

REVIEW OF AUDIT RESULTS AND REPORTS DECEMBER 31, 2023

NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION

MARCH 26, 2024



AUDIT COMMITTEE MEETING AGENDA

- Audit Objectives and Strategy
- Areas of Audit Focus
- Reports to be Issued
- Required Communications with Those Charged with Governance
- Other Considerations

This presentation includes a high-level summary and analysis of certain accounting and auditing considerations. It is not an in-depth analysis nor is it an all-inclusive list of considerations applicable to our December 31, 2023 audit. We would be pleased to provide further information on any of these topics (or additional topics) if the Board, or those responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, so desires.

This presentation is intended solely for the information and use of the Board of Directors and management of the New York State Thoroughbred Breeding and Development Fund Corporation. It is not intended to be, and should not be, used by anyone other than these specified parties.

AUDIT OBJECTIVES AND STRATEGY

Audit Objectives:

We conducted an independent audit of the financial statements of the New York State Thoroughbred Breeding and Development Fund Corporation (the “Fund”) as of and for the year ended December 31, 2023 in accordance with generally accepted auditing standards and government auditing standards.

- ❑ We provide reasonable assurance that the financial statements, which are the responsibility of Fund management, are presented fairly, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles. We meet with the Board to provide detailed discussion of the conduct of our audit.

- ❑ We are available to provide feedback to Fund Management and the Board of Directors on emerging accounting and auditing issues, regulatory matters, internal control considerations and information technology issues.

Audit Strategy:

We utilized a proactive, risk-based audit approach that included the following primary elements:

- ❑ We assessed risks posed by the Fund’s significant business activities and the potential effects of those activities on the financial statements.
- ❑ We allocated audit effort and designed audit procedures consistent with the results of the risk assessment.
- ❑ We evaluated the design and implementation of key internal controls in place to mitigate business risks to determine the nature, timing, and extent of our audit procedures related to routine transactions.
- ❑ We tested selected non-routine transactions, and key management judgments and estimates.

AREAS OF AUDIT FOCUS

- Cash and cash equivalents
- Accounts receivable
- Accounts payable and accrued expenses
- Awards payable and awards payable reserve
- OPEB and pension obligations
- Revenue recognition
- Operating expenses
- Contingencies and commitments
- Related party transactions

REPORTS TO BE ISSUED

Reports:

- ❑ Opinion on the financial statements of the Fund
- ❑ Report on 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*

Letter:

- ❑ Communication with those charged with governance

Our Responsibility Under Generally Accepted Auditing Standards

The auditor should communicate with those charged with governance the auditor's responsibilities under generally accepted auditing standards.

- We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles.
- The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
- We are responsible for performing the audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and that the audit is designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.
- Our audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting.

REQUIRED COMMUNICATIONS

Planned Scope and Timing of the Audit

We are required to communicate with those charged with governance an overview of the planned scope and timing of the audit.

- Our engagement letter outlines our planned scope and timing of the December 31, 2023 audit.
- There were no significant changes to the planned scope and timing of the audit as previously communicated.

Significant Findings from the Audit	
<p>We are required to communicate (continued)</p> <p>Quality and Appropriateness of Accounting Policies</p>	<ul style="list-style-type: none">■ The Fund’s significant accounting policies are summarized in Note 2 to the financial statements.■ Existing accounting policies were consistently applied during 2023.■ We noted no transactions during 2023 that were both significant and unusual, or transactions for which there is a lack of authoritative accounting guidance or consensus.

Significant Findings from the Audit	
<p>We are required to communicate (continued)</p> <p>Accounting Estimates:</p> <ul style="list-style-type: none"> • Management’s identification of accounting estimates • Management’s process for making accounting estimates • Risks of material misstatement • Indicators of possible management bias • Disclosure of estimation of uncertainty in the financial statements 	<ul style="list-style-type: none"> ■ We evaluated the Fund’s significant judgments and estimates, as part of our audit, and found them to be reasonable in the context of the financial statements taken as a whole. <ul style="list-style-type: none"> • Net pension liability – proportionate share • Other postemployment benefits liability • Allocation of indirect costs between administration and promotion <ul style="list-style-type: none"> • Actual administration percentage 3.0% (below 5% cap) • Actual promotion percentage 5.2% (below 6% cap)

Significant Findings from the Audit

We are required to communicate (continued)

Financial Statement Disclosures:

- The issues involved, and related judgments made, in formulating, particularly sensitive financial statement disclosures (for example, disclosures related to revenue recognition, subsequent events, and contingency issues)
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements

- We evaluated the Fund’s financial statement disclosures, as part of our audit, and found them to be neutral and consistent with clarity in the context of the financial statements taken as a whole.
 - Pension plan
 - Postemployment benefits other than pensions
 - Commitments and contingencies
 - Related party transactions

Significant Difficulties Encountered During the Audit

We are required to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.

- We encountered no significant difficulties in dealing with the Fund’s management during the performance of our December 31, 2023 audit.

Corrected and Uncorrected Misstatements

We are required to communicate corrected and uncorrected misstatements and the effect that they may have on the opinion in our report, and request their correction.

- All adjusting journal entries have been reviewed, approved and recorded by the management. There was one adjusting journal entry proposed by management as a result of revised data received from a revenue source after the books were initially closed.
- There were no uncorrected misstatements that were determined to be material either individually or in the aggregate to the financial statements taken as a whole.

REQUIRED COMMUNICATIONS

Disagreements With Management

We are required to discuss with those charged with governance any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the entity's financial statements or the auditor's report.

- We had no such disagreements with the Fund's management during the December 31, 2023 audit.

Management's Consultations With Other Accountants

In those cases where management decided to consult with other accountants about auditing and accounting matters, when we are aware that such consultation has occurred then we are required to discuss with those charged with governance his or her views about significant matters that were the subject of such consultation.

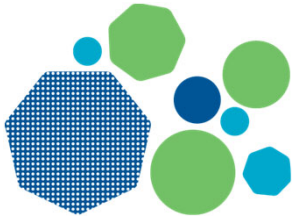
- To the best of our knowledge, the Fund's management has not consulted with or obtained opinions (written or oral) from other independent accountants during the past year.

REQUIRED COMMUNICATIONS

Independence	
<p>Generally accepted auditing standards and Government Auditing Standards require independence for all audits.</p>	<ul style="list-style-type: none">■ We are not aware of any relationships between our Firm and its related entities and the Fund that, in our professional judgment, may reasonably be thought to bear on our independence. We confirm that we are independent accountants with respect to the Fund.

OTHER CONSIDERATIONS

- Time Study
- Questions / Comments



LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

UHY LLP

4 Tower Place, Executive Park
7th Floor
Albany, New York 12203

Phone 518 449 3171
Fax 518 449 5832
Email bkearns@uhy-us.com

UHY LLP is a licensed independent CPA firm that performs attest services in an alternative practice structure with UHY Advisors, Inc. and its subsidiary entities. UHY Advisors, Inc. and UHY LLP are U.S. members of Urbach Hacker Young International Limited, a UK company, and form part of the international UHY network of legally independent accounting and consulting firms.

UHY Advisors, Inc. provides tax and business consulting services through wholly owned subsidiary entities that operate under the name of “UHY Advisors.” UHY Advisors, Inc. and its subsidiary entities are not licensed CPA firms.

“UHY” is the brand name for the UHY international network. Any services described herein are provided by UHY Advisors and/or UHY LLP (as the case may be) and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members

© 2024 UHY LLP

An independent member of UHY International

*The next level
of service*