

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, 2018

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RSM US LLP

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 statement of net position as of June 30, 2018, 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.

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 audit. We conducted our audit 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, 2018, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, previously reported net position has been restated for a correction of an error for revenue and expenses recognized in the incorrect period. Our opinion is not modified with respect to this matter.

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 audit was 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, 2018, 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 October 18, 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
October 18, 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)

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 year ended June 30, 2018. 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 statement of net position presents the financial position of the Fund as of June 30, 2018. It provides 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 statement of revenue, expenses and changes in net position presents the change in net position over the course of the year ended June 30, 2018. The change in net position may be useful in assessing whether the financial position improved or deteriorated for the year.

The statement of cash flows presents the cash activities segregated by four major cash flow categories; operating activities, noncapital financing activities, capital and related financing activities and investing activities. This statement may be useful in determining the changes in liquidity and in understanding how cash and cash equivalents were used during the year ended June 30, 2018.

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 2016-18 initiatives enhanced through private support include:

- The Center for Youth Employment (the Center) is 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. Since its launch in 2015, the Center has helped grow the overall number of City-supported jobs, internships, and related opportunities for youth from approximately 62,000 in FY2015 to over 109,000 in FY2018—exceeding its original goal of 100,000 slots per year across all programs two years ahead of schedule. Within that number, the Center has helped increase the total number of high-quality summer internships through the City's Ladders for Leaders initiative from 475 to over 1,500, and the number of summer jobs reserved for high-need young New Yorkers in the foster care, shelter, or juvenile justice systems from 1,000 to over 3,000.

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Management's Discussion and Analysis (Unaudited)

- The Connections to Care (C2C) program, a \$30 million public-private partnership, was established to evaluate the integration of mental health support at community-based organizations (CBOs) serving low-income and at-risk populations who struggle with unmet mental health needs. Through C2C, Mental Health Providers (MHPs) train staff at CBOs to use evidence-based mental health skills – such as screenings for common mental health and substance use disorders and mental health first aid. An ongoing evaluation is tracking the impact of C2C on those who will receive services to test its effectiveness. Between March 2016 and June 2018, providers trained 1,305 staff and reached 19,844 program participants with C2C skills, and the RAND Corporation, the evaluator, released two research briefs.
- In FY17, the Fund and the Mayor's Office for People with Disabilities launched NYC: AT WORK to connect people with disabilities who are unemployed or underemployed to meaningful, living wage jobs across the five boroughs. Through collaboration with businesses, schools, workforce development organizations, and vocational rehabilitation organizations, NYC: AT WORK is building pathways for young people into job readiness, career exploration, training, and employment. This initiative aims to help 700 people with disabilities secure employment.
- In FY18, the Fund, the Department of Consumer Affairs Office of Financial Empowerment, and the Mayor's Office for People with Disabilities launched EmpoweredNYC to strengthen the financial health of New Yorkers with disabilities. EmpoweredNYC uses broad engagement and education, revolutionized one-on-one financial counseling, and specialized support services for people transitioning to work in order to advance financial capability and counseling for people with disabilities and their families.
- The Fund launched the New York City Soccer Initiative, a \$3 million, five-year partnership with adidas, New York City Football Club, U.S. Soccer Foundation, and Etihad Airways to revamp under-resourced public spaces into areas that promote physical health, youth development, and community engagement through soccer. Over the course of five years, the New York City Soccer Initiative is building, maintaining, and programming 50 mini soccer pitches in underserved neighborhoods across the five boroughs. Thus far, the Mayor's Fund and its partners have finished its second year and completed twenty pitches.

At June 30, 2018, the Fund's total net position increased by approximately \$986,000, or 6.57%, from the previous year due to the following changes in revenue and expenses:

- During the fiscal year ended June 30, 2018, total contributions and grants were approximately \$21.38 million, a decrease of about \$469,000, or 2.56%, from fiscal year 2017.
- In fiscal year 2018, total expenses were approximately \$20.75 million, a decrease of approximately \$3.52 million, or 14.50%, from the previous year. The decrease is mainly due to a decrease in spending for the NYC Service.

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Management's Discussion and Analysis (Unaudited)

Financial Analysis of the Fund

Net position: The following table summarizes the changes in net position between June 30, 2018 and 2017:

	2018	(As Restated) 2017	Percentage Change
Total assets	\$ 20,506,473	\$ 17,919,621	13.92%
Total liabilities	5,947,091	4,346,482	36.83%
Net position	<u>\$ 14,559,382</u>	<u>\$ 13,573,139</u>	6.59%
Net position:			
Restricted expendable	\$ 14,574,495	\$ 13,325,093	9.30%
Unrestricted	(15,113)	248,046	(140.07)%
Total	<u>\$ 14,559,382</u>	<u>\$ 13,573,139</u>	6.57%

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, 2018 and 2017:

	2018	(As Restated) 2017	Percentage Change
Contributions and grants	<u>\$ 21,338,841</u>	<u>\$ 21,804,641</u>	(2.56)%
Operating expenses:			
Program services	19,719,286	23,524,573	(16.16)%
Management and general	432,812	351,430	23.16%
Fund-raising	602,132	402,084	49.75%
Total operating expenses	<u>20,754,230</u>	<u>24,278,087</u>	(14.50)%
Operating income (loss)	584,611	(2,473,446)	(119.81)%
Nonoperating revenue	401,632	386,953	3.79%
Change in net position	<u>\$ 986,243</u>	<u>\$ (2,086,493)</u>	(142.74)%

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

Management's Discussion and Analysis (Unaudited)

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 place 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.

**The Mayor's Fund to Advance New York City
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**Statement of Net Position
June 30, 2018**

Assets

Current assets:

Cash	\$	1,746,179
Contributions and grants receivable		6,072,353
Investments		12,684,186
Prepaid expenses		3,755

Total assets \$ 20,506,473

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$	5,947,091
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Total liabilities \$ 5,947,091

Net position (deficit):

Restricted expendable	\$	14,574,495
Unrestricted		(15,113)

Total net position (deficit) \$ 14,559,382

See notes to financial statements.

**The Mayor's Fund to Advance New York City
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**Statement of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2018**

Operating activities:	
Support and revenue:	
Contributions and grants:	
Unrestricted	\$ 1,729,613
Restricted	19,609,228
Total operating support and revenue	<u>21,338,841</u>
Operating expenses:	
Program services	19,719,286
Management and general	432,812
Fund-raising	602,132
Total operating expenses	<u>20,754,230</u>
Surplus of operating support and revenue over expenses	<u>584,611</u>
Nonoperating revenue:	
City of New York contract	374,510
Investment loss	(132,180)
Interest income	159,302
Total nonoperating revenue	<u>401,632</u>
Change in net position	986,243
Net position:	
Beginning, as restated (see Note 11)	<u>13,573,139</u>
Ending	<u>\$ 14,559,382</u>

See notes to financial statements.

**The Mayor's Fund to Advance New York City
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**Statement of Cash Flows
Year Ended June 30, 2018**

Cash flows from operating activities:	
Receipts from contributions and grants	\$ 19,634,150
Payments to vendors and grantees	(13,099,023)
Payments for salaries and related costs	(4,967,442)
Other payments	(124,772)
Net cash provided by operating activities	<u>1,442,913</u>
Cash flows provided by noncapital financing activities:	
Receipts from City of New York contract	374,510
Repayment of loans	(500,000)
Net cash used in noncapital financing activities	<u>(125,490)</u>
Cash flows from investing activities:	
Purchase of investments	(2,090,882)
Proceeds from investments	5,452
Interest income	159,302
Net cash used in investing activities	<u>(1,926,128)</u>
Net change in cash	(608,705)
Cash:	
Beginning	<u>2,354,884</u>
Ending	<u>\$ 1,746,179</u>
Reconciliation of surplus of operating support and revenue over expenses to net cash provided by operating activities:	
Surplus of operating support and revenue over expenses	\$ 584,611
Adjustments to reconcile surplus of operating support and revenue over expenses to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Increase in contributions and grants receivable	(1,251,173)
Decrease in prepaid expenses	8,865
Increase in accounts payable and accrued expenses	2,100,610
Net cash provided by operating activities	<u>\$ 1,442,913</u>

See notes to financial statements.

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

Notes to Financial Statements

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 a financial reporting entity.

The GASB defines the basic financial statements of a business-type activity as the statement of net position, statement of revenue, 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 revenue and expenses are classified as either operating or nonoperating activities in the statement of revenue, 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 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, 2018, 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 by creditors, grantors, contributors, or laws and regulations of other governments or are imposed by law through constitutional provision or enabling legislation.

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. 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. A deficit will require future funding.

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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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 revenue 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, 2018 is held by one financial institution. Please see Note 9 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. 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.

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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets 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 at the measurement date. Level 3 assets 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.

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

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2018, no allowance was deemed necessary.

Prepaid expenses: Payments made for expenses relating to events or projects that 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.

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 revenue and expenses in the accompanying statement 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, 2018 were \$393,075 for rent, facilities and other, and \$150,993 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 revenue 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 statement of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated to the programs and supporting services benefitted.

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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Income taxes: The Fund is subject to unrelated business income tax (UBIT), if applicable. For the year ended June 30, 2018, 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 October 18, 2018 for these financial statements.

Note 3. Investments

As of June 30, 2018, the Fund had the following investments:

Mutual funds:

Short duration bond fund	<u>\$ 12,684,186</u>
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All of the Fund's investments at June 30, 2018 were Level 1 in the fair value hierarchy. There were no transfers between levels during the year ended June 30, 2018.

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.

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, 2018 were collectible in full and no allowance for doubtful accounts is deemed necessary.

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Notes to Financial Statements

Note 5. 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 table summarize support received from donors and expenditures made for such projects for the year ended June 30, 2018:

	(Restated) Restricted Expendable Net Position Balance at June 30, 2017	Contributions and Grants	Program Services	Interfund Transfers ⁽²⁾	Restricted Expendable Net Position Balance at June 30, 2018
Building Healthy Communities	\$ 50,000	\$ 589,048	\$ 12,215	-	\$ 626,833
Center for Economic Opportunity	489,491	476,200	210,563	-	755,128
Children's Cabinet	-	284,625	132,024	-	152,601
Commission for Economic Opportunity(1)	139,625	-	689	-	138,936
Center for Innovation Through Data Intelligence	56,425	118,514	91,703	-	83,236
Commission Gender Equity	53,132	-	42,388	-	10,744
Connections To Care	679,600	4,479,294	4,604,642	-	554,252
Department of Citywide Administrative Services / Historic Preservation	5,082	5,149	5,323	-	4,908
Deputy Mayor Housing & Economic Development	-	8,800	8,800	-	-
Department of Consumer Affairs	456,269	1,037,400	411,428	-	1,082,241
Department of Cultural Affairs	268,519	(6,000)	78,878	-	183,641
Department of Design & Construction	143	24,650	-	-	24,793
Department of Education	3,410	-	-	-	3,410
Department of Environmental Protection	136,959	28,950	47,556	-	118,353
Department of Homeless Services	-	617,000	513,021	-	103,979
Department of Housing Preservation and Development	1,308,081	25,750	498,474	-	835,357
Department of Information Technology	26,016	170,985	197,000	-	1
Department of Mental Health	91,286	246,750	70,429	-	267,607
Department of Parks and Recreation	11,943	20	892	-	11,071
Department of Probation	371,403	229,550	315,608	-	285,345
Department of Records and Information Services	1,105	-	-	-	1,105
Department of Transportation	191,866	51,477	16,783	-	226,560
Department of Youth and Community Development	1,352,684	2,590,526	2,020,356	(210,000)	1,712,854
Early Childhood Education	-	25,000	25,000	-	-
Expanding Broadband in NYC	372,089	-	362,668	-	9,421
Food Justice Fund	536	-	-	-	536
Food Policy	437,714	-	97,714	-	340,000
Health and Human Services	-	232,500	-	-	232,500
Human Resources Administration	-	634,907	459,907	-	175,000
Human Rights Commission	750	30,115	30,000	-	865
Mayor's Office of Chief Technology	-	60,000	10,000	-	50,000
Mayor's Office of Data Analytics	-	62,437	38,643	-	23,794
Mayor's Office of International Affairs	-	2,570	2,570	-	-
NYC Economic Development Corporation	373,250	-	-	-	373,250
NYC Housing Authority	115,000	-	90,000	-	25,000
NYC Service(1)	1,052,060	1,537,608	2,148,934	-	440,734
NYC Soccer Initiative	475,714	330,010	475,465	-	330,259
Office For People With Disabilities	167,734	853,266	336,693	-	684,307
Office of Criminal Justice	2,046	48,710	47,610	-	3,146
Office of Emergency Management	-	46,500	12,704	-	33,796
Office of Environmental Remediation	9,300	-	-	-	9,300
Office of Film, Theatre & Broadcasting	21,710	-	-	-	21,710
Office of Immigrant Affairs	1,173,892	1,169,304	1,521,739	-	821,457
Office of Special Projects and Community Events	92,112	367,920	473,103	13,071	-
Office of Sustainability	418,500	285,000	-	-	703,500
Office of Technology & Innovation	93,000	-	2,792	-	90,208
Office of Veterans' Affairs	151,673	45,224	69,828	-	127,069
Office to Combat Domestic Violence	305,907	444,938	582,369	-	168,476
Public Design Commission	122,165	18,600	18,500	-	122,265
Relief Efforts	99,709	527,921	480,812	-	146,818
Small Business Services	252,296	904,900	280,000	-	877,196
Women's Soccer Parade	148,984	-	-	-	148,984
Young Men's Initiative	181,584	-	60,000	60,000	181,584
Center for Youth Employment	1,564,329	1,003,110	1,467,074	150,000	1,250,365
Totals	\$ 13,325,093	\$ 19,609,228	\$ 18,372,897	\$ 13,071	\$ 14,574,495

(1) Direct program expenses shown above include direct personnel service costs of \$3,195,909. Such amount is reported as personnel services costs in Note 10.

(2) Interfund transfers represent authorized transfers between projects or from unrestricted net position. The \$13,071 transfer reflects a transfer in from the unrestricted net position.

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

Notes to Financial Statements

Note 6. 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 year 2018, the Fund elected to treat the use of facilities as an in-kind contribution. The in-kind contribution was \$302,524 for the year ended June 30, 2018, which is considered to be the fair value of such facilities (see Note 2 for additional discussion on in-kind contributions).

Note 7. Revenue Concentrations

Revenue from federal grant awards accounted for approximately 17% of the total contributions and grants for the year ended June 30, 2018. Amounts due from various federal grant awards for reimbursable expenses incurred by the Fund represent approximately 36% of the contributions and grants receivable at June 30, 2018.

Note 8. Operating Expenses

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

	Program Services	Management and General	Fund- Raising	Total
Salaries	\$ 3,727,819	\$ 178,416	\$ 413,661	\$ 4,319,896
Payroll taxes and other employee benefits	524,360	46,865	101,566	672,791
Total personnel services	4,252,179	225,281	515,227	4,992,687
Direct program expenses - grants	15,174,388	-	-	15,174,388
Accountant	17,820	4,455	-	22,275
Audit and tax preparation fees	-	61,283	-	61,283
In-kind facilities and tech support	83,046	37,748	30,199	150,993
Printing	166,388	90,758	45,379	302,525
Other expenses	7,522	4,050	-	11,572
	17,943	9,237	11,327	38,507
	<u>\$ 19,719,286</u>	<u>\$ 432,812</u>	<u>\$ 602,132</u>	<u>\$ 20,754,230</u>

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

Notes to Financial Statements

Note 9. 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 held by one financial institution at June 30, 2018, \$1,496,179 was uninsured and uncollateralized.

Note 10. 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, would not have a material impact on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such contingency.

On March 29, 2018, the Office of Inspector General (OIG) for the Corporation for National and Community Service (CNCS) issued an audit report of the Social Innovation Fund grant from CNCS for the period from August 1, 2010 to July 31, 2015. The audit report includes findings with potential questioned federal costs totaling \$4,606,377. Management responded to the report and strongly disagrees with its conclusions. Management will work with the CNCS Office of Grants Management (OGM) for audit resolution. There has been no resolution to this audit. 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 loss is 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.

Note 11. Restatement

Financial information evaluated during fiscal year 2018 resulted in the determination of errors in revenue and expenses that relate to the previous period. As a result, fiscal year 2017 net position was restated as follows:

	Fiscal Year Ended June 30, 2017 (Previously reported)		Restatement	Fiscal Year Ended June 30, 2017 (As restated)		
Net position:						
Restricted expendable	\$	13,664,569	\$	(339,476)	\$	13,325,093
Unrestricted		435,799		(187,753)		248,046
Total net position	\$	14,100,368	\$	(527,229)	\$	13,573,139

**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, 2018**

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	\$ 2,683,492	\$ 1,814,813
Pass-Through New York State Office of Children and Family Services:				
Civic Corps	94.006	C027686	1,056,844	1,056,844
AmeriCorps	94.006	N/A	59,505	-
Total Corporation for National and Community Service			<u>3,799,841</u>	<u>2,871,657</u>
U.S. Department of Justice:				
Crime Victim Assistance/Discretionary Grants	16.582	N/A	24,433	23,776
Total U.S. Department of Justice			<u>24,433</u>	<u>23,776</u>
Total expenditures of federal awards			<u><u>\$ 3,824,274</u></u>	<u><u>\$ 2,895,433</u></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

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, 2018. 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.

Note 4. Reconciliation to the financial statements

As of June 30, 2018, Management has identified that certain eligible federal award costs have been included in the 2018 SEFA that should have been reported in the prior year SEFA. The effected federal awards and amounts are as follows:

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Entity Identifying Number	Federal Expenditures
Social Innovation Fund/Connections to Care	94.019	N/A	\$ 143,521
Crime Victim Assistance/Discretionary Grants	16.582	N/A	13,568
Total expenditures of federal awards			\$ 157,089

**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, 2018, 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 October 18, 2018. Our report contained an emphasis of matter paragraph related to previously reported net position that has been restated for a correction of an error for revenue and expenses recognized in the incorrect period.

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 and, therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Fund's Response to Findings

The Fund's response to the finding identified in our audit is 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
October 18, 2018

**Report on Compliance for the Major Federal Program and on
Internal Control Over Compliance Required 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, 2018. 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, 2018.

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
October 18, 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, 2018**

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? X yes 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)

94.019

Name of Federal Program or Cluster

Social Innovation/Connections to Care

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, 2018**

Section II - Financial Statement Findings

A. Internal Control Findings

2018-001 Material Weakness

Criteria: Government Accounting Standards Board requires revenue recognition based on Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This standard requires all eligibility requirements to be met before recognizing voluntary nonexchange revenue transactions. Eligibility requirements comprise one or more of the following:

- a. Required characteristics of recipients. The recipient (and secondary recipients, if applicable) has the characteristics specified by the provider.
- b. Time requirements. Time requirements specified by enabling legislation or the provide have been met.
- c. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicablille program.
- d. Contingencies. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Expenses are required to be recognized in the period in which the goods or services were provided.

Further, Section 49 Code of Federal Regulations (CFR) §18.20(b)(2) and 2 CFR §200.302(b), as applicable, require that grantees have internal control procedures in place to provide reasonable assurance that reliable, accurate, and complete disclosure of the expenditures of federal awards of grants and sub-grants are presented in the SEFA.

Condition: Several errors were identified during the audit related to cut-off of revenue and expense transactions which resulted in a restatement of the prior year financial statements for the understatement of revenues and expenses by \$472,777 and \$1,000,007, respectively, for the year ended June 30, 2017.

Additionally, two errors were identified for duplicate accounts receivable transactions resulting in an overstatement of accounts receivable and revenue by \$140,000. Further, errors were identified of \$485,000 that were recognized by management in FY 2018 that should not have been recognized until FY 2019. Adjusting entries were recorded by management to correct these errors.

Cause: Management records revenue during the year on a cash basis and performs an analysis at year-end to convert to the accrual basis of accounting. As such, there is no continuous analysis of the various grants and contributions to determine when revenue recognition should occur based on GASB 33.

Management relies heavily upon the submission of reimbursement requests from subrecipients and City of New York agencies when recognizing expense transactions. There can be a lag between the period the expenses were incurred by the subrecipients or agencies and their request for reimbursement.

Effect or Potential Effect: This can result in an inaccurate amount reported in the financial statements and inaccurate information provided to management.

**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, 2018**

Recommendation: We recommend that management review the guidance in GASB 33 for revenue recognition. Further, we recommend that an analysis of each grant agreement, contract or donation be performed to determine if all eligibility requirements have been met. When all requirements have been met, the revenue and receivable, if applicable, should be recognized.

We recommend that management require agencies and subrecipients to maintain separate records of the activity related to the use of the Fund's grant funds. These records should be reconciled to the Fund's general ledger at least quarterly. We recommend that management follow up for timely submission of reimbursement requests from agencies and subrecipients.

View of Responsible Officials and Planned Corrective Action: Management recognizes and agrees with the findings and recommendations cited above.

Management will analyze each grant agreement, contract or donation to determine if all eligibility requirements have been met. When all requirements have been met, the revenue and receivable will be recognized.

Management will require agencies and subrecipients to maintain separate records of the activity related to the use of the Fund's grant funds. These records will be reconciled to the Fund's general ledger on a quarterly basis. Management will follow up for timely submission of reimbursement requests from agencies and subrecipients.

B. Compliance Findings

No matters to report.

**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, 2018**

Section III - Federal Award Findings and Questioned Costs

A. Internal Control

No matters to report.

B. Compliance Findings

No matters to report.