



September 9, 2021

Ms. Frances Henn
President
Tax Commission of The City of New York
Municipal Building
1 Centre Street
New York, NY 10007

By e-mail: FHenn@oata.nyc.gov

Re: Form TC309 Accountant's Certification - Draft Independent Auditor's Report

Dear Ms. Henn:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 22,000 CPAs in public practice, industry, government and education, welcomes the opportunity to offer a draft independent auditor's report for purposes of Form TC309, Accountant's Certification; in accordance with a new auditing standard issued by the American Institute of Certified Public Accountants (AICPA) effective for audits of entities with a fiscal year ending on or after December 15, 2021.

As CPAs licensed to practice in the state of New York, we are required to follow the Rules of the Board of Regents, Section 29.10 (a)(7)(i) which requires us to comply with Generally Accepted Auditing Standards (GAAS) established by a recognized national accountancy organization, which includes the AICPA. The AICPA has issued Statements on Auditing Standards 134, *Auditor Reporting and Amendments* (SAS 134) making changes to the auditor's report. Consequently, all CPAs licensed in New York who perform audits of form TC201, Income and Expense Schedule for Rent Producing Property, that meet the requisite thresholds of TC201 will have to express their opinions consistent with SAS 134.

SAS 134 significantly changes the form and content of the independent auditor's report issued after auditing a set of financial statements and addresses the auditor's responsibility to form an opinion on the financial statements. Additionally, changes required by SAS 134 also apply to reporting on special purpose financial statements, single financial statements and specific elements, accounts or items of financial statements, as well as summary financial statements

(with the issuance of SAS 139, *Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes From SAS No. 134*).

The NYSSCPA's Real Estate Committee has prepared the attached proposed TC309 with independent auditor's report language to conform with the requirements of SAS 134/SAS 139. We ask that you review and consider this proposal in your deliberations of a final draft of Form TC309.

If you would like additional discussion with us, please contact the Real Estate Committee's SAS 134 Sub Committee Co-Chairs, Abraham Haspel at (917)-685-1650 or Grace Singer at (212) 331-7509; or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,



Rumbi Bwerinofa-Petrozzello
President

Attachment

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Keith Lazarus
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DRAFT TC309 WITH PROPOSED ACCOUNTANT'S CERTIFICATION LANGUAGE

**TAX COMMISSION OF THE CITY OF NEW YORK
1 Centre Street, Room 2400, New York, NY 10007**

ACCOUNTANT'S CERTIFICATION

Attach to an Application and an Income and Expense Statement. It is not valid if filed separately.

File TC309 with an application or supplemental application and Form TC201, the Tax Commission's schedule of income and expenses for rent-producing properties, for a parcel having a tentative actual assessed valuation of \$5,000,000 or more (NOTE new threshold), and income exceeding \$100,000, as stated in Form TC201. An accountant's certification is required only for rent-producing properties. TC309 is not required when the Tax Commission prescribes use of a schedule other than Form TC201. The certification is limited to certain parts of TC201 as indicated in the form. Form TC201 and this certification are part of an application for correction or supplemental application. They may not be submitted separately. The Tax Commission has no authority to extend the time for filing. It must be signed by an independent certified public accountant, using his or her own name, not the firm name. This form and the schedule which it accompanies are subject to public disclosure.

| This certification is attached to an application for property identified as follows: | | | | |
|---|-------|-----|----------------------|-----------------------------------|
| BOROUGH (Bronx, Brooklyn, Manhattan, Queens or Staten Island) | BLOCK | LOT | REP. TC GROUP NUMBER | ASSESSMENT YEAR 2021/22 |

INDEPENDENT AUDITOR'S REPORT - THIS CERTIFICATION MUST NOT BE CONDITIONED, MODIFIED OR ALTERED IN ANY RESPECT.

APPROPRIATE ADDRESSEE: (Name of applicant) _____

OPINION: I have audited the schedule of income and expenses, Form TC201, reflecting the operations of the property or properties identified on that TC201, of _____ (the Applicant), for the # _____ months ended (month/day/year) _____ and the related notes (the Schedule). In my opinion, the accompanying Schedule presents fairly, in all material respects, the income and expenses on borough/block/lot _____ / _____ / _____ of the Applicant for the # _____ months ended (month/day/year) _____ in conformity with the basis of accounting described below.

BASIS FOR OPINION: I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities section of my report. I am required to be independent of the Applicant and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

EMPHASIS OF MATTER - BASIS OF ACCOUNTING: The Schedule is prepared pursuant to the requirements of the Tax Commission of the City of New York and on the basis of accounting described below, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and is not intended to be a complete presentation of the property's revenues and expenses. As a result, the Schedule may not be suitable for another purpose. My opinion is not modified with respect to this matter.

ACCURAL BASIS: The Schedule has been prepared on the accrual basis. Under the requirements of the Tax Commission, the Schedule does not include interest expense, depreciation, other items set forth below, and note disclosures which are necessary for a complete presentation of the results of operations of the property in conformity with generally accepted accounting principles.

CASH BASIS: The Schedule has been prepared on the basis of cash receipts and disbursements; consequently, certain revenues are recognized when received rather than earned, and certain expenses are recognized when paid rather than when the obligation is incurred. In addition, under the requirements of the Tax Commission, the Schedule does not include interest expense, depreciation, other items set forth below, and note disclosures which are necessary for a complete presentation of the results of operations of the property in conformity with generally accepted accounting principles.

MANAGEMENT'S RESPONSIBILITIES: The Applicant is responsible for the preparation and fair presentation of the Schedule in accordance with the basis of accounting described above, and for determining that the basis of accounting selected above is an acceptable basis for the preparation of the Schedule in the circumstances. The Applicant is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES: My objective is to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of certain internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule. Performing an audit in accordance with GAAS involves exercising professional judgment and maintaining professional skepticism throughout the audit, identifying and assessing the risks of material misstatement of the Schedule, whether due to fraud or error, and designing and performing audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule. An audit involves obtaining an understanding of internal control relevant to the audit 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 Applicant's internal control. Accordingly, no such opinion is expressed. GAAS also requires an evaluation of 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 Schedule.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

| | | |
|--|--|--|
| Other income and expense items excluded from Form TC201 schedule of income and expenses: | | |
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Notes:

OTHER MATTERS: This report is intended solely for the information and use of the Applicant and for filing with the Tax Commission of the City of New York and is not intended to be and should not be used by anyone other than these specified parties.

SIGNATURE OF CERTIFIED PUBLIC ACCOUNTANT: _____, CPA

PRINT NAME OF SIGNER: _____

PRINT FIRM NAME: _____

ADDRESS: _____

DATE: _____