



# Choose Columbia

Columbia Economic Development Corporation

## **COLUMBIA ECONOMIC DEVELOPMENT CORPORATION NOTICE OF MEETING**

Please take notice that there will be a meeting of the Columbia Economic Development Corporation Audit and Finance Committee held on March 21, 2018 at 9:30am, at 4303 Route 9, Hudson, NY 12534 for the purpose of discussing any matters that may be presented to the Committee for consideration.

Dated: March 14, 2018

Sarah Sterling

Secretary

Columbia Economic Development Corporation

### **CEDC Audit and Finance Committee Agenda**

**Chairman:**

Rick Bianchi

**Members:**

Tish Finnegan

Tony Jones

James Lapenn

John Lee

1. Minutes, January 30, 2018\*
2. 2017 Draft Audited Financials\*
3. 2017 Management Letter\*
4. Form 990\*
5. Review of Financials\*
6. Portfolio Review\*
7. Audit and Finance Committee Charter\*
8. Public Comment

**Attachments:**

Minutes, January 30, 2018

Financials

Portfolio Report

Audit and Finance Committee Charter

\* Requires action



**DRAFT**

**Choose Columbia**  
Columbia Economic Development Corporation

**MINUTES**  
**COLUMBIA ECONOMIC DEVELOPMENT CORPORATION**  
**AUDIT and FINANCE COMMITTEE**  
**Tuesday, January 30, 2018**  
**4303 Route 9**  
**Hudson, New York**

A regularly scheduled meeting of Columbia Economic Development Corporation's (CEDC) Audit and Finance Committee was held at their offices located at 4303 Route 9, Hudson, NY 12534 on January 30, 2018. The meeting was called to order at 8:00am by Mr. Bianchi, Chair.

Attendee Name	Title	Status	Arrived
Rick Bianchi	Committee Chairman	Present	
Tish Finnegan	Committee Member	Present	
Tony Jones	Committee Member	Present	
James Lapenn	Committee Member	Excused	
John Lee	Committee Member	Present	
F. Michael Tucker	President/CEO	Present	
Andy Howard	Counsel	Present	
Ruth Adams	CEDC Board Member	Present	8:24am
James Champion	CEDC Board Member	Present	8:25am
David Fingar	CEDC Board Member	Present	8:20am
Gary Spielmann	CEDC Board Member	Present	8:20am
Sarah Sterling	CEDC Board Member	Present	8:25am
Maria Suttmeier	CEDC Board Member	Present	8:22am
Brandon Dory	Project Manager	Excused	
Lisa Drahushuk	Administrative Supervisor	Present	
Erin McNary	Bookkeeper	Present	
Ed Stiffler	Economic Developer	Present	
Martha Lane	Business Development Specialist	Present	
Carol Wilber	Marketing Director	Present	

**Minutes:**

*Mr. Lee made a motion, seconded by Ms. Finnegan to approve the minutes from October 18, 2017. Carried.*



## Choose Columbia

Columbia Economic Development Corporation

### **2017 Audit Engagement Letter:**

Mr. Tucker noted he and Ms. McNary had reviewed the general ledger with the auditors in preparation for the audit. Mr. Bianchi noted the letter addressed the schedule for competing the audit, including an audit Committee meeting on March 21<sup>st</sup>, a full board meeting on March 27<sup>th</sup> and issuance on March 31<sup>st</sup>. He noted the PARIS reporting is also required to be completed during the same time period. Mr. Tucker stated he was investigating a report writer program for use with the PARIS program, to lessen the amount of time spent on PARIS reporting.

Mr. Jones asked if there had been any change in fee since the previous year. Mr. Tucker stated the expense remained the same. He noted the auditor had been engaged for additional work last year. He stated the fee was in line with the other not-for- profits. *Mr. Lee made a motion, seconded by Ms. Finnegan to recommend the execution of the letter to the full board. Carried.*

### **Financials:**

Mr. Tucker reviewed the financials, noting total assets had increased by \$34,000, and total liabilities had increased by \$4,000. He stated there were a couple of issues with the conversion that remained. He noted that once adjusted, there would be an aggregate adjustment made for 1995 – 2013, with financials for two years being current.

Mr. Tucker reviewed the profit and loss statement outlining the variances. He noted administrative revenue was down, but was offset by the unbudgeted goat genetics grant revenue. Microbusiness expenses were up slightly. Mr. Tucker explained the new initiative category was high, but explained that the expenses related to the goat grant and the DRI. He noted office expenses were over budget, explaining this was due to the increased maintenance of the old website and the creation of the new website launched officially today. Mr. Jones asked if the income anomalies would continue in 2018. Mr. Tucker stated a couple would continue, but would be managed with detailed explanations. *Ms. Finnegan made a motion to approve the report as presented, seconded by Mr. Lee. Carried.*

### **Portfolio Review:**

Mr. Tucker reviewed the report, noting two SBA loans and three loan fund clients were past due. He noted collection efforts were underway by Ms. McNary and Ms. Lane. He noted the loan reserve would continue be reviewed and an annual recalibration would be performed.

*With no other business to come before the committee and no public comment, Mr. Jones made a motion, seconded by Mr. Lee to adjourn the meeting. Carried.*

The meeting adjourned at 8:26am

*Respectfully submitted by Lisa Drahushuk*

**Columbia Economic Development Corp**  
**Balance Sheet Prev Year Comparison**  
As of February 28, 2018

	Feb 28, 18	Feb 28, 17	\$ Change	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Checking/Savings				
Checking and Savings	2,068,127.17	1,989,935.36	78,191.81	3.9%
Total Checking/Savings	2,068,127.17	1,989,935.36	78,191.81	3.9%
<b>Other Current Assets</b>				
Accounts Receivable	43,666.66	20,666.68	22,999.98	111.3%
Allowance for Bad debt SBA	-42,341.54	-58,024.97	15,683.43	27.0%
Other loans receivable	13,772.18	29,617.82	-15,845.64	-53.5%
SBA Loans Receivable	359,506.14	405,939.59	-46,433.45	-11.4%
Total Other Current Assets	374,603.44	398,199.12	-23,595.68	-5.9%
Total Current Assets	2,442,730.61	2,388,134.48	54,596.13	2.3%
<b>Fixed Assets</b>				
Property & Capitalized Assets	9,176.51	12,933.52	-3,757.01	-29.1%
Total Fixed Assets	9,176.51	12,933.52	-3,757.01	-29.1%
<b>Other Assets</b>				
Allowance for Bad Debt Loans	-119,680.67	-135,671.57	15,990.90	11.8%
Comm. PK Land Sale Recv.	37,182.98	45,500.00	-8,317.02	-18.3%
Grants Receivable	265,838.27	323,573.29	-57,735.02	-17.8%
Loans Receivable	639,541.03	636,889.92	2,651.11	0.4%
Total Other Assets	822,881.61	870,291.64	-47,410.03	-5.5%
<b>TOTAL ASSETS</b>	<b>3,274,788.73</b>	<b>3,271,359.64</b>	<b>3,429.09</b>	<b>0.1%</b>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable				
2000-01 - *Accounts Payable	14,372.33	10,475.79	3,896.54	37.2%
Total Accounts Payable	14,372.33	10,475.79	3,896.54	37.2%
<b>Other Current Liabilities</b>				
2000-02 - Recruitment Exp - Due to RS	499.00	0.00	499.00	100.0%
Accrued Expenses	7,278.36	7,046.64	231.72	3.3%
Deferred Revenue	38,333.34	38,333.34	0.00	0.0%
Land Deposit	3,300.00	3,300.00	0.00	0.0%
Total Other Current Liabilities	49,410.70	48,679.98	730.72	1.5%
Total Current Liabilities	63,783.03	59,155.77	4,627.26	7.8%
<b>Long Term Liabilities</b>				
Loans Payable to SBA	520,277.88	465,975.42	54,302.46	11.7%
Long term Deferrd Revenue	65,838.27	118,573.29	-52,735.02	-44.5%
Total Long Term Liabilities	586,116.15	584,548.71	1,567.44	0.3%
Total Liabilities	649,899.18	643,704.48	6,194.70	1.0%
<b>Equity</b>				
Invested in Capital Assets	12,933.52	12,749.00	184.52	1.5%
Net assets Restricted	305,739.75	263,530.00	42,209.75	16.0%

9:15 AM  
03/14/18  
Accrual Basis

**Columbia Economic Development Corp**  
**Balance Sheet Prev Year Comparison**  
As of February 28, 2018

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	<u>Feb 28, 18</u>	<u>Feb 28, 17</u>	<u>\$ Change</u>	<u>% Change</u>
Unrestricted Net Position	2,283,242.39	2,314,724.80	-31,482.41	-1.4%
Net Income	22,973.89	36,651.36	-13,677.47	-37.3%
Total Equity	<u>2,624,889.55</u>	<u>2,627,655.16</u>	<u>-2,765.61</u>	<u>-0.1%</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>3,274,788.73</b></u>	<u><b>3,271,359.64</b></u>	<u><b>3,429.09</b></u>	<u><b>0.1%</b></u>

9:19 AM

03/14/18

Accrual Basis

**Columbia Economic Development Corp**  
**Profit & Loss Budget vs. Actual**  
 January through February 2018

	Jan - Feb 18	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Administrative Revenue	8,166.67	10,666.68	-2,500.01	76.6%
Columbia County	76,666.66	76,666.67	-0.01	100.0%
Goat Genetics Grant	10,000.00			
Grant Income	7,732.86	6,885.00	847.86	112.3%
Loan Income	9,788.68	9,667.20	121.48	101.3%
Membership/Sponsorship	26,033.65	14,166.68	11,866.97	183.8%
Other Income	1,014.69	4,637.98	-3,623.29	21.9%
SBA Microloan T/A	11,333.33	11,333.34	-0.01	100.0%
<b>Total Income</b>	<b>150,736.54</b>	<b>134,023.55</b>	<b>16,712.99</b>	<b>112.5%</b>
<b>Expense</b>				
Commerce Park Land Expenses	0.00	0.00	0.00	0.0%
Conferences and Training	275.00	416.68	-141.68	66.0%
Consulting -TSI	21,334.00	20,000.00	1,334.00	106.7%
Consulting Fees	2,557.00	2,916.68	-359.68	87.7%
Direct Program Expenses	0.00	1,666.68	-1,666.68	0.0%
Employer Payroll Taxes	4,765.75	4,583.34	182.41	104.0%
Facility	4,919.40	4,919.40	0.00	100.0%
Fringe Benefits	8,635.02	8,333.35	301.67	103.6%
Insurance	3,171.00	3,500.00	-329.00	90.6%
Interest Expense	95.87	96.50	-0.63	99.3%
MicroBiz Expenses	982.97	3,291.70	-2,308.73	29.9%
New Initiatives	11,085.15	5,833.34	5,251.81	190.0%
<b>Office Expense</b>				
5060-01 · Comp./Equip & Leasing & Maint.	2,411.73	2,500.00	-88.27	96.5%
5060-02 · Telephone & Fax	654.84	666.67	-11.83	98.2%
5060-03 · Internet	229.70	333.34	-103.64	68.9%
5060-04 · Office Supplies & Printing	542.39	833.34	-290.95	65.1%
5060-05 · Dues & Subscriptions	3,897.50	3,791.64	105.86	102.8%
5060-06 · Postage	82.56	83.34	-0.78	99.1%
5060-07 · Misc. Office Expenses	2,224.45	1,833.35	391.10	121.3%
5060-08 · Web Site	356.25	833.34	-477.09	42.7%
<b>Total Office Expense</b>	<b>10,399.42</b>	<b>10,875.02</b>	<b>-475.60</b>	<b>95.6%</b>
Payroll	51,859.50	52,541.74	-682.24	98.7%
Professional Fees	591.00	3,575.02	-2,984.02	16.5%
Public Relations/Marketing	7,091.57	8,125.02	-1,033.45	87.3%
<b>Total Expense</b>	<b>127,762.65</b>	<b>130,674.47</b>	<b>-2,911.82</b>	<b>97.8%</b>
<b>Net Ordinary Income</b>	<b>22,973.89</b>	<b>3,349.08</b>	<b>19,624.81</b>	<b>686.0%</b>
<b>Net Income</b>	<b>22,973.89</b>	<b>3,349.08</b>	<b>19,624.81</b>	<b>686.0%</b>

**Columbia Economic Development Corp**  
**Profit & Loss by Class**  
January through February 2018

	Total 1 Operating	2 Loan Fund	Total 3 CDBG Fund	Total 4 SBA	TOTAL
Ordinary Income/Expense					
Income					
Administrative Revenue	8,166.67	0.00	0.00	0.00	8,166.67
Columbia County	76,666.66	0.00	0.00	0.00	76,666.66
Goat Genetics Grant	10,000.00	0.00	0.00	0.00	10,000.00
Grant Income	0.00	0.00	7,732.86	0.00	7,732.86
Loan Income	0.00	5,979.50	131.63	3,677.55	9,788.68
Membership/Sponsorship	26,033.65	0.00	0.00	0.00	26,033.65
Other Income	590.93	50.00	116.25	257.51	1,014.69
SBA Microloan T/A	11,333.33	0.00	0.00	0.00	11,333.33
Total Income	132,791.24	6,029.50	7,980.74	3,935.06	150,736.54
Expense					
Conferences and Training	275.00	0.00	0.00	0.00	275.00
Consulting - TSI	21,334.00	0.00	0.00	0.00	21,334.00
Consulting Fees	2,557.00	0.00	0.00	0.00	2,557.00
Employer Payroll Taxes	4,765.75	0.00	0.00	0.00	4,765.75
Facility	4,919.40	0.00	0.00	0.00	4,919.40
Fringe Benefits	8,635.02	0.00	0.00	0.00	8,635.02
Insurance	3,171.00	0.00	0.00	0.00	3,171.00
Interest Expense	0.00	0.00	0.00	95.87	95.87
MicroBiz Expenses	982.97	0.00	0.00	0.00	982.97
New Initiatives	11,085.15	0.00	0.00	0.00	11,085.15
Office Expense	10,399.42	0.00	0.00	0.00	10,399.42
Payroll	51,859.50	0.00	0.00	0.00	51,859.50
Professional Fees	591.00	0.00	0.00	0.00	591.00
Public Relations/Marketing	7,091.57	0.00	0.00	0.00	7,091.57
Total Expense	127,666.78	0.00	0.00	95.87	127,762.65
Net Ordinary Income	5,124.46	6,029.50	7,980.74	3,839.19	22,973.89
Net Income	5,124.46	6,029.50	7,980.74	3,839.19	22,973.89

Columbia EDC Available Funds to Loan, Current Outstanding Loan Portfolio & Reserve Account Balances - Feb 28, 2018

CEDC Loan Fund	Bank Relationship	TYPE	Available to lend			Total Available	Current CEDC Outstanding Loan Balances	Total CEDC & SBA Outstanding Loan Balances
CEDC Loan Fund (Small Cities)	Kindertrook Bank	SV	-				723,089.00 Current SBA Loan Portfolio Balance	1,082,594.00
	Kindertrook Bank	SV	-					
	Kindertrook Bank	CK	70,910.00	70,910.00				
SBA Micro Loan Fund	Kindertrook Bank	CK	-					
	Kindertrook Bank	SV	869,615.00	869,615.00	940,525.00			
Reserve Accounts	Key Bank	RLF3	42,664.00				359,505.00	1,082,594.00
	Key Bank	RLF4	47,202.00					
	Bank of Greene County	RLF5	133,624.00					
	Bank of Greene County	RLF6	93,992.00	317,482.00				
	SBA - Available Funds		150,000.00	150,000.00	467,482.00	1,408,007.00		
CEDC loan Fund			119,681.00					
SBA Loan Funds			42,342.00	162,023.00	162,023.00			
SBA Loan Funds	Key Bank	LLR3	21,058.00				266,007.00	
	Key Bank	LLR4	20,756.00					
	Bank of Greene County	LLR5	39,516.00	103,984.00	103,984.00			
	Bank of Greene County	LLR6	22,654.00					
Water Tower Reserve				71,817.00	71,817.00	337,824.00		





3/14/2018

CEDC LOAN STATUS REPORT

2/28/2018												
<b>SBA Micro Loan</b>												
	Loan Type	Orig Loan Amount	Orig Loan date	Loan Bal	# of Years	Interest Rate	Monthly Payment	Day Due	Past Due if >30	Last Pymt Date	Change Date	
BASILICA INDUSTRIES	MICRO	\$35,000	04/13/16	23,560.00	6	7.00%	\$693.04	13		02/16/18	04/13/21	
BROWN'S CAR SALES, LLC	MICRO	\$12,500	09/08/17	11,617.00	5	7.00%	\$247.51	31		03/12/18	09/08/22	
EAST CHATHAM FOOD CO	MICRO	\$20,000	08/04/16	14,739.00	5	7.25%	\$398.39	4		03/05/18	08/04/21	
EZ FOODS #3	MICRO	\$9,000	08/31/16	4,971.00	3	7.25%	\$278.75	31		03/05/18	08/30/19	
BLACK FOREST FLAMMKUCHEN	MICRO	\$23,000	05/27/14	6,987.00	5	7.50%	\$460.87	27		02/26/18	05/27/19	
GREEN BEAUTY	MICRO	\$5,000	10/19/17	4,496.00	3	7.25%	\$154.96	19		02/26/18	10/19/21	
FAHARI BAZAR	MICRO	\$15,000	02/08/18	15,000.00	4	7.00%	\$359.26	8			02/08/22	
FOX & HARROW	MICRO	\$8,500	06/05/17	7,725.00	4	7.25%	\$204.53	5	\$409.06	11/16/17	06/05/21	
HUDSON ATHENS RETAIL	MICRO	\$25,000	09/13/17	23,538.00	13	6.00%	\$414.32	13		02/20/18	09/13/23	
HUDSON CLOTHIER	MICRO	\$20,000	05/01/15	11,972.00	6	7.75%	\$348.23	1		02/16/18	05/01/21	
HUDSON CHATHAM WINERY	MICRO	\$20,500	08/02/13	6,143.00	6	6.00%	\$339.74	2		02/16/18	08/02/19	
J. SWARTZ ENGINE REPAIR #2	MICRO	\$10,000	04/08/15	5,973.00	5	7.75%	\$201.57	8		02/23/18	04/08/20	
JEM WOODWORKING #2	MICRO	\$25,000	06/01/15	15,256.00	6	7.50%	\$432.25	1		03/12/18	06/01/21	
B. Dorsey Les Collines	MICRO	\$19,500	07/06/15	14,222.00	6	7.75%	\$339.52	6	\$339.52	12/26/17	07/06/21	
215 MAIN VENTURES LLC	MICRO	\$25,000	06/30/17	23,017.00	6	7.25%	\$429.23	30		03/01/18	06/30/23	
NICK JENNINGS	MICRO	\$5,000	04/13/17	4,283.00	5	7.00%	\$99.01	13		02/20/18	04/13/22	
OAK PIZZERIA NAPOLETANA	MICRO	\$25,000	05/11/16	16,863.00	5	7.25%	\$497.98	11		02/12/18	05/11/21	
OLDE HUDSON, LLC	MICRO	\$35,000	12/02/15	24,185.00	6	7.75%	\$609.40	2		03/13/18	12/02/21	
PAGODA HOME, INC.	MICRO	\$25,000	11/11/15	16,778.00	6	7.75%	\$435.29	11		02/16/18	11/11/21	
PARR INABAR CORPORATION	MICRO	\$15,000	04/23/13	3,390.00	6	7.00%	\$255.74	23		02/22/18	04/23/19	
PRIMITIVE TWIG #2	MICRO	\$9,278	02/08/18	9,277.61	3	7.00%	\$286.47	8		02/08/21	02/08/21	
TALBOTT, ARDING & CO.	MICRO	\$25,000	03/31/16	18,475.00	6	7.25%	\$428.84	30		02/28/18	03/30/22	
RCKHOUNDZZ	MICRO	\$2,000	09/28/17	1,792.00	3	7.00%	\$61.75	28		02/23/18	09/28/20	
RONNYBROOK	MICRO	\$25,000	02/06/14	9,976.00	6	7.50%	\$432.25	6		02/08/18	02/06/20	
SUH6 ENTERPRISES, LLC	MICRO	\$25,000	10/13/17	24,153.00	6	7.00%	\$426.23	6		02/28/18	10/13/23	
STATE 11 DISTILLERY	MICRO	\$25,000	02/24/17	21,549.00	6	7.25%	\$429.23	6		03/09/18	02/24/23	
VERDIGRIS TEA	MICRO	\$30,000	09/09/15	19,557.00	6	7.75%	\$522.34	9		03/05/18	09/09/21	
		\$ 519,277.61		\$ 359,504.61			\$ 9,786.70					
Current Total		\$1,898,306.91		\$1,082,593.61			\$31,953.14					

# **AUDIT AND FINANCE COMMITTEE CHARTER**

## **Columbia Economic Development Corporation**

### **Purpose**

Pursuant to Article IV, Section 1 of the Corporation's bylaws, the purpose of the Audit and Finance Committee shall be to:

- Assure that the corporation's board fulfills its responsibilities for the corporation's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting;
- Provide an avenue of communication between management, the independent auditors and the Board of Directors;
- Oversee the corporation's debt and debt practices and to recommend policies concerning the corporation's issuance and management of debt.

### **Powers and Duties of the Audit and Finance Committee**

It shall be the responsibility of the Audit and Finance Committee to:

- Oversee the work of any public accounting firm employed by the corporation.
- Conduct or authorize investigations into any matters within its scope of responsibility.
- Seek any information it requires from corporation employees, all of whom should be directed by the board to cooperate with committee requests.
- Meet with corporation staff, independent auditors or outside counsel, as necessary.
- Retain, at the corporation's expense, such outside counsel, experts and other advisors as the audit and finance committee may deem appropriate.
- Review proposals for the issuance of debt by the corporation and its subsidiaries and to make recommendations concerning those proposals to the board.
- Make recommendations to the board concerning the level of debt and nature of debt issued by the corporation.
- Make recommendations concerning the appointment and compensation of investment advisors and underwriting firms used by the corporation, and to oversee the work performed by these individuals and firms on behalf of the corporation.
- Review proposals relating to the repayment of debt or other long-term financing arrangements by the corporation and its subsidiaries.
- Report annually to the corporation's board how it has discharged its duties and met its responsibilities as outlined in the charter.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the board approval for proposed changes.
- Annually Review both the CEDC and SBA loan funds, including loan policies, lending limits and reserves.

The CEDC board will ensure that the Audit and Finance Committee has sufficient resources to carry out its duties.

### **Composition of Committee and Selection of Members**

The Audit and Finance Committee shall consist of not less than three members of the Board of Directors who are independent of corporate operations. The corporation's board will appoint the Audit and Finance Committee members and the Audit and Finance Committee chair.

Audit and Finance Committee members shall be prohibited from being an employee of the corporation or an immediate family member of an employee of the corporation. In addition, Audit and Finance Committee members shall not engage in any private business transactions with the corporation or receive compensation from any private entity that has material business relationships with the corporation, or be an immediate family member of an individual that engages in private business transactions with the corporation or receives compensation from an entity that has material business relationships with the corporation.

Ideally, all members on the Audit and Finance Committee shall possess or obtain a basic understanding of governmental financial reporting and auditing. The audit and finance committee shall have access to the services of at least one financial expert; whose name shall be disclosed in the annual report of the corporation.

The Audit and Finance Committee's financial expert should have 1) an understanding of generally accepted accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in applying such principles in connection with the accounting for estimates, accruals and reserves; 4) experience with internal accounting controls and, 5) an understanding of audit and finance committee functions.

### **Meetings**

The Audit and Finance Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter.

Members of the Audit and Finance Committee are expected to attend each committee meeting, in person. The Audit and Finance Committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

The Audit and Finance Committee will meet with the corporation's independent auditor at least annually to discuss the financial statements of the corporation.

Meeting agendas will be prepared for every meeting and provided to the Audit and Finance Committee members along with briefing materials five (5) business days before the scheduled Audit and Finance Committee meeting. The Audit and Finance committee will act only on the affirmative vote of a majority of the members at a meeting or by unanimous consent. Minutes of these meetings will be recorded.

A report of the committee's meeting shall be prepared and presented to the board at its next scheduled meeting following the meeting of the committee.

Meetings of the committee are open to the public, and the committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Article 7 of the Public Officers Law that relate to public notice and the conduct of executive session.

### **Responsibilities**

The Audit and Finance Committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) oversight of management's internal controls, compliance and risk assessment practices; (c) special investigations and whistleblower policies; and (d) miscellaneous issues related to the financial practices of the corporation.

## **A. Independent Auditors and Financial Statements**

The Audit and Finance Committee shall:

- Oversee independent auditors retained by the corporation and pre-approve all audit services provided by the independent auditor.
- Establish procedures for the engagement of the independent auditor to provide permitted audit services. The corporation's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the Audit and Finance Committee. Non-audit services include tasks that directly support the corporation's operations, such as bookkeeping or other services related to the accounting records or financial statements of the corporation, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, and other tasks that may involve performing management functions or making management decisions.
- Review and approve the corporation's audited financial statements, associated management letter, report on internal controls and all other auditor communications.
- Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Meet with the independent audit firm on a regular basis to discuss any significant issues that may have surfaced during the course of the audit.
- Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

## **B. Internal Controls, Compliance and Risk Assessment**

The Audit and Finance Committee shall:

- Review management's assessment of the effectiveness of the corporation's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement.

## **C. Special Investigations**

The Audit and Finance Committee shall:

- Ensure that the corporation has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by the directors, officers, or employees of the corporation or any persons having business dealings with the corporation or breaches of internal control.
- Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing to the appropriate body.
- Request and oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation (for example, issues may be referred to the State Inspector General or, other investigatory organization.)
- Review all reports delivered to it by the Inspector General and serve as a point of contact with the Inspector General.

## **D. Review the Corporation's Annual Budget**

The Audit and Finance Committee shall:

- Review, amend and recommend the corporation's annual operating budget as presented by corporate management for the upcoming fiscal year.
- Monitor and report to the board on the corporation's compliance with its adopted budget during the fiscal year (actual verses estimated budget) on a monthly/quarterly basis.

### **E. Oversee the Corporation's Investments**

The Audit and Finance Committee shall:

- Annually review and recommend to the board approval of the corporation's annual investment report, investment policy and evaluate allocation of assets.
- Annually review the audit of investments as provided by independent auditors.
- Recommend to the board the selection of investment advisors.

### **F. Assess the Corporation's Capital Requirements and Capital Plan**

The Audit and Finance Committee shall:

- Assess the financial requirements of the corporation's capital plans. The assessment is to include current and future capital needs, a justification of why such capital expenditure is required and an explanation of funding sources for capital projects such as grants, issuance of debtor specified pay-as-you-go resources.
- Review the financial aspects of major proposed transactions, significant expenditures, new programs and services, as well as proposals to discontinue programs or services and making action recommendations to the board.

### **G. Review Financial and Procurement Thresholds**

The Audit and Finance Committee shall:

- Review and make recommendations to the board regarding any proposed procurements submitted to the committee.
- Review and recommend changes to the corporation's thresholds for procuring goods and services and procurement policy.
- Review and recommend changes to the corporation's fee schedules.
- Review the scope and terms of the corporation's insurance policies and liability coverage on an annual basis.

### **H. Other Responsibilities of the Audit and Finance Committee**

The Audit and Finance Committee shall:

- Present annually to the corporation's board a written report of how it has discharged its duties and met its responsibilities as outlined in the charter.
- Obtain any information and training needed to enhance the committee members' understanding of the role of internal audits and the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.
- Review the committee's charter annually, reassess its adequacy, and recommend any proposed changes to the board of the corporation. The Audit and Finance Committee charter will be updated as applicable laws, regulations, accounting and auditing standards change.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the board approval for proposed changes.