

THE TRUST FOR CULTURAL RESOURCES  
OF THE CITY OF NEW YORK

MINUTES OF MEETING  
OF THE AUDIT COMMITTEE

March 16, 2016

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A meeting of the Audit Committee of The Trust for Cultural Resources of The City of New York (the "Trust") was held on March 16, 2016 at 10:30 a.m. at the offices of the New York City Economic Development Corporation, 110 William Street, New York, New York.

Ms. Alice Knapp and Mr. Stanley Kreitman participated in the meeting by conference telephone that permitted them to hear and be heard by those present at the meeting. Ms. Knapp, chairman of the Audit Committee, presided.

In addition, the following persons were also present:

Douglas Zimmerman	EFPR Group, LLP
Brent Jensen	EFPR Group, LLP
Fred D'ascoli	New York City Economic Development Corporation
Rafaaf Osman	New York City Economic Development Corporation
Carol Ann Butler	New York City Economic Development Corporation
Bruce Rollins	New York City Economic Development Corporation
Romeo Rancio	New York City Economic Development Corporation
Donald H. Elliott	Secretary of the Board of Trustees
Anne Adams Rabbino	Assistant Secretary of the Board of Trustees

The meeting was called to order at 10:30 a.m. by Ms. Knapp.

Mr. Zimmerman began his presentation regarding the examination of the financial statements of the Trust by noting that there is no significant negative information to report to the Audit Committee. He referred to the Report to the Audit Committee distributed in advance of the meeting. The Report addresses a number of areas of potential concern and concludes that there are no issues to bring to the attention of the Audit Committee. Management has continued to operate efficiently and effectively, and all records of the Trust are in order.

With respect to the Independent Auditors' Report on the Trust's Basic Financial Statements for the years ended December 31, 2015 and December 31, 2014, Mr. Zimmerman noted that there are no substantive changes from the prior year. The opinion of the auditors is an un-modified opinion, which is the most favorable opinion auditors may give. The conduit debt issued by the Trust is not reflected in the Trust's Basic Financial Statements, except in the extensive notes to the Financial Statements. The significant obligations and assets of the Trust are all related to The Museum of Modern Art and the bonds issued for the benefit of the Museum

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that are being repaid with a portion of the tax equivalency payments collected by the Trust. To the extent that tax equivalency payments are sufficient to permit a portion of the obligations owed to the Museum to be reduced, those payments are made, but any outstanding balance will be extinguished at the maturity of those obligations.

Mr. Zimmerman noted that the audit was conducted in accordance with auditing standards generally accepted in the United States and also in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Mr. Zimmerman noted that the accounting policies used in 2015 were consistent with the prior year's policies.

Mr. Zimmerman reported that EFPR has encountered no difficulties in dealing with management in performing and completing the audit, that there were no material uncorrected misstatements detected as a result of EFPR's audit procedures, and that there were no disagreements with management during the course of the audit. He noted that management will make certain representations to EFPR in its management representation letter.

Mr. Zimmerman also reported that the Reports on Compliance with Contractual Provisions of Debt Agreements and the Reports on Applying Agreed-Upon Procedures, which require EFPR to confirm that the balances reported by the Trust in the various accounts established pursuant to the bond resolutions adopted by the Trust are accurate. These reports are all in order and are consistent with the comparable reports for 2014.

Mr. Jensen reviewed the financial highlights and analysis reflected in the financial statements. Due to the collection in 2015 of a substantial receivable due on account of tax equivalency payments, the Trust's financial condition improved. The other changes are generally attributable to the amortization of the bonds issued by the Trust for the benefit of The Museum of Modern Art that are being repaid with a portion of the tax equivalency payments collected by the Trust, as described above.

Ms. Knapp and Mr. Kreitman agreed that there were no matters that required further discussion with respect to the Independent Auditor's Report, the Reports on Compliance with Contractual Provisions of Debt Agreements or the Report on Applying Agreed-Upon Procedures.

The following resolutions was then made, seconded and unanimously adopted:

**RESOLVED**, that the Audit Committee of the Trust hereby approves the Independent Auditors' Report on the Trust's Basic Financial Statements for the years ended December 31, 2015 and 2014 prepared by EFPR Group, LLP, and recommends the approval thereof by the Board of Trustees of the Trust; and be it further

**RESOLVED**, that the Audit Committee of the Trust hereby approves the Reports on Compliance with Contractual Provisions of Debt Agreements for the year ended December 31, 2015, prepared by EFPR

Group, LLP and recommends the approval thereof by the Board of Trustees of the Trust; and be it further

**RESOLVED**, that the Audit Committee of the Trust hereby approves the Agreed-Upon Procedures for the year ended December 31, 2015, prepared by EFPR Group, LLP and recommends the approval thereof by the Board of Trustees of the Trust.

Mr. Rollins reported on the Assessment of Internal Controls (the "Assessment") as of December 31, 2015, prepared by the Internal Audit Department of the New York City Economic Development Corporation ("EDC"). He explained the internal audit examines the environment in which the financial reports are created to determine whether there are any inadequacies in the controls. The primary objective of the Assessment is to determine whether the Trust's assets are safeguarded against inappropriate or unauthorized use and whether EDC's operating processes provide reasonable assurance that financial reporting is reliable. The Internal Audit Department examined the processes utilized to determine the amount of bonds payable by the Trust, including the current portion; the amount of interest on outstanding bonds payable by the Trust from tax equivalency payments; the collection of tax equivalency payments; the amount due to The City of New York on account of payments in lieu of taxes; and payment of general and administrative expenses. All of the controls were found to be effective.

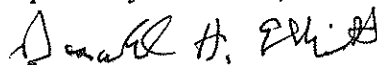
Ms. Knapp and Mr. Kreitman agreed that there were no matters that required further discussion with Mr. Rollins.

The following resolution was then made, seconded and unanimously adopted:

**RESOLVED**, that the Audit Committee of the Trust hereby accepts the Assessment of Internal Controls as of March 9, 2016, prepared by the Internal Audit Department of the New York City Economic Development Corporation and recommends the acceptance thereof by the Board of Trustees of the Trust.

There being no further business to come before the meeting, the meeting was adjourned at 10:50 a.m.

Respectfully submitted,



Donald H. Elliott  
Secretary