

October 31, 2017

Ms. Miriam Colon
Assistant Commissioner
Housing Incentives
New York City Department of Housing Preservation & Development
100 Gold Street
New York, New York 10038

By e-mail: colonmir@hpd.nyc.gov

Re: Proposed Template for Independent Accountant's Report on Applying Agreed-Upon Procedures for Purposes of the J-51 Property Tax Exemption and Abatement Application

Dear Ms. Colon:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, business, government and education, welcomes the opportunity to offer a draft independent accountant's report for purposes of the J-51 Property Tax Exemption and Abatement Application.

The NYSSCPA's Real Estate Committee is pleased to have worked with your office in the joint effort that produced the attached proposed template for the independent accountant's report. We ask that you review the proposed template and let us know if you have any remaining concerns or questions and if your department approves.

If you would like additional discussion with us, please contact Katelyn N. Kogan, Chair of the NYSSCPA Real Estate Committee, at (212) 375-6918; Abraham E. Haspel, Real Estate

Committee member, at chapel@nyc.rr.com, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

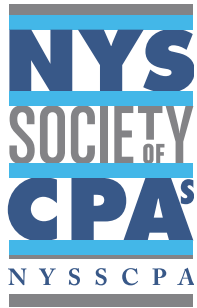
A handwritten signature in black ink, appearing to read "Harold L. Deiters III". The signature is written in a cursive style and is positioned over a faint, light-colored watermark of the NYSSCPA logo.

Harold L. Deiters III
President

Attachment

cc: Ms. Elaine Toribio
Director, Tax Incentives Program
New York City Department of Housing Preservation & Development
100 Gold Street
New York, New York 10038
By e-mail: toribioe@hpd.nyc.gov

Mr. Daniel Y. Shin
Executive Agency Counsel
New York City Department of Housing Preservation & Development
100 Gold Street
New York, NY 10038
By e-mail: shind@hpd.nyc.gov



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

**PROPOSED TEMPLATE FOR INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES FOR PURPOSES OF THE J-51
PROPERTY TAX EXEMPTION AND ABATEMENT APPLICATION**

October 31, 2017

Principal Drafters

**Evan DeValle
Ahava Goldman
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Santa Marletta
Grace Singer**

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Yimei Zhu

NYSSCPA Staff

Ernest J. Markezin
Keith Lazarus

(PLEASE TYPE ON CPA'S LETTERHEAD)

New York City Department of Housing Preservation & Development
Office of Development
Division of Housing Incentives/J-51 Program
100 Gold Street
New York, N.Y. 10038

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

ADDRESS: _____
BOROUGH: _____
BLOCK: _____ LOT: _____
J-51 Docket No.: _____

I (we) have performed the procedures enumerated below on the Form J-2 which is part of an application for tax exemption and tax abatement pursuant to section 11-243 of the Administrative Code of the City of New York ("J-51 Law") for the real property at _____ (the "Property") submitted by _____ (the "Applicant") for work performed during the period from ____ to _____. These procedures were agreed to by the Applicant (the responsible party) and the City of New York Department of Housing Preservation and Development ("HPD"), solely to assist HPD in evaluating the Applicant's compliance with the reporting requirements of the J-51 Law on the accompanying Form J-2 as defined by HPD.

The Applicant is responsible for compliance with the preparation and fair presentation of the Form J-2 in accordance with Chapter 5 of Title 28 of the Rules of the City of New York ("J-51 Rules"). The sufficiency of these procedures is solely the responsibility of HPD. Consequently, I (we) make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Procedures:

1. For one hundred percent (100%) of the claimed cost for each item on the accompanying Form J-2, agree cost amount to supporting invoices or contracts/subcontracts, agree cost amount to payment support, compare itemized claimed costs for duplicate costs, and agree that the itemized claimed costs are related to the Property.
2. Compare the description of materials and services on the supporting documentation to the description listed on the "item" column on the Form J-2 and verify that they agree.
3. Obtain from the Applicant a list of related parties of the Applicant involved in the rehabilitation of the Property. Related parties is defined as including the Applicant; members of the Applicant's family, officers, affiliates, employees, and their relatives; and business entities in which the Applicant, members of the Applicant's family, officers, affiliates, employees, and their relatives have an investment that allows the exercise of control or significant influence. Compare the payment support to identify any payments to these identified related parties.

4. Recalculate the total on the Form J-2 and compare to the total calculated by the Applicant.

Findings:

1. As a result of performing Procedure 1,
I (we) have found that: all claimed costs, totaling \$____, were, without exception, agreed to their supporting documentation; cost amounts were agreed to payment support; there were no duplicate costs; and the itemized claimed costs are related to the Property.
OR *(alternatively, if appropriate documentation not found)*
I (we) have found the following exceptions *(List and attach schedule of exceptions)*.
2. As a result of performing Procedure 2,
I (we) did not observe any differences between the description of materials or services and the description shown on the "item" column of Form J-2.
OR *(alternatively, if appropriate documentation of materials or services do not compare favorably to the description of materials or services stated in the item column of Form J-2)*
I (we) have found the following exceptions *(List and attach schedule of exceptions observed by line item)*.
3. As a result of performing Procedure 3,
I (we) have found that there were no payments to such related parties
OR *(alternatively, if there are related party transactions)*
I (we) have found that the following payments were made to related parties *(List and attach schedule of related party payments)*.
4. There were no differences between the total calculated on the Form J-2 and our own calculation
OR *(alternatively, if the totals do not agree)*
The difference between the total calculated on the Form J-2 and my (our) own calculation is \$_____.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the relevant requirements of the J-51 Law and the J-51 Rules. I (we) were not engaged to and did not conduct an examination or review, the objective of which would be an expression of an opinion or conclusion, respectively, on the accompanying Form J-2. Accordingly, we do not express such an opinion or conclusion. Had I (we) performed additional procedures, other matters may have come to my (our) attention that would have been reported to you.

This report is intended solely for the information and use of the Applicant and HPD, and is not intended to be and should not be used by anyone other than these specified parties.

SIGNATURE OF ACCOUNTANT

DATE
[City, State]

SUPPLEMENTARY INFORMATION:

I (we) am (are) an independent certified public accountant(s), registered as such by and in good standing with the New York State Education Department. My number is_____.

As an independent certified public accountant, I (we) declare that I (we) are in no way connected with the Applicant, financially or otherwise. I (we) have placed my (our) initials and the date for identification in the lower right hand corner of the face of the accompanying Form J-2.

I (we) have read this report and I (we) hereby affirm under the penalties provided by law that the contents thereof are true of my (our) own knowledge and belief.

Upon request, I (we) will make available to HPD our original workpapers showing the basis for this report.

SIGNATURE OF ACCOUNTANT

DATE
[City, State]

Updated: October 2017