distributed previous to today's meeting. A motion is made by Judy Calogero, seconded by Mitch Amado and carried unanimously to approve the minutes of the October 4, 2016 Audit & Finance Committee as presented.

III. **2016 Draft Annual Financial Statement Audit - Presentation.** Karl Newton, CPA – Director of Marvin and Company was introduced to those in attendance who have not had the opportunity to meet. Karl began with a review of some of the bigger events and projects that took place having an impact in 2016. He then began review of the audited financial statements including the Statement of Financial Position, Statement of Activities starting with the independent audit report and the unmodified opinion received for the year ended December 31, 2016. The statements are single year statements as discussed and approved by management and the committee. Mr. Newton in response to Ms. Calogero explained the audit also included review of the internal controls of EDC. He then began review of the individual statements starting with the Statement of Financial Position. Highlights covered included total current assets in the amount of \$847,000 with approximately \$755,000 of those assets in cash, commenting on the high liquidity. In addition Mr. Newton turned attention of those present to the Board Designated Assets of approximately

\$537,000. He continued noting increases in land and land improvement due to the re-purchase of property formerly purchased by Hacker Boat, increase in security deposits due to EDC's relocation and new lease agreement and finally EDC's strong position with assets exceeding \$1,000,000 and liabilities of approximately \$37,000. He then continued with the Statement of Activities, revenues remained consistent with 2015 and a slight increase in expenses with reductions in marketing, annual events and the recognition of a loss due to the disposal of assets related to leasehold improvements from EDC's former office. Mr. Newton then reviewed the Statement of Cash Flow followed by the Notes to the Financial Statements. He discussed Note #9 page 10 regarding Board Designated Assets. Ms. Calogero asked staff if these designations were adjusted. Jennifer Switzer explained there were no adjustments made for the year ended December 31, 2016 but were reviewed on an annual basis and any recommendations for adjustments would be brought to the Committee and then to the full board. Ms. Calogero inquired as to whether a Management Letter had been generated. Mr. Newton explained no letter had been generated but an issue with the procurement practices had been discussed in an exit interview with both Jennifer and Ed Bartholomew. Mr. Bartholomew discussed with the group the designation of a contracting officer as outlined in EDC's procurement policy. Ms. Switzer indicated she believed the contracting officer was Mr. Bartholomew via a resolution a few years back. Mr. Bartholomew was unaware of this designation and requested this be added to EDC's by-laws and the procurement policy. The group then held a short discussion with a motion from Judy Calogero and seconded by Mitch Amado recommending to the EDC Board that EDC's Procurement Policy and By-laws be amended designating the CEO as the contracting officer. Mr. Newton then continued with his review finishing his presentation with no corrections or no recommendations for adjustments to the Financial Statements as presented by management. Ms. Calogero inquires as to whether Mr. Newton or Marvin & Company staff input or reviewed the financial information required by the Authorities Budget Office. Mr. Newton responded they did not have anything to do with the reporting with Ms. Switzer responding she was responsible for all reporting to ABO and input the financial information as required. Mr. Newton thanked the committee members and left the meeting. Judy Calogero motioned to recommend approve the audited financial statements for the year ended December 31, 2016 as presented to the EDC Board, seconded by Mitch Amado and carried.

IV. Upon no further business to come before the Audit & Finance Committee, a motion is made by Judy Calogero, seconded by Mitch Amado, and carried unanimously to adjourn the meeting at 9:20 a.m.