

NEW YORK STATE
OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

AUDIT COMMITTEE MEETING

Lake Placid Conference Center,
Lake Placid, NY

June 11, 2024
1:07 p.m. - 1:32 p.m.

06/11/2024

MEMBERS PRESENT:

Cliff Donaldson (Chair)

Bill Beaney

Elinor Tatum

Frank Cardinale

Joe Martens

Joe Zalewski

ALSO PRESENT:

Ashley Walden, President/CEO

Michelle Crew, General Counsel

Peggy Evatt, Director of Finance

1 06/11/2024

2 (The Audit Committee meeting commenced at 01:07
3 p.m.)

4 CLIFF DONALDSON: I'm calling today's
5 meeting to order at 1:07 p.m. in the a-, in the
6 afternoon. I want to thank you all for attending
7 today. We are welcoming committee members in-
8 person and remotely via video conference. Also,
9 to the public viewing, thank you for joining us
10 today. Please note, this committee meeting is
11 being videotaped. A link to the video and
12 transcription will be posted on the Olympic
13 Authority website following the meeting. As we
14 start with today's items, I will remind the
15 committee members to please speak as clearly as
16 possible and to identify yourselves each time you
17 speak or make a motion. An agenda is included in
18 your committee packet. Renee, could we please
19 have a roll call?

20 RENEE FITZGERALD: Cliff Donaldson?

21 CLIFF DONALDSON: Here.

22 RENEE FITZGERALD: Bill Beaney?

23 BILL BEANEY: Here.

24 RENEE FITZGERALD: Elinor Tatum?

1 06/11/2024

2 DIANE MUNRO: You're muted.

3 JOE MARTENS: You're on mute, but we
4 read your lips.

5 RENEE FITZGERALD: Okay. Frank
6 Cardinal? Joe Martens?

7 JOE MARTENS: Here.

8 RENEE FITZGERALD: Joe Zalewski?

9 JOE ZALEWSKI: Here.

10 RENEE FITZGERALD: And for the record,
11 Joe Zalewski is attending under extraordinary
12 circumstances. We have a quorum.

13 CLIFF DONALDSON: Thank you. The first
14 item for the committee act-, for committee action
15 on the agenda is the approval of the minutes from
16 the Audit Committee's last meeting. May I have a
17 motion approving the minutes of the Audit
18 Committee meeting to -- held on May 3, 2024?

19 JOE MARTENS: So moved, Joe Martens.

20 ELINOR TATUM: So moved.

21 CLIFF DONALDSON: So moved by Joe.

22 Second.

23 ELINOR TATUM: Second.

24 CLIFF DONALDSON: Second by Eli. Thank

1 06/11/2024

2 you. Discussion, corrections, questions? Being
3 none, all in favor, signify by saying aye.

4 MULTIPLE SPEAKERS: Aye.

5 CLIFF DONALDSON: Dissenting? Being
6 none, the motion is passed and the minutes are
7 approved. The next item on the agenda is the
8 independent auditor's presentation. Today, we
9 have representative from EFPR Group, CPA's PLLC
10 to present the report from the audit that they
11 performed. I'd like to ask Peg to please
12 introduce the representative of the company and
13 then take it from there with the report.

14 PEGGY EVATT: Very good. Yes,
15 representing EFPR Group today is Doug Zimmerman.

16 DOUG ZIMMERMAN: Thank you. Good
17 afternoon, everyone. There is a PowerPoint
18 presentation. I don't know if they're going to
19 pull it up on the screen.

20 PEGGY EVATT: Yes. There you go. Or
21 you can even get the clicker.

22 DOUG ZIMMERMAN: Oh, okay.

23 CLIFF DONALDSON: How do we pull it up?

24 PEGGY EVATT: Give me one sec.

1 06/11/2024

2 DOUG ZIMMERMAN: Sorry [inaudible]
3 [00:12:20]. At least it's not me with a
4 technical problem. There we go. Good to go
5 then?

6 JOE MARTENS: I think he's trying to get
7 rid of the left-hand side.

8 PEGGY EVATT: [inaudible] [00:13:34].

9 CLIFF DONALDSON: There you go.

10 JOE MARTENS: There you go.

11 DOUG ZIMMERMAN: Again, thank you very
12 much. Again, I'm Doug Zimmerman, partner with
13 the EFPR Group that was the partner on the
14 engagement, and I'll be reviewing the results of
15 the audit for the year ended March 31, 2024.
16 Today's agenda that I was going to cover is our
17 engagement team, the timing of our procedures,
18 the results, and then required communication,
19 which is called a report to the board between the
20 audit firm and the governing body. The team, as
21 I mentioned, I was the engagement partner. David
22 Gabel is the audit director that was overseeing
23 the audit. And then, we also use a subcontractor
24 in accordance with New York State's MWBE

1 06/11/2024

2 requirements. And so, we had a staff accountant
3 from the MWBE firm that we use that assisted on
4 the audit as well. By the timing of the
5 procedures, we began the field work back on April
6 24th. We issued a draft of the financial
7 statements on May 31st. I guess we have two days
8 there, but it was at the end of May. And then,
9 obviously, we're here today to present to the
10 Audit Committee the results of that audit and the
11 draft reports. We anticipate issuing what's
12 called an unmodified or a clean opinion. There
13 are no exceptions noted in preparation of the
14 accounting records that deviate from generally
15 accepted accounting principles. We did not
16 identify any weaknesses in internal controls over
17 the Olympic Authority's financial reporting.
18 Additionally, there are no compliance findings.
19 There are really two opinions reports that we
20 issue within the body of the financial
21 statements. There's the report in the front,
22 which really covers the numbers and the financial
23 statements. And then, there's a report in the
24 back of the report that is with regards to

1 06/11/2024

2 internal controls and compliance. And again,
3 both of those are clean, unmodified reports. The
4 books and records were maintained in a clear and
5 orderly fashion. Everything that we requested
6 was, you know, immediately provided to us by Peg
7 and her team. We had excellent cooperation.
8 There were no issues. When we begin an audit, we
9 have a- an audit plan that we prepare. And we're
10 happy to report back that that audit was prepa-,
11 was conducted in accordance with that plan. So,
12 there are no issues that we detected that caused
13 us to have any deviations at all from that plan.
14 Audit procedures were conducted both in-person
15 and remotely. What we try to do is get some of
16 the housekeeping stuff out of the way before we
17 come and bother the client on site. And again,
18 everything went very smoothly. I'm sorry. Here
19 we go. There, there are a couple of new
20 accounting rules. 87, which has to do with
21 leases, was, was applied last year. And then,
22 there was also a new accounting rule from GASB as
23 Governmental Accounting Standards Board. They
24 set the, the rules and regulations that

1 06/11/2024

2 governmental entities follow. And that one had
3 to do with basically IT subscriptions. The
4 authority evaluated their leases and
5 subscriptions and determined that there was no
6 material impact from these. So, again, there was
7 no issue with regards to any of the new
8 pronouncements. Accounting estimates, every time
9 accounting records are prepared, there are
10 certain estimates that are utilized by
11 management. You know, an example would be
12 estimated lives of depreciable assets. So, we
13 review those in connection with the audit, and
14 they were all reasonable and appropriately
15 supported. And as I mentioned, there were no
16 disagreements, or with regards to performing our
17 audits, no differing was -- disagreements with
18 management over any accounting, reporting, or
19 auditing manner. One of the last things that
20 we'll do is obtain the management's
21 representation letter. Currently, the report is
22 in draft form. So, we have not yet dated it.
23 It's not on our letterhead. Upon approval, what
24 we do is, and there's a couple of last things

1 06/11/2024

2 that we have to do with management, we remove the

3 draft stamp, and then we'll put it on our

4 letterhead, and date the report. And that

5 management's representation letter will

6 correspond to the date of our auditor's opinion.

7 There are some supplementary information that is

8 also in the financial statements, and these are

9 required by the Governmental Accounting Standards

10 Board. There's a schedule that is in there with

11 regards to OPEB, and OPEB is Other Post-

12 Employment Benefits. It's really the health

13 insurance for employees. So, there's a schedule

14 there with regards to how those numbers are

15 calculated each year. There are, there are two

16 schedules related to your participation in New

17 York State pension system. You have what they

18 refer to as a proportionate share of the

19 liability. So, every participating New York

20 State entity that participates in the plan gets a

21 proportion allocation based on their number of

22 employees and their participation in a plan. And

23 then, you record that share as either an asset or

24 liability, depending on the pension plan. Last

1 06/11/2024

2 year for 2023, it was actually an asset. The New
3 York State plan was overfunded. And then, for
4 2024, with the results of, you know, the market
5 and some other actuarial information, the plan
6 became underfunded, which is typically, it's,
7 it's standing. And so, as I go through some of
8 the numbers, you will see there were some swings
9 in the numbers between assets and liabilities
10 having to do with the pension plan. And again,
11 that is something that you have really no control
12 whatsoever over. They send you a bill, you pay
13 it. They send you the, the information in a
14 report, and you record that into your accounting
15 records. But you are really not making any
16 decisions whatsoever with regards to the, the
17 pension system. There's also a schedule in the
18 back with regards to the pension contributions
19 that you make each year.

20 JOE MARTENS: Of the -- so, do, do I
21 recall that the asset last year was like \$6
22 million, or are you going to get to that?

23 DOUG ZIMMERMAN: We're actually on that
24 page right now. But yes, you are correct. The

1 06/11/2024

2 asset was \$6.2 million last year. And just for
3 reference, it became a liability of \$17.9
4 million. So, you had, you know, a 23 something
5 million-dollar swing from last one year to the
6 next. So --

7 JOE MARTENS: I did doubt it. That's
8 why I'm asking.

9 DOUG ZIMMERMAN: That's a very good
10 memory from, from last year. So, your net
11 position of the organization as of March 31, 2024
12 was \$444.1 million, and that was versus the
13 \$409.6 million at the end of March 31, 2023. So,
14 that was an increase of \$34.5 million. Capital
15 assets, which is obviously, you know, the biggest
16 number on your financial statements, amounted to
17 -- and again, this is net of accumulated
18 depreciation that you record each year. The net
19 amount is \$478.3 million versus \$443 million in
20 the prior year. So, that was an increase of
21 \$35.3 million. So, what that really tells you is
22 you had a lot of capital assets this year,
23 because not only did it go up, but you also had
24 to offset the depreciation that was recorded in

1 06/11/2024

2 the current year. So, you know, typically, if

3 you're not involved in a capital construction

4 campaign, typically, you- you'll see that number

5 going down each year as depreciation expense is

6 being recorded. Current assets, cash

7 receivables, prepaids was \$54.9 million versus

8 \$52.5 million in the prior year. And right

9 there's the pension numbers that we just spoke

10 of. It's a liability of \$7.9 in the current year

11 versus the asset last year of, of \$6.2 million.

12 Total liabilities were \$76.3 versus \$65.4, and we

13 gave you the breakdown of what those are. As I

14 mentioned previously, the OPEB or the other post-

15 employment benefits, that's the retiree health

16 insurance. That's \$39.9 million. As a

17 comparison, that was \$48.2 last year. So, that's

18 calculated by your actuary. And so, obviously,

19 based on life expectancies, discount rates,

20 things of that nature, the actuary prepares a

21 report. And again, those numbers are utilized

22 for the underlying accounting records. Again,

23 the net pension liability is in there for \$17.9.

24 Accounts payable and accrued expenses were \$9.9

1 06/11/2024

2 million at the end of this year. It was \$6.9

3 million last year. Compensated absences, you

4 know, vacation accruals at the end of the year,

5 \$5.2 million versus \$4.8 last year. And then,

6 advanced collections or monies received for the -

7 - you know, the following, you know, year, \$4.2

8 at the end of the year versus \$5.5 at the end of

9 last year. That was the liability side, and this

10 is the income statement side. So, the change in

11 net position or net income for the year, \$34.5

12 million versus \$74.3 million. And those numbers

13 are obviously a little deceptive because you're

14 getting capital contributions from the state.

15 What happens is you, you -- they're, they're

16 reported as revenue. You use them for the

17 construction activities but they're not expensed.

18 They're capitalized. So, you get a -- you know,

19 you get a \$500 million grant, you've got \$500

20 million of revenue and zero for expense because

21 you're capitalizing those assets to expense them

22 over the years. And so, you know, an

23 organization like yourself that is capital

24 intensive, capital construction intensive, the

1 06/11/2024

2 net income number is really not indicative of,

3 you know, your, your operating results. That's

4 where your operating -- the next line there,

5 operating loss, was \$47.4 million compared to

6 \$29.4. And again, outside of that is

7 appropriations from the state that was obviously

8 helping to offset that. Non-operating income,

9 \$14.5 million versus \$16.4 last year. And then,

10 the capital contributions that were provided for

11 the construction, \$67.4 in the current year

12 versus \$87.4 in the prior year. Operating

13 income, the revenue was up \$2.9 million to \$65.1,

14 but the expenses were up \$20.9 million to \$112.5.

15 That's when you look at that line and compare it

16 to that operating loss line, you can then see why

17 the loss increased from \$29.4 last year to the

18 \$47, again, primarily driven by the increase on

19 the expenditure side. The non-operating income,

20 the New York State appropriations was consistent

21 between the two years at \$13.9 million. And the

22 capital contributions, as mentioned above, were

23 down \$20 million to the \$66.4 million. That's of

24 the, the numbers. And those numbers all come off

1 06/11/2024

2 of basically pages 15 and 16 of the, of the
3 financial statement draft. And I certainly --
4 before I get into the notes, I'd be happy to
5 answer any questions anyone may have on any of
6 the, the detailed numbers.

7 CLIFF DONALDSON: Any questions?

8 JOE MARTENS: It seems pretty
9 straightforward.

10 DOUG ZIMMERMAN: Yeah, it, it is. And
11 again, it was a, a very smooth audit. I like
12 nothing better than to reporting back that
13 everything was as it would -- as it should be, no
14 problems, no issues. The next section that I
15 just wanted to touch on for a second was note
16 highlights. The financial statements are really,
17 there's three components. There's what is called
18 management's discussion and analysis, which is in
19 the front, which is really management's
20 opportunity to talk about everything that
21 happened over the last couple fiscal years and
22 address changes from one year to the next. Then,
23 there's the detailed financial statement number
24 pages, which is, is what we really covered at a

1 06/11/2024

2 high level. And then, the, the remaining pages,
3 in this case on the financial statements, it's
4 pages 39 -- or excuse me, 19 through 38. So,
5 there's some 19 pages of notes, notes 1 through
6 12. Really, expand on the, the various account
7 balances and ideally are read in connection with
8 the financial statements to get a clear
9 understanding of the operating results. And a
10 couple items just here, note one describes the
11 authority and the accounting policies that it
12 follows. And again, it follows generally
13 accepted government accounting rules as issued by
14 the Governmental Accounting Standards Board, no
15 different than any, any other public authority or
16 governmental entity. Note two details, your
17 investments in US Treasury bills, and you are
18 restricted as the type of investments that you're
19 allowed to maintain. Note number eight, as I
20 mentioned previously, you're part of the New York
21 State employees' pension system that's overseen
22 by OSC and the Comptroller. And again, they
23 provide you all the information that you need to
24 record the transactions and provide the detailed

1 06/11/2024

2 information within the, the notes to the
3 financial statements. And then, note 10, again,
4 is the other post-employment benefits or the
5 retiree health insurance. As I mentioned, we
6 also do the audit in accordance with what's
7 called government auditing standards. And that's
8 where we review the internal controls over
9 financial reporting as well as your compliance
10 with laws, regulations, contract provisions. And
11 as I mentioned previously, we're happy to report
12 back that there were no material weaknesses or
13 significant deficiencies reported in the internal
14 control system. And there are no instances of
15 noncompliance that would be material to the
16 financial statements. So, again, there are
17 various litany of tests that we perform in
18 connection with the audit, both on the internal
19 control side and also on the compliance side.
20 There is also another report in the, the very
21 back of the financial statements that has to do
22 with your compliance with New York State's
23 guidelines for investment policies. And as I
24 mentioned, you have investments in US Treasuries.

1 06/11/2024

2 But one of our requirements is that we basically

3 audit those investment guidelines, and then, also

4 audit the investments that are held by the

5 authority to make sure that they're in compliance

6 with those guidelines, and then, and then, and

7 then, also in compliance with the New York State

8 regulations. And again, that is also an

9 unmodified, clean opinion on your investment

10 compliance report. And there are no issues, you

11 know, noted with regards to anything related to

12 the investments. And there was also no

13 management letter. Everything that we looked at

14 was as it should be. You know, in -- an audit is

15 really, it's a team approach. We certainly come

16 in at the end of the year and perform all the

17 audit procedures that we have to conduct. But

18 management has to be maintaining those records

19 throughout the year to get to the point where

20 we're able to come in. And certainly, you know,

21 they maintain those, you know, in, in great shape

22 throughout the year. You, you can't have a mess

23 during the year and try to clean it up at the

24 end. We're going to see that, and that's

1 06/11/2024

2 certainly not the case. Everything was in great
3 shape. And it's really a, a testament to Peggy
4 and her entire team keeping diligent on it, you
5 know, throughout the year to be able to allow me
6 to be here, you know, very early on in the
7 process. You're, you're in March 31st year end.
8 You have to file by the end of June. It's
9 December -- or excuse me, it's June, what is it?

10 PEGGY EVATT: 11th.

11 DOUG ZIMMERMAN: 11th today. You're one
12 of my first March 31st audit committee meetings.
13 So, that really tells you how quickly the books
14 are closed. We're able to come in, and we're
15 able to get this report into draft form. In --
16 at the end of June, I'm a little bit more hectic
17 flying around at various meetings. So, it's,
18 it's a pleasure to be able to be here this early
19 to present the results. And with that, I'll, you
20 know, open it up. If there's any other questions
21 anyone may have, you can just close that up.

22 CLIFF DONALDSON: Are there any
23 questions? Comments?

24 JOE MARTENS: Well, I, I will comment to

1 06/11/2024

2 say that as satisfied as you are with, you know,
3 delivering this kind of news and a clean audit
4 letter, we are equally as gratified to receive
5 your report in that kind of great condition. And
6 I, I will speak for the entire committee and the
7 entire board to say that we are very grateful to
8 Peggy and her finance team for keeping such great
9 books and allowing you to finish, you know, early
10 and get this out of the way, so to speak --

11 DOUG ZIMMERMAN: We love it.

12 JOE MARTENS: -- more difficult ones,
13 you could hold til the end. So, you know, thanks
14 to Peggy. I, I went through the financials and
15 they certainly seem, you know, very
16 straightforward. And again, that's a credit to
17 all of, you know, record keeping --

18 DOUG ZIMMERMAN: Yes.

19 JOE MARTENS: -- that's done throughout
20 the course of the year. At every meeting, I
21 always say how gratified that, that we actually
22 have investment income coming in as opposed to,
23 you know, paying for loans and the like. And
24 historically --

1 06/11/2024

2 DOUG ZIMMERMAN: Absolutely.

3 JOE MARTENS: -- you know, have been a
4 big progress point as far as I'm concerned. And
5 this is a -- it's a delight to receive such a
6 nice report.

7 CLIFF DONALDSON: Yeah, it is. I'll
8 second those comments.

9 ELINOR TATUM: Yeah, and I just want to
10 echo that, Peggy, you are amazing. And thank you
11 so much for all your hard work and for making
12 sure that these audits go so smoothly.

13 PEGGY EVATT: Thank you, Eli.

14 CLIFF DONALDSON: I also want to note
15 that Frank Cardinale has joined the meeting.
16 Welcome, Frank.

17 FRANK CARDINALE: Yes, sorry, I'm late.

18 CLIFF DONALDSON: That's alright.

19 JOE MARTENS: Thanks for joining.

20 CLIFF DONALDSON: Being no questions or
21 comments on the report, may I have a motion
22 recommending that the Olympic Authority Board of
23 Directors approve the independent auditor's
24 report and propose to Resolution number 539.

1 06/11/2024

2 ELINOR TATUM: So moved.

3 CLIFF DONALDSON: So moved by Eli.

4 FRANK CARDINALE: Seconded.

5 CLIFF DONALDSON: Seconded by Frank.

6 Discussion? Being no discussion, those in favor,
7 signify by saying aye.

8 MULTIPLE SPEAKERS: Aye.

9 CLIFF DONALDSON: Aye. Those opposed?
10 Being none, you -- the Resolution is adopted
11 unanimately. Before I conclude the meeting, I
12 just do want to point out to the committee, and
13 Joe stole part of my thunder already, but this is
14 Peggy Evatt's last Audit Committee meeting. And
15 she takes the great leap into retirement, which I
16 can tell you is a great leap to do. And -- but
17 over the years that I've been here, working with
18 you, Peg, has been a delight. You're not only a
19 great finance director, you're a good friend.
20 And the Authority is going to miss you
21 tremendously. And the expertise that you have
22 built up over the years will be missed.

23 PEGGY EVATT: Thank you.

24 JOE MARTENS: This is an appropriate

1 06/11/2024

2 swan song, Peggy.

3 CLIFF DONALDSON: Yes, perfect swan
4 song.

5 PEGGY EVATT: Right?

6 CLIFF DONALDSON: Couldn't have asked
7 for a better report.

8 DIANE MUNRO: Just one more board
9 meeting.

10 PEGGY EVATT: Yeah. One more board
11 meeting.

12 CLIFF DONALDSON: This concludes the
13 schedule items on today's Audit Committee meeting
14 agenda. Are there any other items for
15 discussion? There are no other items. May I
16 have a motion to adjourn the meeting?

17 ELINOR TATUM: So moved.

18 CLIFF DONALDSON: So moved by Eli.

19 JOE MARTENS: Second.

20 CLIFF DONALDSON: Second by Joe Martens.

21 FRANK CARDINALE: Second.

22 CLIFF DONALDSON: Discussion? Being no
23 discussion, all in favor, signify by saying aye.

24 MULTIPLE SPEAKERS: Aye.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

06/11/2024

CLIFF DONALDSON: Aye. Those opposed?
Committee stands adjourned at 1:32 p.m. Thank
you, everyone.

JOE MARTENS: Thank you, all.

BILL BEANEY: Thank you.

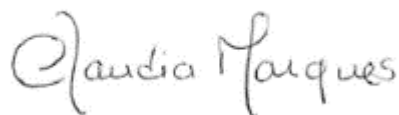
FRANK CARDINALE: Thank you.

(The Audit Committee meeting concluded
at 1:32 p.m.)

CERTIFICATE OF ACCURACY

I, Claudia Marques, certify that the foregoing transcript of the Audit Committee meeting of the New York State Olympic Regional Development Authority on June 11, 2024 was prepared using the required transcription equipment and is a true and accurate record of the proceedings.

Certified By

Handwritten signature of Claudia Marques in cursive script.

Date: August 15, 2024

GENEVAWORLDWIDE, INC.

228 Park Ave S - PMB 27669

New York, NY 10003