BROOKLYN NAVY YARD DEVELOPMENT CORPORATION

A COMPONENT UNIT OF THE CITY OF NEW YORK

Financial Statements and Supplementary Information
(Together with Independent Auditors' Report)
For the Years Ended June 30, 2021 and 2020

and

Report in Accordance with
Government Auditing Standards

For the Year Ended June 30, 2021

MARKS PANETH
ACCOUNTANTS & ADVISORS

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION

A COMPONENT UNIT OF THE CITY OF NEW YORK

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Report in Accordance with *Government Auditing Standards*

FOR THE YEAR ENDED JUNE 30, 2021

CONTENTS

Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
markspaneth.com

MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Directors of
Brooklyn Navy Yard Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Brooklyn Navy Yard Development Corporation (the "Corporation"), a component unit of The City of New York, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Corporation'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 Corporation'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 Corporation as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 through 7 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, which 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 audit 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of property management revenue and expenses and general and administrative expenses for the years ended June 30, 2021 and 2020 (shown on pages 43 and 44) are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 September 23, 2021 on our consideration of the Corporation'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 to solely 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 Corporation'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 Corporation's internal control over financial reporting and compliance.

Marks Paneth LLP

New York, NY
September 23, 2021

MARKS PANETH
ACCOUNTANTS & ADVISORS

OVERVIEW OF THE ORGANIZATION

The following is an overview of the financial activities of Brooklyn Navy Yard Development Corporation (the "Corporation" or "BNYDC") for the fiscal years ended June 30, 2021 and 2020. The Corporation is a component unit of The City of New York (the "City").

The mission of the Corporation is to fuel the City's economic vitality by creating and preserving quality jobs, growing the City's modern industrial sector and its businesses, and connecting the local community with the economic opportunity and resources of the Brooklyn Navy Yard (the "Navy Yard"). It serves as a real estate developer and property manager of the Navy Yard on behalf of the City and strives to provide an environment in which businesses and careers can take root and grow.

The Corporation is responsible for the leasing, management, and development of the Navy Yard for industrial, maritime, and commercial uses. The Corporation operates under a lease with the City that, after exercising all renewal periods, expires in 2111 and also under an annual management contract. The Corporation has the dual responsibility of generating revenues to cover all of its operating expenses while simultaneously implementing strategies to retain and increase employment. The Corporation is also responsible for the maintenance of the Navy Yard's buildings, roadways, utility distribution systems, fire hydrants, water and sewage, sanitation, snow removal, and street security.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three parts (1) management's discussion and analysis (this section), (2) the basic financial statements and (3) the notes to the financial statements. The basic financial statements of the Corporation, which include the statements of net position, the statements of revenues, expenses and changes in net position and the statements of cash flows, are presented for the purposes of displaying entity-wide information in accordance with Governmental Accounting Standards Board ("GASB") requirements. These financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

FINANCIAL HIGHLIGHTS

Current and Noncurrent Assets

Current assets consisted of the following as of June 30:

	2021	2020	2019	Variance % 2021 vs. 2020	Variance % 2020 vs. 2019
Current assets					
Cash and cash equivalents	$ 28,522,637	$ 20,169,477	$ 5,824,479	41%	246%
Accounts receivable	6,234,039	5,482,713	2,589,624	14%	112%
Grants receivable	2,660,191	2,966,336	8,803,270	-10%	-66%
Community development notes receivable	358,043	-	-	100%	0%
Prepaid expenses and other current assets	2,199,848	2,905,008	1,265,630	-24%	130%
Total Current Assets	$ 39,974,758	$ 31,523,534	$ 18,483,003	27%	71%

FINANCIAL HIGHLIGHTS (Continued)

As of June 30, 2021, the Corporation had current assets of $39,974,758 consisting of cash and cash equivalents of $28,522,637, accounts receivable of $6,234,039, grants receivable of $2,660,191, community development notes receivable of $358,043 and prepaid expenses and other current assets of $2,199,848.

As of June 30, 2020, the Corporation had current assets of $31,523,534 consisting of cash and cash equivalents of $20,169,477, accounts receivable of $5,482,713, grants receivable of $2,966,336 and prepaid expenses and other current assets of $2,905,008.

The cash and cash equivalents increased by $8,353,160 or 41%, mainly due to the additional funds received from the $58 million loan from The Variable Annuity Life Insurance Company ("VALIC"). The accounts receivable increase of $751,326 or 14% was the result of deferral of rent due to COVID-19. Due to the onset of the COVID-19 pandemic, the Corporation is analyzing and reviewing requests from tenants for rent relief. If a tenant has been found to have been impacted by COVID-19, they can be eligible for a rent deferment, and if they pay timely, a future rent abatement of up to one month. As the pandemic continues, the Corporation is evaluating a second round of rent relief for the most severely impacted tenants.

Grants receivable consist of capital funds due from the City and non-governmental organizations for several projects in the Navy Yard. The decrease of $306,145 or 10% is due to collection of $610,000 from the Empire State Development Corporation. Community development notes receivable of $358,043 will be due in fiscal year 2022. Prepaid expenses and other current assets decreased by $705,160 or 24% mainly due to the release of the security deposit relating to the loan with The Variable Annuity Life Insurance Company.

Noncurrent Assets

Noncurrent assets consisted of the following as of June 30:

	2021	2020	2019	Variance % 2021 vs. 2020	Variance % 2020 vs. 2019
Noncurrent assets					
Restricted cash and cash equivalents	$ 28,530,629	$ 30,661,006	$ 72,161,216	-7%	-58%
Tenants' security deposits	9,665,407	8,639,168	8,633,648	12%	0%
Community development notes receivable	40,389,140	40,747,183	76,093,099	-1%	-46%
Leased assets	12,757,695	10,954,099	7,258,852	16%	51%
Capital assets, net	560,380,640	582,185,229	558,433,467	-4%	4%
Total Noncurrent Assets	$ 651,723,511	$ 673,186,685	$ 722,580,282	-3%	-7%

As of June 30, 2021, the Corporation had noncurrent assets of $651,723,511 consisting of restricted cash and cash equivalents of $28,530,629, tenants' security deposits of $9,665,407, community development notes receivable of $40,389,140, leased assets of $12,757,695 and capital assets of $560,380,640. Capital assets are net of accumulated depreciation and amortization.

As of June 30, 2020, the Corporation had noncurrent assets of $673,186,685 consisting of restricted cash and cash equivalents of $30,661,006, tenants' security deposits of $8,639,168, community development notes receivable of $40,747,183, lease assets of $10,954,099 and capital assets of $582,185,229. Capital assets are net of accumulated depreciation and amortization.

FINANCIAL HIGHLIGHTS (Continued)

The Corporation's restricted cash and cash equivalents are comprised of the cash reserved for the construction projects. The decrease in restricted cash equivalents at June 30, 2021 is due to the capital investments made throughout the Navy Yard.

Leased assets increased by $1.8 million or 16% as a result of straightlining of lease.

The capital assets are comprised of improvements to the land and buildings, office equipment, and automobiles, trucks and machinery. The capital assets decreased by $21.8 million or 4% due to the current year depreciation and amortization, offset by the capital investments made throughout the Navy Yard .

Current and Noncurrent Liabilities

Liabilities consisted of the following as of June 30:

	2021	2020	2019	Variance % 2021 vs. 2020	Variance % 2020 vs. 2019
Current liabilities					
Accounts payable and accrued expenses	$ 9,603,416	$ 9,792,636	$ 12,188,309	-2%	-20%
Unearned revenues	26,626,589	24,831,988	45,000,461	7%	-45%
Development loans payable	32,185,996	62,631,872	7,143,609	-49%	777%
Community development notes payable	179,007	-	-	100%	0%
Construction loan payable	1,455,155	1,420,114	1,502,942	2%	-6%
Total Current Liabilities	70,050,163	98,676,610	65,835,321	-29%	50%
Noncurrent liabilities					
Tenants' security deposits	9,356,856	8,637,716	8,146,035	8%	6%
Unearned revenues	-	-	395,348	0%	-100%
Development loans payable	134,666,767	107,868,064	150,631,921	25%	-28%
Community development notes payable	57,850,993	58,030,000	101,550,000	0%	-43%
Construction loan payable	3,109,110	4,564,264	5,867,352	-32%	-22%
Other long-term liabilities	720,917	1,842,999	1,885,850	-61%	-2%
Total Noncurrent Liabilities	205,704,643	180,943,043	268,476,506	14%	-33%
Total Liabilities	$ 275,754,806	$ 279,619,653	$ 334,311,827	-1%	-16%

Current liabilities of $70,050,163 were recorded as of June 30, 2021, a decrease of $28.6 million or 29%. This resulted from the Sterling line of credit of $10 million and the NYCRC Brooklyn Navy Yard Development Fund, LLC development loan of $42 million being paid off in fiscal year 2021. The decrease was partially offset by the reclassification of noncurrent liabilities to current liabilities.

FINANCIAL HIGHLIGHTS (Continued)

Noncurrent liabilities of $205,704,643 were recorded as of June 30, 2021, an increase of $24.8 million or 14%, the result of the $58 million loan from VALIC, offset by the reclassification of noncurrent liabilities to current liabilities.

Statements of Revenues, Expenses and Changes in Net Position

The following summarizes the Corporation's changes in net position for the years ended June 30:

				Variance %	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
Operating revenues	$ 70,222,316	$ 68,907,875	$ 60,715,236	2%	13%
Operating expenses	89,786,623	78,724,058	75,865,345	14%	4%
Operating loss	(19,564,307)	(9,816,183)	(15,150,109)	99%	-35%
Non-operating revenue	4,402,015	8,837,099	1,654,767	-50%	434%
Non-operating expense	10,357,279	7,935,097	11,295,195	31%	-30%
Non-operating revenue (expense)	(5,955,264)	902,002	(9,640,428)	-760%	-109%
Loss before capital contributions	(25,519,571)	(8,914,181)	(24,790,537)	186%	-64%
Capital contributions	16,372,468	27,253,289	53,063,555	-40%	-49%
Change in net position	(9,147,103)	18,339,108	28,273,018	-150%	-35%
Net position, beginning of year,	425,090,566	406,751,458	378,478,440	5%	7%
Net position, end of year	$ 415,943,463	$ 425,090,566	$ 406,751,458	-2%	5%

The Corporation manages and leases over 5,000,000 square feet of industrial and commercial space under roof, as well as six (6) dry docks and four (4) finger piers. By leasing these properties, the Corporation generates revenues to cover its operating costs, as well as surplus monies that are reinvested in the facility. Properties are leased to tenants on both a short-term and long-term basis. In addition, the Corporation facilitates business growth and expansion on the part of its tenants by creating an environment that complements their business and therefore helps create jobs.

FINANCIAL HIGHLIGHTS (Continued)

Operating Revenues

The demand for industrial space continued to be strong during fiscal year 2021. The Corporation realized an increase in operating revenues of $1.3 million or 2% mainly as a result of higher base payments due to lease renewals and tenant turnover, along with new rentable space being leased in Building 212 and Building 303.

Operating Expenses

The total operating expenses increased by $11 million or 14% due mainly to increases in utilities, property insurance, provision for doubtful accounts, depreciation and amortization, and the Building 212 and Building 303 rent expenses, offset by a decrease in personnel and fringe benefits.

Losses Before Capital Contributions

There were losses before capital contributions of $25.5 million and $8.9 million for the years ended June 30, 2021 and 2020, respectively. The operating loss for the year ended June 30, 2021 increased by 99%. A signification portion of the Corporation's operating losses were comprised of $29.6 million of depreciation and amortization expense. During the last few years, there were several new capital projects placed into service generating additional depreciation and amortization.

Net Position

Net position as of June 30, 2021 was $415.9 million, a decrease of $9.1 million from the prior year. This decrease in total net position is a direct result of the increase in operating expenses and the increase in nonoperating expenses, partially offset by capital contributions.

The Corporation's net position is classified in the following categories: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of the Corporation's capital assets (net of accumulated depreciation and amortization) reduced by the outstanding balance of debt attributable to the acquisition, construction or improvement of those capital assets. The net investment in capital assets amounted to $332.6 million and $349.1 million as of June 30, 2021 and 2020, respectively. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since capital assets cannot be used to liquidate these liabilities. The Corporation's restricted net position of $26.8 million and $25.4 million as of June 30, 2021 and 2020, respectively, represent resources that are subject to various external restrictions. These amounts are generally restricted under debt or other agreements. The remaining balance in net position is classified as unrestricted and amounted to $56.5 million and $50.6 million as of June 30, 2021 and 2020, respectively.

BNYDC Financial Management

This financial report is designed to provide our customers, clients and the public with a general overview of the Corporation's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to Brooklyn Navy Yard Development Corporation, Building 77, 141 Flushing Avenue, Suite 801, Brooklyn, NY 11205.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents (Notes 2E and 3)	$ 28,522,637	$ 20,169,477
Accounts receivable, net of allowance for doubtful accounts of $4,359,326 in 2021 and $1,370,273 in 2020 (Note 2F)	6,234,039	5,482,713
Grants receivable (Notes 1 and 2D)	2,660,191	2,966,336
Community development notes receivable (Notes 2I and 4)	358,043	-
Prepaid expenses and other current assets (Notes 2G and 4)	2,199,848	2,905,008
Total current assets	39,974,758	31,523,534
Noncurrent assets		
Restricted cash and cash equivalents (Note 3)	28,530,629	30,661,006
Tenants' security deposits - restricted	9,665,407	8,639,168
Community development notes receivable (Notes 2I and 4)	40,389,140	40,747,183
Leased assets (Note 2D)	12,757,695	10,954,099
Capital assets, net (Notes 2J and 5)	560,380,640	582,185,229
Total noncurrent assets	651,723,511	673,186,685
TOTAL ASSETS	$ 691,698,269	$ 704,710,219
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses (Notes 8, 9 and 10)	$ 9,603,416	$ 9,792,636
Unearned revenues (Notes 2K and 6)	26,626,589	24,831,988
Development loans payable (Note 8)	32,185,996	62,631,872
Community development notes payable (Note 9)	179,007	-
Construction loan payable (Note 10)	1,455,155	1,420,114
Total current liabilities	70,050,163	98,676,610
Noncurrent liabilities		
Tenants' security deposits - restricted	9,356,856	8,637,716
Development loans payable (Note 8)	134,666,767	107,868,064
Community development notes payable (Note 9)	57,850,993	58,030,000
Construction loan payable (Note 10)	3,109,110	4,564,264
Other long-term liabilities	720,917	1,842,999
Total noncurrent liabilities (Note 7)	205,704,643	180,943,043
Total liabilities	275,754,806	279,619,653
Net position (Note 2L)		
Net investment in capital assets	332,567,774	349,091,029
Restricted:		
Capital projects	25,732,318	23,943,849
Debt service and other reserves	1,111,331	1,483,504
Unrestricted	56,532,040	50,572,184
Total net position	415,943,463	425,090,566
TOTAL LIABILITIES AND NET POSITION	$ 691,698,269	$ 704,710,219

See accompanying notes to the financial statements.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Revenue from leases (Notes 2D and 12)		
Rents	$ 56,712,235	$ 56,865,133
Insurance	1,187,907	1,022,569
Utilities	7,884,680	8,096,418
Grants (Note 2D)	682,008	547,479
Other income	3,755,486	2,376,276
Total operating revenues (Note 2C)	70,222,316	68,907,875
OPERATING EXPENSES		
Property management		
Personnel and fringe benefits	14,569,201	14,992,994
Utilities	9,085,464	7,494,935
Property insurance	3,048,701	2,283,690
Brokerage and leasing	1,171	1,152
Provision for doubtful accounts	3,121,592	1,869,794
Rent (Note 13)	7,707,042	1,445,968
Transportation	1,291,975	779,657
Events, programs and exhibits	63,904	193,120
Operating and maintenance	5,431,006	4,925,733
Depreciation and amortization	29,636,927	28,639,555
Total property management	73,956,983	62,626,598
General and administrative		
Personnel and fringe benefits	9,434,934	9,288,995
Other	6,394,706	6,808,465
Total general and administrative	15,829,640	16,097,460
Total operating expenses (Note 2C)	89,786,623	78,724,058
Operating loss	(19,564,307)	(9,816,183)
NONOPERATING INCOME (EXPENSE)		
Interest expense (Notes 8, 9 and 10)	(8,870,776)	(7,935,097)
Forgiveness of debt (Notes 8 and 9)	3,946,240	7,607,902
Financing and leasing costs incurred	(1,486,503)	-
Interest income (Notes 2I and 4)	455,775	1,229,197
Loss before capital contributions	(25,519,571)	(8,914,181)
CAPITAL CONTRIBUTIONS		
Funding from The City of New York (Note 11)	9,110,377	26,877,291
Capital grants (Note 11)	-	440,325
Investor contributions (distributions) (Note 11)	7,262,091	(64,327)
Change in net position	(9,147,103)	18,339,108
Net position, beginning of year	425,090,566	406,751,458
Net position, end of year	$ 415,943,463	$ 425,090,566

See accompanying notes to the financial statements.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tenants	$ 62,922,802	$ 59,881,945
Grants received	682,008	547,479
Other receipts	3,755,486	2,376,275
Payments to vendors and suppliers	(40,003,893)	(35,174,304)
Payments to employees	(16,097,206)	(16,452,619)
Net Cash Provided by Operating Activities	11,259,197	11,178,776
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	18,487,228	12,526,402
Purchases of capital assets	(11,379,009)	(54,883,947)
Financing and leasing costs incurred	(1,486,503)	-
Proceeds from notes payable and loans payable	59,094,907	55,488,263
Repayments of notes and loans payable	(61,338,036)	(80,104,722)
Interest expense	(8,870,776)	(7,935,097)
Net Cash Used in Capital and Related Financing Activities	(5,492,189)	(74,909,101)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in community development notes receivable	-	35,345,916
Interest income	455,775	1,229,197
Net Cash Provided by Investing Activities	455,775	36,575,113
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,222,783	(27,155,212)
Cash and cash equivalents, beginning of year	50,830,483	77,985,695
Cash and cash equivalents, end of year	$ 57,053,266	$ 50,830,483
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (19,564,307)	$ (9,816,183)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	29,636,927	28,639,555
Changes in operating assets and liabilities:		
Accounts receivable	(751,326)	(2,893,089)
Prepaid expenses and other current assets	705,160	(1,639,378)
Accounts payable and accrued expenses	3,343,437	96,958
Change in tenant security deposits payable	(307,099)	486,161
Unearned revenue	(1,803,595)	(3,695,248)
Net Cash Provided by Operating Activities	$ 11,259,197	$ 11,178,776
RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:		
Unrestricted cash and cash equivalents	$ 28,522,637	$ 20,169,477
Restricted cash and cash equivalents	28,530,629	30,661,006
	$ 57,053,266	$ 50,830,483
Supplemental Disclosure of Cash Flow Information:		
Capitalized interest	$ -	$ 377,054
Noncash capital and related financing transactions:		
Accrued capital asset expenditures	$ 1,686,980	$ 5,233,651
Forgiveness of debt	$ 3,946,240	$ 7,607,902

See accompanying notes to the financial statements.

NOTE 1 – BACKGROUND AND ORGANIZATION

Brooklyn Navy Yard Development Corporation (the "Corporation") is a not-for-profit corporation formed pursuant to the not-for-profit law of the State of New York (the "State") and is a public charity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The members of the Board of Directors (the "Board") serve at the pleasure of the Mayor of The City of New York (the "City").

Although legally separate from the City, the City is financially accountable for the Corporation and the Corporation is included in the City's financial statements as a discretely presented component unit in accordance with Governmental Accounting Standards Board ("GASB") standards.

The mission of the Corporation is to fuel the City's economic vitality by creating and preserving quality jobs, growing the City's modern industrial sector and its businesses, and connecting the local community with the economic opportunity and resources of the Brooklyn Navy Yard (the "Navy Yard"). The Corporation serves as a real estate developer and property manager of the Navy Yard on behalf of the City and strives to provide an environment in which businesses and careers can take root and grow.

Lease and Management Contract with The City

The Corporation's predecessor-in-interest was organized in 1966. In 1971, it leased the Navy Yard from the City for the purpose of rehabilitating it and attracting new businesses and industry to the area (the "Lease").

The Lease was amended effective June I, 1996, to require, among other things, payment of annual base rent by the Corporation in the amount of either (i) 100% of net operating income, or (ii) in such other amount as may be agreed to in writing by the parties with respect to a specific lease year (capitalized terms as defined in the Lease). Under the existing lease agreement between the City and the Corporation, the lease has a term of 49 years commencing July 1, 2012, with five 10-year extension periods.

The City and the Corporation also entered into annual management contracts whereby, among other provisions, the City funded the improvement, replacement and rehabilitation of the infrastructure in the Navy Yard. The Corporation advanced the funds for capital expenditures, resulting in a grant receivable from the City, which amounted to $923,656 and $1,416,145 at June 30, 2021 and 2020, respectively. The Corporation continues to operate under the terms of the management contract for fiscal year 2018 which provides that, if the Corporation maintains a balance of $5,000,000 in its reserve funds (the "City Reserve Fund"), then the annual base rent under the lease for the fiscal year is zero. The City subsequently approved the reduction in the City Reserve Fund to $500,000 and allowed the annual base rent to remain at zero. At both June 30, 2021 and 2020, the reserves have a balance of $500,000.

Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Corporation, b) organizations for which the Corporation is financially accountable and c) other organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the Corporation for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Corporation's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability.

NOTE 1 – BACKGROUND AND ORGANIZATION (Continued)

The below organizations are included in the Corporation's reporting entity as component units. These organizations have been reported as component units because the Corporation owns a controlling interest in the organizations and is financially accountable for these organizations. The organizations meet the criteria for blending since their governing bodies are substantively the same, and the Corporation holds operational responsibility for the organizations.

Building 128 Project ("Building 128")

- On June 19, 2012, the Corporation created the following for-profit companies, under the laws of the State, to rehabilitate a building in the Navy Yard, known as Building 128. Building 128 is a certified historic structure that is eligible for investment tax credits for qualifying rehabilitation expenditures pursuant to Section 47 of the Code.

    GMC Brooklyn, Inc. ("GMC BK") - GMC BK is wholly owned by the Corporation and serves as the managing member of GMC Landlord, LLC and GMC Master Tenant, LLC.

    GMC Landlord, LLC ("GMC Landlord") - GMC Landlord holds a 55-year sublease of Building 128 from the Corporation. GMC Landlord is owned 90% by GMC BK, and 10% by GMC Master Tenant, LLC.

    GMC Master Tenant, LLC ("GMC Master Tenant") - GMC Master Tenant holds a 39-year sublease of the property from GMC Landlord. On August 8, 2013, Brooklyn Navy Yard HTC Investor, LLC ("BNY HTC") was admitted to GMC Master Tenant as a 99% member with the Corporation owning the remaining 1% as managing member.

Building 77 Project ("Building 77")

- Building 77 QALICB, Inc. ("Building 77 QALICB") – Building 77 QALICB was formed in 2014 with the Corporation as the sole member. Building 77 QALICB was formed for the purpose of rehabilitating and operating Building 77. Building 77 is owned by the City and leased by the Corporation, which in turn has leased the property to Building 77 QALICB. Building 77 QALICB subleases the property to commercial tenants. Building 77 QALICB is exempt from income tax under Section 501(c)(3) of the Code.

Building 127 Project ("Building 127")

- Building 127 LL, Inc. ("127 LL") – 127 LL was formed on August 15, 2018, as a New York nonprofit corporation and the Corporation is the sole member of 127 LL. 127 LL has applied to be exempt from tax under Section 501(c)(3) of the Code. 127 LL was formed as part of the Corporation's efforts to renovate Building 127, an industrial facility, that is a certified historic structure and is eligible for investment tax credits for qualifying rehabilitation expenditures pursuant to Section 47 of the Code. 127 LL will engage solely in the facilitation of financing for redevelopment and subsequent leasing of Building 127.

- 127 Manager, Inc. ("127 Manager") – 127 Manager was formed on December 15, 2017 in connection with the Building 127 tax credit financing structure. The Corporation is the sole shareholder of 127 Manager.

NOTE 1 – BACKGROUND AND ORGANIZATION (Continued)

- Building 127 Master Tenant, LLC ("127 MT") – 127 MT was formed as a limited liability company under the laws of the State on December 15, 2017. 127 Manager is the managing member of, and owns a 1% interest in, 127 MT. 127 MT's operating agreement was amended and restated on December 29, 2017 to admit Chase Community Equity LLC as the investor member which owns a 99% interest in 127 MT.

- Building 127 QALICB, LLC ("127 QALICB") – 127 QALICB was formed as a limited liability company under the laws of the State on December 29, 2017. 127 Manager is the sole member of 127 QALICB.

Single Member LLCs

- On November 3, 2016, the Corporation created the following limited liability companies under the laws of the State for the purposes of subleasing to those companies certain Corporation leases with commercial tenants: BNY 10 LLC ("BNY10"), BNY 121/Gatehouse LLC ("BNY21/Gatehouse"), BNY 25/268 LLC ("BNY 25/268"), BNY 500 LLC ("BNY 500") and BNY Waterfront LLC ("BNY Waterfront"). On December 22, 2016, BNY 10, BNY 121/Gatehouse, BNY 25/268, and BNY 500 entered into a $30,750,000 loan agreement with Sterling National Bank and BNY Waterfront entered into a $31,680,000 loan agreement with Symetra Life Insurance Company. The companies' respective interests in the sublessees with the Corporation collateralize, among other security instruments, the loan agreements.

- On August 4, 2020, the Corporation formed the following limited liability companies organized under the law of the State for purposes of subleasing to those companies certain Corporation leases with certain commercial tenants: BNY 72, LLC, BNY S 1/6, LLC, and BNY S 25/30 LLC. On September 4, 2020, BNY 72, LLC, BNY S 1/6, LLC, BNY S 25/30 LLC, each as a borrower, entered into a $58,000,000 loan agreement with The Variable Annuity Life Insurance Company, as lender. The respective interests of BNY 72, LLC, BNY S 1/6, LLC, and BNY S 25/30 LLC in those subleases collateralize, among other security instruments, the loan agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Measurement Focus and Basis of Accounting*

The Corporation's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized in the period they are earned, and expenses are recognized in the period they are incurred. In its accounting and financial reporting, the Corporation follows the pronouncements of the GASB.

B. *Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Revenue and Expense Classification*

The Corporation distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from its real estate and related activities. The principal operating revenues consist of rents, lease-related charges for insurance and utilities, and grants and contributions received and available for operating activities. The Corporation's operating expenses include property management and general and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. *Revenue Recognition*

Rent, Insurance and Utilities

Rent, insurance and utilities are recognized as revenue over the lease term as they become receivable according to the provisions of the lease, except that upfront lease payments received in advance of the period to which they apply are deferred and recognized as income during future periods.

Generally, the lease agreements are structured with rent increases over their term to cover anticipated increases in costs due to economic, regulatory and other factors. Where the lease includes lease incentives such as free or reduced rent for certain periods of time during the lease term, rent is recognized as revenue on a straight-line basis over the term of the lease. The difference between rental income recognized on a straight-line basis and the amount of rental payments collected, which is attributable to free or reduced rent, is reported as leased assets within noncurrent assets in the accompanying statements of net position.

Grants and Contributions

Grants and contributions are recorded when received at their fair value. Contributions received without donor-imposed restrictions are reported under operating revenues.

Capital contributions from investors are recorded as non-operating revenue in the period received. City capital contributions for Navy Yard capital infrastructure replacement and rehabilitation, and grants received for restricted purposes, such as improvements and rehabilitation of Navy Yard facilities, are deferred and recognized as non-operating revenue when the related expenditures are incurred.

E. *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and in banks, money market funds, money market deposit accounts and highly liquid debt instruments with maturities of three months or less from date of acquisition.

F. *Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for doubtful accounts based on its assessment of the collectability of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the respective accounts receivable account.

G. *Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the accompanying statements of net position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Fair Value Measurements*

The Corporation categorizes its fair value measurements within the fair value hierarchy established under U.S. GAAP. The hierarchy is based on valuation inputs used to measure fair value of assets and liabilities as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level II inputs are significant other observable inputs, either directly or indirectly, for the asset or liability.
- Level III inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The Corporation's assets reported at fair value are disclosed in Note 3.

I. *Community Development Notes Receivable*

Notes receivable are carried at their uncollected principal balance. Interest income on the notes is accrued at the contractual rate on the principal amount outstanding. The Corporation routinely evaluates the creditworthiness of its borrowers and establishes reserves where the Corporation believes collectability is no longer reasonably assumed. Notes receivable are written down once management determines that the specific borrower does not have the ability to repay the note in full. Allowances for credit losses and doubtful accounts are maintained in amounts considered to be appropriate in relation to the notes receivable outstanding based on collection experience, economic conditions and credit risk quality. Delinquency is the primary indicator of credit quality. As of June 30, 2021 and 2020, no allowance for loan losses was recorded for the Corporation's notes receivable.

J. *Capital Assets*

Machinery, office equipment, leasehold improvements/buildings and water/sewer systems are recorded at cost. Maintenance and repairs are charged to operations as incurred.

Depreciation and amortization is computed using the straight-line method based upon estimated useful lives as follows:

Asset	Years
Machinery and automobiles	3
Office equipment	2-5
Leasehold improvements	21-50
Tenant improvements	Life of lease
Water/sewer systems	21-75

K. *Unearned Revenues*

Unearned revenues arise when assets are received before a revenue recognition criterion has been satisfied. Unearned revenues include amounts received in advance and/or amounts from grants received before the eligibility requirements have been met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *Net Position*

The Corporation's net position is classified in the following categories: net investment in capital assets; restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of amounts restricted for specific purposes by law or by parties external to the Corporation. Unrestricted net position consists of amounts that are not classified as net investment in capital assets or restricted. When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, consistent with any respective restrictions, and then to use unrestricted resources as they are needed.

M. *Reclassifications*

Certain line items in the June 30, 2020 financial statements have been reclassified to conform to the June 30, 2021 presentation. Such reclassifications had no effect on net position previously reported.

N. *New Accounting Pronouncements*

The Corporation has adopted all current pronouncements of GASB that are applicable. During the year ended June 30, 2021, the Corporation early adopted the following GASB statement:

- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* ("GASB 89"). During fiscal year 2021, the Corporation early adopted GASB 89. GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the Corporation's 2021 financial statements, however, there was no effect on beginning net position.

Other accounting pronouncements which may impact the Corporation in future years are as follows:

In May of 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. As a result, the effective dates of certain pronouncements are postponed by one year, except for GASB No. 87, *Leases*, which is postponed by 18 months. The information below reflects the postponement date. Earlier implementation is still allowed to the extent specified in each statement as originally issued.

- GASB Statement No. 87, *Leases*, ("GASB 87") is effective for fiscal years beginning after June 15, 2021, as amended. The objective of GASB 87 is to improve accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Corporation has not yet completed their evaluation of GASB 87.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. *New Accounting Pronouncements (Continued)*

- GASB Statement No. 91, *Conduit Debt Obligations*, ("GASB 91") is effective for reporting periods beginning after December 15, 2021, as amended. GASB 91 provides a single method of reporting conduit debt obligations by issuers and aims to eliminate diversity in practice. GASB 91 clarifies the existing definition of a conduit debt obligation, establishing that it is not a liability of the issuer; and establishes accounting and financial reporting standards for additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, as well as improves note disclosures. GASB 91 is not expected to have an impact on the Corporation's financial statements.

- GASB Statement No. 92, *Omnibus*, ("GASB 92") is effective for fiscal years beginning after June 15, 2021, as amended. This statement addresses comparability and consistency in accounting and financial reporting related to a variety of GASB Statements including: *Leases, Other Postemployment Benefit Plans, Pensions, Fiduciary Activities, Asset Retirement Obligations, Public Entity Risk Pools, Fair Value Measurements, and Derivative Instruments*. The Corporation has not yet completed their evaluation of GASB 92.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, ("GASB 93") is effective for fiscal years beginning after June 15, 2021, as amended. The objective of this statement is to address those and other accounting and financial reporting implications from the replacement of the interbank offered rate ("IBOR"). The Corporation has not yet completed their evaluation of GASB 93.

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements ("Arrangements")*, ("GASB 94") is effective for fiscal years beginning after June 15, 2022. Arrangements in which a government contracts with an operator to provide public services by conveying the right to operate or use a nonfinancial asset for a period of time is considered a Public-Private or Public-Public Partnership. Arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating a nonfinancial asset is considered an Availability Payment Arrangement ("APA"). The accounting for Public-Private or Public-Public Partnerships is defined in GASB 94 and will vary depending on whether the arrangement meets the definition of a Service Concession Arrangement. APAs where ownership transfers by the end of the contract will be accounted for as a financed purchase of that underlying asset. The Corporation has not yet completed their evaluation of GASB 94.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, ("GASB 96") is effective for fiscal years beginning after June 15, 2022. Similar to the principles used in GASB 87, GASB 96 provides the guidance for accounting and financial reporting for subscription-based information technology arrangements or "SBITAs". The Statement defines SBITAs as a contract that conveys control of the right to use another party's information technology software, either alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The accounting will result in the recognition of a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. GASB 96 also provides guidance for other costs that are not subscription payments, such as implementation costs, and requires certain note disclosures regarding SBITAs. The Corporation has not yet completed their evaluation of GASB 96.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. *New Accounting Pronouncements (Continued)*

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, ("GASB 97"). GASB 97 has multiple effective dates depending on specific paragraphs of the standard. Paragraph 4 of the Statement, which pertains to defined contribution pension and OPEB plans, is effective immediately. Paragraphs 6 through 9 of the Statement, which pertain to the supersession of GASB 32, are effective for fiscal years beginning after June 15, 2021, and the remaining requirements of the Statement are effective for reporting periods beginning after June 15, 2021. Paragraph 4 of the Statement requires that when determining whether the primary government is financially accountable as a potential component unit the absence of a governing board should be treated the same as appointing the voting majority if the primary government performed the duties a governing board would typically perform, except when considering a defined contribution pension or OPEB plans. Paragraphs 6 through 9 define the reporting rules for a Section 457 plan requiring that GASB 84 be applied to determine if the plan is a fiduciary activity, and then further if the plan meets the definition of a pension plan, then reporting requirements of GASB 68 or 73 should be applied (instead of those in GASB 84). GASB 97 also explains that the financial burden criteria in GASB 84 is applicable only to defined benefit pension plans and defined benefit OPEB plans administered through a trust. The Corporation has not completed their evaluation of GASB 97, but does not anticipate any material impact.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of June 30:

	2021	2020
Current Assets		
Cash and Cash Equivalents		
Cash and Cash Equivalents	$ 28,522,637	$ 20,169,477
Noncurrent Assets		
Restricted Cash and Cash Equivalents		
Cash	1,367,646	15,879,248
Cash Equivalents (U.S. Government Money Market Fund)	27,162,983	14,781,758
	28,530,629	30,661,006
Total Cash and Cash Equivalents		
Cash	29,890,283	36,048,725
Cash Equivalents (U.S. Government Money Market Fund)	27,162,983	14,781,758
	$ 57,053,266	$ 50,830,483

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Fair Value Hierarchy

The Corporation had the following recurring fair value measurements (see Note 2H) as of June 30:

U.S. Government money market funds of $27,162,983 and $14,781,758 as of June 30, 2021 and 2020, respectively, are valued based upon quoted prices in active markets (Level 1).

Investment Policy

Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, certificates of deposit and bank deposits with financial institutions that are covered by federal depository insurance, money market mutual funds, corporate and bank issued securities and commercial paper. The objective of these investments is to preserve capital, maintain liquidity and mitigate credit and interest rate risk. As of June 30, 2021 and 2020, cash and cash equivalents consisted of bank deposits and U.S. government money market mutual funds and, accordingly, the Corporation was not exposed to any interest rate or credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Corporation may not be able to recover its deposits that are in the possession of an outside party.

The Corporation has entered into a custodial agreement (the “Agreement”) with JP Morgan Chase Bank, N.A. (the “Bank”), in which the Bank will hold eligible securities consisting of U.S. Treasury Notes, pledged by the Bank as collateral for the benefit of the Corporation, pursuant to the Agreement for any uninsured deposits of the Corporation.

As of June 30, 2021, the bank deposit balances were held with six banks and amounted to $57,051,165, of which $3,961,424 was covered by federal depository insurance and $52,392,143 was collateralized. The remaining balance of $697,598 was uninsured and uncollateralized and exposed to custodial credit risk.

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Restricted cash and cash equivalents consisted of the following as of June 30:

		2021	2020
BNYDC			
City capital funds	**A**	$ 26,626,589	$ 24,425,163
Capital reserve		536,394	536,345
Other		67,456	175,839
		27,230,439	25,137,347
Building 77			
Interest reserves	**B**	15,199	40,461
Fee and expense reserves	**B**	50,000	109,500
Operating and other reserves		300	300
		65,499	150,261
Building 127			
Construction reserve	**C**	256,315	4,215,994
Fee and expense reserves	**B**	886,217	1,064,042
		1,142,532	5,280,036
Building 128			
Lease up reserve	**D**	81,013	82,213
Fee and expense reserves	**B**	88	94
Operating reserve		11,058	11,055
		92,159	93,362
		$ 28,530,629	$ 30,661,006

A. The City capital funds as of June 30, 2021 primarily consist of capital funds advanced by the City for the Steiner Naval Annex infrastructure reconstruction project amounting to $11.3 million and for the multiple other infrastructure projects throughout the Navy Yard. The City capital funds as of June 30, 2020 primarily consist of capital funds advanced by the City for the Sands Street Industrial Center construction project amounting to $2.4 million, the Steiner Naval Annex site infrastructure reconstruction project amounting to $11.3 million, and Nanotronics amounting to $2.6 million.

B. In accordance with the loan agreements, the Corporation was required to establish interest reserves and fee and expense reserve accounts prior to the initial release of the loans. The reserves are to be used for the payments of quarterly interest, fees and other expenses related to the loans.

C. The proceeds of the loans were deposited into a construction reserve for the purpose of funding development costs for the project.

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

D. GMC Master Tenant was required to fund the lease-up reserve out of the capital contributions in the amount of $3,500,000. All interest earnings on the lease-up reserve shall be retained in the account. Withdrawals from the lease-up reserve may be made to pay operating deficits. Withdrawals from the lease-up reserve shall be approved by the investor member. The lease-up reserve shall be released in increments until the master lease payment coverage ratio (operating income divided by the master lease payment for a given period) is no less than 1 to 1.

NOTE 4 – COMMUNITY DEVELOPMENT NOTES RECEIVABLE

Community development notes receivable consisted of promissory notes for loans extended to the following entities as of June 30:

Borrower	2021	2020
BNY Building 77 NMTC Investment Fund LLC ("77 NMTC")	$ 10,337,861	$ 10,337,861
BNY Building 77 Eastern Tower NMTC Investment Fund LLC ("77 Eastern")	5,456,322	5,456,322
Building 127 NMTC Investment Fund LLC ("127 NMTC")	24,953,000	24,953,000
	$ 40,747,183	$ 40,747,183

77 NMTC

On December 22, 2014, the Corporation extended a loan to 77 NMTC in the amount of $10,337,861 to fund 77 NMTC's equity investment in certain community development entities ("CDEs") that provided funding for the rehabilitation of Building 77. The loan bears interest at the rate of 1.288% a year. From December 22, 2014 to January 1, 2022 (the "Amortization Date"), interest only on the principal balance accrued during the respective preceding calendar quarters shall be payable on January 10, April 10, July 10 and October 10. Any unpaid and accrued interest on the loan shall be added to the principal.

Interest income on the loan, which is included in interest income in the accompanying statements of revenues, expenses and changes in net position, amounted to $133,151 for each of the years ended June 30, 2021 and 2020. Accrued interest receivable at June 30, 2021 and 2020, which is included in prepaid expenses and other current assets in the accompanying statements of net position, amounted to $33,288 for each year.

The loan matures on January 1, 2042 (the "Maturity Date"). Following the Amortization Date, payments of principal and interest shall be made quarterly on January 10, April 10, July 10 and October 10 each year based on a 240-month amortization. The entire outstanding principal balance and all interest accrued and unpaid thereon shall be fully due and payable on Maturity Date, unless sooner accelerated pursuant to the terms of the promissory note and other loan documents.

The loan is collateralized by a pledge of all of 77 NMTC's interests in the CDEs and certain bank accounts pursuant to various security agreements executed by 77 NMTC.

NOTE 4 – COMMUNITY DEVELOPMENT NOTES RECEIVABLE (Continued)

77 Eastern

On May 26, 2016, the Corporation extended a loan to 77 Eastern in the amount of $5,456,322 to fund certain reserves, pay for certain fees and make a one-time special return of capital to an investor who financed 77 Eastern's equity investment in a CDE ("Eastern CDE Investment"). The Eastern CDE Investment provided the funding for the rehabilitation of certain improvements into approximately 1,000,000 square feet of office, light industrial and retail space in the Navy Yard.

The loan bears interest at the rate of 1.00% a year. From May 26, 2016 to January 10, 2022, interest only on the principal balance accrued during the respective preceding calendar quarters shall be payable on January 10, April 10, July 10 and October 10. Any unpaid and accrued interest on the loan shall be added to the principal.

Interest income on the loan, which is included in interest income in the accompanying statements of revenues, expenses and changes in net position, amounted to $54,563 for each of the years ended June 30, 2021 and 2020. Accrued interest receivable at June 30, 2021 and 2020, which is included in prepaid expenses and other current assets in the accompanying statements of net position, amounted to $13,641 for each year.

The loan matures on January 1, 2041 (the "Maturity Date"). From April 10, 2022 and through the Maturity Date, payments of principal and interest shall be made quarterly in arrears on January 10, April 10, July 10 and October 10 each year based on a 228-month amortization. The entire outstanding principal balance and all interest accrued and unpaid thereon shall be fully due and payable on the Maturity Date, unless sooner accelerated pursuant to the terms of the promissory note and other loan documents.

The loan is collateralized by a pledge of all of 77 Eastern's interests in the CDE and certain bank accounts pursuant to various security agreements executed by 77 Eastern.

127 NMTC

On September 21, 2018, the Corporation extended a loan to 127 NMTC in the amount of $24,953,000. The loan bears interest at the rate of 1.00% per annum. The loan is secured by 127 NMTC's bank account pledge agreement. Commencing December 25, 2018, payments of interest only are due and payable quarterly. Commencing June 25, 2026, payments of principal and interest are due and payable quarterly in an amount to fully repay the loan by the maturity date of March 25, 2043.

Interest income on the loan, which is included in interest income in the accompanying statements of revenues, expenses and changes in net position, amounted to $249,530 during each of the years ended June 30, 2021 and 2020.

128 NMTC

On September 6, 2012, the Corporation extended a loan to 128 NMTC in the amount of $17,687,500 to assist in the financing of three CDEs that provided funding for the rehabilitation of 215,000 square feet of commercial space at Buildings 28, 123 and 128 (the "Buildings"). The loan bears interest at the rate of 3.95% a year (the "Initial Rate") on the principal balance until December 31, 2019 (the "Adjustment Date"), and thereafter at the rate of 1.263% a year (the "Loan Payment Interest Rate").

NOTE 4 – COMMUNITY DEVELOPMENT NOTES RECEIVABLE (Continued)

128 NMTC (Continued)

From September 6, 2012 to December 31, 2019 (the "Accrual Period"), interest on the original principal balance (i.e., $17,687,500) shall be payable at the Loan Payment Interest Rate. During the Accrual Period, an amount equal to the difference between the interest on the outstanding principal balance computed at the Initial Rate and interest on the original principal balance computed at the Loan Payment Interest Rate ("Capitalized Interest") shall accrue and be added to the outstanding principal balance as of January 1 of the year following the year in which such interest accrued. During the Accrual Period, interest only on the principal balance shall be payable for each calendar year annually on November 15, with interest calculated partially in arrears and partially in advance for said calendar year. Any unpaid and accrued interest on the loan shall be added to the principal.

Interest income on the loan during the year ended June 30, 2020, which is included in interest income in the accompanying statement of revenues, expenses and changes in net position, amounted to $276,894.

The loan had an original maturity date of November 15, 2042 (the "Maturity Date"). Following the Adjustment Date, payments of principal and interest shall be made annually on November 15 each year based on a 23-year amortization. The entire outstanding principal balance and all interest accrued and unpaid thereon shall be fully due and payable on Maturity Date, unless sooner accelerated pursuant to the terms of the promissory note and other loan documents.

The loan was collateralized by a pledge of all of 128 NMTC's interests in the CDEs and certain bank accounts pursuant to various security agreements executed by 128 NMTC.

In December 2019, the Corporation assumed the debt of GMC Landlord payable to the CDEs, equal to the amount of its leverage loan of $21,232,376. See Note 9.

77 WICME

On May 26, 2016, the Corporation extended a loan to 77 WICME in the amount of $14,315,970 to pay a lender who financed 77 WICME's equity investment in certain CDEs ("WICME CDE Investments"). The WICME CDE Investments provided the funding for the rehabilitation of certain improvements located in the Navy Yard into approximately 1,000,000 square feet of office, light industrial and retail space. The loan matures on January 1, 2044 (the "Maturity Date") and bears interest at the rate of 1.000% a year. From May 26, 2016 to January 10, 2022, interest only on the principal balance accrued during the respective preceding calendar quarters shall be payable on January 10, April 10, July 10 and October 10. Any unpaid and accrued interest on the loan shall be added to the principal.

Interest income on the loan, which is included in interest income in the accompanying statement of revenues, expenses and changes in net position, amounted to $25,934 during the year ended June 30, 2020. There was no accrued interest receivable at June 30, 2020.

From April 10, 2022 and through the Maturity Date, payments of principal and interest shall be made quarterly in arrears on January 10, April 10, July 10 and October 10 each year based on a 264-month amortization. The entire outstanding principal balance and all interest accrued and unpaid thereon shall be fully due and payable on the Maturity Date, unless sooner accelerated pursuant to the terms of the promissory note and other loan documents.

NOTE 4 – COMMUNITY DEVELOPMENT NOTES RECEIVABLE (Continued)

77 WICME (Continued)

The loan was collateralized by a pledge of all of 77 WICME's interests in the CDE and certain bank accounts pursuant to various security agreements executed by 77 WICME.

In December 2019, the Corporation assumed the debt of Building 77 QALICB payable to the community development entities, equal to the amount of its leverage loan of $14,315,970. See Note 9.

Maturities of Notes Receivable

The aggregate annual maturities of the notes receivable for the fiscal years ended June 30 are as follows:

Fiscal Year Ending June 30	Principal *	Interest *	Total
2022	$ 358,043	$ 483,292	$ 841,335
2023	722,468	429,101	1,151,569
2024	731,062	420,507	1,151,569
2025	739,760	411,809	1,151,569
2026	16,550,318	286,433	16,836,751
2027-2031	6,537,907	1,026,540	7,564,447
2032-2036	6,910,635	653,813	7,564,448
2037-2041	7,146,918	259,808	7,406,726
2042-2046	1,050,072	6,793	1,056,865
	$ 40,747,183	$ 3,978,096	$ 44,725,279

* Includes the effect of future interest on 128 NMTC loan to be capitalized into principal.

NOTE 5 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2021:

	Balance 6/30/20	Additions	Deductions/ Reclassifications	Balance 6/30/21
Nondepreciable:				
Construction in progress	$ 79,167,037	$ 7,657,338	$ (80,611,617)	$ 6,212,758
Total nondepreciable capital assets	79,167,037	7,657,338	(80,611,617)	6,212,758
Depreciable:				
Leasehold improvements, including buildings and water and sewer systems	754,625,506	80,611,617	-	835,237,123
Machinery and vehicles	3,783,126	175,000	-	3,958,126
Office equipment	2,390,552	-	-	2,390,552
Total depreciable capital assets	760,799,184	80,786,617	-	841,585,801
Less: accumulated depreciation and amortization:				
Leasehold improvements, including buildings and water and sewer systems	252,515,372	28,972,098	-	281,487,470
Machinery and vehicles	3,203,882	452,171	-	3,656,053
Office equipment	2,061,738	212,658	-	2,274,396
Total accumulated depreciation and amortization	257,780,992	$ 29,636,927	$ -	287,417,919
Total net depreciable capital assets	503,018,192			554,167,882
Total net capital assets	$ 582,185,229			$ 560,380,640

NOTE 5 – CAPITAL ASSETS (Continued)

The following is a summary of capital asset activity for the year ended June 30, 2020:

	Balance 6/30/19	Additions	Deductions/ Reclassifications	Balance 6/30/20
Nondepreciable:				
Construction in progress	$ 39,794,194	$ 62,386,895	$ (23,014,052)	$ 79,167,037
Total nondepreciable capital assets	39,794,194	62,386,895	(23,014,052)	79,167,037
Depreciable:				
Leasehold improvements, including buildings and water and sewer systems	742,250,345	19,180,720	(6,805,559)	754,625,506
Machinery and vehicles	4,385,034	167,529	(769,437)	3,783,126
Office equipment	2,305,862	84,690	-	2,390,552
Total depreciable capital assets	748,941,241	19,432,939	(7,574,996)	760,799,184
Less: accumulated depreciation: and amortization:				
Leasehold improvements, including buildings and water and sewer systems	225,382,025	27,133,347	-	252,515,372
Machinery and vehicles	3,123,566	849,753	(769,437)	3,203,882
Office equipment	1,796,377	265,361	-	2,061,738
Total accumulated depreciation and amortization	230,301,968	$ 28,248,461	$ (769,437)	257,780,992
Total net depreciable capital assets	518,639,273			503,018,192
Total net capital assets	$ 558,433,467			$ 582,185,229

NOTE 6 – UNEARNED REVENUES

Unearned revenues consisted of the following at June 30:

	2021 Current	2020 Current
Currently with the City for the rehabilitation of capital assets	$ 26,615,477	$ 24,414,053
Cogeneration Partners	11,112	11,112
FC Modular	-	395,348
Other	-	11,475
Total	$ 26,626,589	$ 24,831,988

NOTE 7 – LONG-TERM LIABILITIES

The following summarizes the changes in the Corporation's long-term liabilities for the year ended June 30, 2021:

	Balance 6/30/2020	Increases	Reductions	Balance 6/30/2021	Due Within One Year	Due After One Year
Tenant's security deposits	$ 8,637,716	$ 719,140	$ -	$ 9,356,856	$ -	$ 9,356,856
Unearned revenues	24,831,988	11,197,101	9,402,500	26,626,589	26,626,589	-
Development loans payable	170,499,936	59,094,907	62,742,080	166,852,763	32,185,996	134,666,767
Community development notes payable	58,030,000	-	-	58,030,000	179,007	57,850,993
Construction loan payable	5,984,378	-	1,420,113	4,564,265	1,455,155	3,109,110
Other long-term liabilities	1,842,999	-	1,122,082	720,917	-	720,917
Total long-term liabilities	$ 269,827,017	$ 71,011,148	$ 74,686,775	$ 266,151,390	$ 60,446,747	$ 205,704,643

The following summarizes the changes in the Corporation's long-term liabilities for the year ended June 30, 2020:

	Balance 6/30/2019	Increases	Reductions	Balance 6/30/2020	Due Within One Year	Due After One Year
Tenant's security deposits	$ 8,146,035	$ 491,681	$ -	$ 8,637,716	$ -	$ 8,637,716
Unearned revenues	45,395,809	-	20,563,821	24,831,988	24,831,988	-
Development loans payable	157,775,530	14,466,223	1,741,817	170,499,936	62,631,872	107,868,064
Community development notes payable	101,550,000	-	43,520,000	58,030,000	-	58,030,000
Construction loan payable	7,370,294	-	1,385,916	5,984,378	1,420,114	4,564,264
Other long-term liabilities	1,885,850	-	42,851	1,842,999	-	1,842,999
Total long-term liabilities	$ 322,123,518	$ 14,957,904	$ 67,254,405	$ 269,827,017	$ 88,883,974	$ 180,943,043

NOTE 8 – DEVELOPMENT LOANS PAYABLE

Development loans payable consisted of the following as of June 30:

Lender	2021	2020
The Variable Annuity Life Insurance Company ("VALIC $58,000,000 Loan")	$ 58,000,000	$ -
NYCRC Brooklyn Navy Yard Development Fund, LLC ("NYCRC $42,000,000 Loan")	-	42,000,000
NYCRC Brooklyn Navy Yard Development Fund, IV, LLC ("NYCRC $30,000,000 Loan")	30,000,000	30,000,000
Sterling National Bank ("Sterling Loan")	29,469,112	29,999,495
Symetra Life Insurance Company ("Symetra Loan")	28,525,935	29,650,522
Building 127:		
GSUIG Real Estate Member LLC	17,734,291	17,844,500
GSUIG Real Estate Member LLC Line of Credit	3,123,425	2,028,518
Local Initiatives Support Corporation ("LISC")	-	5,063,125
Sterling National Bank Line of Credit	-	9,967,536
SBA Paycheck Protection Program Loan	-	3,946,240
	$ 166,852,763	$ 170,499,936

VALIC $58,000,000 Loan

On September 4, 2020, BNY S 1/6, LLC, BNY S 25/30 LLC and BNY 72, LLC, individually and collectively as Borrowers, entered into a loan agreement with The Variable Annuity Life Insurance Company, as lender, for a total loan amount of $58,000,000, the proceeds of which have been used to refinance an existing loan made by NYCRC Brooklyn Navy Yard Development Fund, LLC and will provide additional working capital for other Corporation uses.

Borrowers shall be deemed to refer to each of Stages 1-6 Borrower, Stages 25-30 Borrower and Dock 72 Borrower. Of the $58,000,000, BNY S 1/6, LLC (“Stages 1-6 Borrower”) obtained a principal loan of $11,895,713, BNY S 25/30 LLC (“Stages 25-30 Borrower”) obtained a principal loan of $6,115,875 and BNY 72, LLC (“Dock 72 Borrower”) obtained a principal loan of $39,988,412.

The loan agreement provides for interest at a fixed rate of 3.85% per annum with a maturity date of September 4, 2040. Interest only on the principal loan is payable during (a) the stub interest period, which is the closing date through and including September 30, 2020, and (b) interest only period, which begins November 1, 2020, and ends on the payment date that is 36 calendar months following the expiration of the stub interest period.

Payments on the loan will be as follows:

- On each payment date during the interest only period, payments of interest only on the principal shall be payable in arrears, in the amount of (i) $38,165 each under the Stages 1-6 Borrower note; (ii) $19,622 each under the Stages 25-30 Borrower note and (iii) $128,296 each under the Dock 72 Borrower note.

NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

VALIC $58,000,000 Loan (Continued)

- Commencing on the first payment date immediately succeeding the expiration of the interest only period and on each payment date thereafter, combined payments of principal and interest shall be payable in arrears, in the amount of (i) $55,768 each under the Stages 1-6 Borrower note; (ii) $28,672 each under the Stages 25-30 Borrower note; and (iii) $187,469 each under the Dock 72 Borrower note.

Borrower shall have no right to prepay all or any part of the principal during the lockout expiration date, which is the payment date that is 24 calendar months from and after the first day immediately following the stub interest period. At any time after the lockout expiration date, borrower shall have the right to prepay the principal, in whole, but not in part, and all other amounts due under the agreement, together with all accrued but unpaid interest thereon as of the date of prepayment, subject to terms of the agreement.

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $1,842,225 for year ended June 30, 2021. As of June 30, 2021, accrued interest amounted to $186,083.

The loan is collateralized by Stages 1-6 Borrower, Stages 25-30 Borrower and Dock 72 Borrower's (i) leasehold interests in properties leased from the Corporation and assignment of all gross revenue due or payable for the occupancy of use of the properties, and all leases, whether oral or written, with all security therefor, including all guaranties thereof.

NYCRC $42,000,000 Loan

On July 26, 2012, the Corporation entered into a credit agreement with the NYCRC Brooklyn Navy Yard Development Fund, LLC ("NYCRC LLC") to borrow up to $42,000,000 to finance improvements to a building in the Navy Yard ("Building 77"). The credit agreement provides for interest at a fixed rate of 3% per annum. The loans under agreement are due on the fifth anniversary date of the last loan draw, which occurred on August 10, 2015 (the "Maturity Date"). The loan may not be prepaid, in whole or in part, prior to Maturity Date. The Maturity Date may be extended from time to time up to an additional five years (the "Extended Term"), subject to certain terms and conditions, including an increase in interest rate up to 6% per annum and an ability to prepay the loan during the Extended Term. Payments due during the term of the loan consists of interest only, payable quarterly, on the outstanding balance until the maturity date at which time principal is payable. During fiscal year 2021, the loan was paid off.

The loans are collateralized by an assignment of all rents, income and profits arising from all leases (except as specified in the credit agreement), subleases, tenancies or occupancy agreements or otherwise arising from the use or occupation of all the premises, as defined in the assignment of rent agreement, within the Navy Yard. Further, the Corporation has granted NYCRC LLC a first and prior security interest on, subject only to certain exclusions specified in the security agreement, in and to all of the Corporation's personal and fixture property of every kind and nature, whether currently owned or existing or subsequently acquired or arising and regardless of where located and all products, proceeds, substitutions, accessions and replacements thereof. The loans, subject to the terms of the subordination and inter-creditor agreements, are junior and subordinate to the indebtedness under the NYCRC $30,000,000 Loans.

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $296,625 and $1,281,000 during the years ended June 30, 2021 and 2020, respectively. As of June 30, 2020, there was no accrued interest.

NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

NYCRC $30,000,000 Loan

On July 15, 2015, the Corporation entered into a credit agreement with the NYCRC Brooklyn Navy Yard Development Fund IV, LLC to borrow $30,000,000 to finance improvements to Building 77 in the Navy Yard. The credit agreement provides for interest at a fixed rate of 4.20% per annum. Except as provided in the agreement, the loan is due on the fifth anniversary date of the first loan draw, which occurred on May 10, 2017 (the "Maturity Date"). The loan may not be prepaid, in whole or in part, prior to the Maturity Date. The Maturity Date may be extended from time to time up to an additional five years (the "Outside Payment Date"), subject to certain terms and conditions, including the interest rate of 4.2% per annum and an ability to prepay the loan during the period between the Maturity Date and the Outside Payment Date. Payments due during the term of the loan consist of interest only, payable quarterly, on the outstanding balance until the maturity date at which time principal is payable.

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $1,277,500 and $1,281,000 during the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, there was no accrued interest.

The loans are collateralized by an assignment of certain deposit account with a bank, the Corporation's interest in a contribution agreement with Building 77 QALICB, and, subject to certain subordination and inter-creditor agreements, the Corporation's security interest in deposit accounts, current and future accounts, receivables and contract rights, personal and fixture property of every kind and nature, whether currently owned or existing or subsequently acquired or arising and regardless of where located and all products, proceeds, substitutions, accessions and replacements thereof with respect to Building 77.

Sterling Loan

On December 22, 2016, BNY 10, BNY 121/Gatehouse, BNY 25/268 and BNY 500 (collectively, the "Sterling Borrowers") entered into a loan agreement with Sterling National Bank to finance the payment of $30,000,000 of the Corporation's NYCRC $60,000,000 Loan and pay for the closing costs.

The loan bears interest at the rate of 4.448% per annum and is payable as follows:

- Interest only beginning January 15, 2017 and on the 15th of each succeeding month through December 15, 2018
- Principal and interest of $156,041 beginning on January 15, 2019 and on the 15th of each succeeding month through December 15, 2031

The loan may be prepaid, subject to prepayment premium ranging from 5% to 1% if the prepayment occurs during the first 10 years of the loan.

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $1,342,103 and $1,369,052 during the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, there was no accrued interest.

The loan is collateralized by, among other security, following: (i) grant to Sterling by the Sterling Borrowers of an ongoing security interests in various assets pursuant to security agreement between Sterling and the Sterling Borrowers; (ii) assignment to Sterling of the Corporation's membership interests in the Sterling Borrowers; (iii) assignment to Sterling of all of the Sterling Borrowers' right, title and interest in and to all leases, rents, income and profits arising from all current and future leases, subleases, tenancies, occupancy agreements and licenses with respect to certain premises pursuant to an assignment of leases and rents agreements among Sterling, the Sterling Borrowers and the Corporation; and (iv) and mortgage of such premises to Sterling.

NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

Symetra Loan

On December 22, 2016, BNY Waterfront received a loan under a real estate note (the "Note") in the amount of $31,680,000 to refinance $30,000,000 of the NYCRC $60,000,000 Loan and pay for the loan costs. The note bears interest at 4.15% per annum and is payable as follows:

- At closing, interest from the date of loan through January 15, 2017
- Monthly interest only payments of $109,560 beginning February 15, 2017 and on the 15th of each succeeding month through July 15, 2018
- 239 monthly payments of principal and interest of $194,488 beginning on August 15, 2018 and on the 15th of each succeeding month through July 15, 2038

The loan may be prepaid in full (but not in part), subject to prepayment premium calculated at the greater of (a) 1% of the principal prepaid or (b) the excess over the prepaid principal amount of the present value of the remaining principal and interest payments calculated using a discount rate as defined in the Note.

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $1,209,266 and $1,254,904 during the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, there was no accrued interest.

The loan is collateralized by a security instrument executed by BNY Waterfront and the Corporation, collectively, as mortgagor, in favor of Symetra, irrevocably mortgaging to Symetra the mortgagor's ongoing interest under a certain lease dated December 22, 2016 between the Corporation (as ground lessor) and BNY Waterfront with respect to certain premises described in the security agreement. Further, subject to the provisions of a subordination and intercreditor agreement dated December 22, 2016 among Symetra (as senior lender), NYCRC LLC (as subordinate lender), BNY Waterfront and the Corporation, NYCRC LLC subordinates its NYCRC $42,000,000 Loan and underlying loan documents to the Symetra Loan and underlying security documents.

GSUIG Real Estate Member LLC

On September 21, 2018, the Corporation entered into a promissory note with GSUIG Real Estate Member LLC in the amount of $17,844,500. The loan is secured by the assets of the Corporation. The note bears interest at a rate of 6.5% per annum. Quarterly payments of interest only are due commencing on December 31, 2018. Beginning March 21, 2021 quarterly payments of principal and interest of $400,181 were due through maturity on March 31, 2026. Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $1,159,892 and $1,166,336 during the years ended June 30, 2021 and 2020. As of June 30, 2021 and 2020, there was no accrued interest.

Local Initiatives Support Corporation (Bridge Loan)

On September 21, 2018, the Corporation entered into a promissory note with Local Initiatives Support Corporation in the amount of $5,063,125. The loan is secured by the assets of the Corporation. The note bears interest at a rate of 5.00% per annum. Quarterly payments of interest only are due commencing on October 1, 2018. The loan matures on September 21, 2021 at which time all remaining principal and interest will be due. During fiscal year 2021, 127 MT paid off the bridge loan and recorded a receivable from 127 LL. Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $144,158 and $257,375 during the years ended June 30, 2021 and 2020. As of June 30, 2021 and 2020, there was no accrued interest.

NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

GSUIG Real Estate Member LLC (Line of Credit)

On September 21, 2018, the Corporation entered into a line of credit note with GSUIG Real Estate Member LLC. The loan agreement provides for up to $5,000,000 and is secured by the assets of the Corporation. The loan bears an interest rate of 6.50% per annum. In addition, the note bears interest of 0.75% per annum on the undrawn portion of the loan. The terms of the note provide for quarterly payments of interest only commencing on September 30, 2018. Beginning March 21, 2021 and on every June 30, September 30, December 31, and March 31 thereafter, quarterly payments of principal and interest will be due through maturity on September 21, 2022. Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $201,280 and $124,371 during the years ended June 30, 2021 and 2020, respectively. As of June 30, 2020, there was accrued interest of $37,979, which is included in accounts payable and accrued expenses in the accompanying statement of net position. As of June 30, 2021, there was no accrued interest.

Sterling National Bank Line of Credit

On October 25, 2017, the Corporation entered into a revolving line of credit agreement with Sterling National Bank in the amount of $5,000,000. On February 25, 2019, the Corporation amended this line of credit agreement to increase the maximum borrowing amount to $10,000,000. The proceeds of the line of credit shall be used by the Corporation solely for working capital purposes, including to finance tenant improvements, to bridge projects to be funded by the City until such funds are received, and other general corporate purposes of the Corporation. Such borrowings are secured by the assets of the Corporation. Interest on the unpaid principal amount is charged at a rate per annum equal to the greater of (i) the prime rate plus 0.25% or (ii) 4.00%. The unpaid principal amount of the Revolving Loans and all interest accrued thereon and costs and expenses then due and owing shall be paid by the Corporation in a single installment on the maturity date of February 28, 2021. During fiscal year 2021, the line of credit was paid off. Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $209,318 and $111,679 during the years ended June 30, 2021 and 2020, respectively.

The Corporation is in the process of extending the terms of the line of credit, which will be effective February 28, 2021 and maturing on February 28, 2022, subject to the fulfillment of conditions specified in the amendment to the revolving credit agreement. The line of credit is collateralized by assignment of rents.

SBA Paycheck Protection Program Loan

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

The Corporation applied for this loan through an SBA authorized lender. The loan, amounting to $3,946,240, was approved on April 11, 2020 and received on April 13, 2020. On June 30, 2021, the loan was forgiven by the SBA and recognized as forgiveness of debt in the statement of revenues, expenses and changes in net position. The PPP loan could be subject to compliance audits in the future from the SBA. Management of the Corporation does not believe the Corporation is subject to any amounts being recaptured by the SBA.

NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

Maturities of Development Loans Payable

The aggregate annual principal and interest due on the development loans payable, assuming no extensions of maturity dates with respect to the NYCRC $30,000,000 loan, are as follows for the years ended June 30:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 32,185,996	$ 7,474,593	$ 39,660,589
2023	3,159,642	5,938,939	9,098,581
2024	6,601,545	5,588,536	12,190,081
2025	3,640,325	5,426,332	9,066,657
2026	3,806,729	5,259,927	9,066,656
2027-2031	21,817,301	23,515,982	45,333,283
2032-2036	27,335,176	17,998,106	45,333,282
2037-2041	26,692,079	16,084,191	42,776,270
2042-2046	19,106,138	6,554,243	25,660,381
2047-2051	18,616,603	2,446,980	21,063,583
Thereafter	3,891,229	98,747	3,989,976
	$ 166,852,763	$ 96,386,576	$ 263,239,339

The Corporation's loan agreements include provisions, that in the event of payment or other material defaults which are not cured within any applicable cure periods, that the respective lenders may accelerate and declare the remaining unpaid debt to be immediately due and payable.

NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE

Community development notes payable represent promissory notes issued by Building 77 QALICB and 127 QALICB to the following community development entities ("CDE Lenders") and consisted of the following as of June 30:

NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

BNYDC Entity/CDE Lender	2021	2020
Building 77 QALICB promissory notes dated December 22, 2014 ("Building 77 2014 Notes"):		
GSNMF SUB-CDE 17 LLC ("GSNMF-17")		
GSNMF-17 Loan A	$ 3,448,930	$ 3,448,930
GSNMF-17 Loan B	1,551,070	1,551,070
DVCI CDE XXIV, LLC ("DVCI XXIV")		
DVCI XXIV Loan A	6,888,931	6,888,931
DVCI XXIV Loan B	2,811,069	2,811,069
	14,700,000	14,700,000
Building 77 QALICB promissory notes dated May 26, 2016 ("Building 77 2016 Notes"):		
GSNMF SUB-CDE 21 LLC ("GSNMF-21")		
GSNMF-21 Loan A	5,441,600	5,441,600
GSNMF-21 Loan B	2,558,400	2,558,400
BRP SUB-CDE TWO, LLC ("BRP")		
BRP Loan A	-	-
BRP Loan B	-	-
	8,000,000	8,000,000
127 QALICB promissory notes dated September 21, 2018 ("127 2018 Notes")		
GSNMF Sub-CDE 29 LLC ("GSNMF-29")		
GSNMF-29 Loan A	3,364,306	3,364,306
GSNMF-29 Loan B	1,635,694	1,635,694
CDE 41 LLC ("MBS")		
MBS Loan A	4,780,028	4,780,028
MBS Loan B	2,079,972	2,079,972
NYCR SUB-CDE 1, LLC ("NYCR")		
NYCR Loan A	8,524,333	8,524,333
NYCR Loan B	3,235,667	3,235,667
NYCNCC Sub-CDE 5, LLC ("NYCNCC")		
NYCNCC Loan A	4,920,028	4,920,028
NYCNCC Loan B	1,939,972	1,939,972
DVCI CDE XLIV, LLC ("DVCI XLIV")		
DVCI XLIV Loan A	3,364,305	3,364,305
DVCI XLIV Loan B	1,485,695	1,485,695
	35,330,000	35,330,000
	$ 58,030,000	$ 58,030,000

NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

GMC Notes

On September 6, 2012, GMC Landlord entered into a loan agreement with ESNMC Subsidiary CDE II, LLC ("ESNMC"), Empowerment Reinstatement Fund XXI, LLC ("ERF") and GSNMF SUB-CDE-4LLC ("GSNMF-4") to finance improvements to certain buildings in the Navy Yard (the "Buildings"). The loan agreement is secured by the property and consists of six promissory as listed above. Each of the promissory notes bear interest at 1% per annum. From September 6, 2012 to December 31, 2019, interest only shall be payable annually, commencing November 1, 2012 through November 1, 2019, for interest accruing through the end of the calendar year that the interest is due. Commencing November 1, 2020 and annually through maturity on November 1, 2042, annual payments of principal and interest shall be due on each of the promissory notes as follows: $415,041 for ESNMC Loan A; $151,057 for ESNMC Loan B; $276,694 for ERF Loan A; $97,772 for ERF Loan B; $172,934 for GSNMF-4 Loan A; and $71,496 for GSNMF-4 Loan B.

As mentioned in Note 4, in December 2019, the Corporation assumed the debt of GMC Landlord to the CDEs, as held by the Investment Fund. The Investment Fund was dissolved pursuant to its operating agreement and assigned the ESNMC, ERF and GSNMF Loans to the Corporation in full satisfaction of the Corporation's leverage loan. The remainder was recognized as a cancellation of debt income to GMC Landlord and included as forgiveness of debt in the June 30, 2020 statement of revenues, expenses and changes in net position.

Interest incurred on the GMC Notes during the year ended June 30, 2020, which is included in interest expense in the accompanying 2020 statement of revenues, expenses and changes in net position, amounted to $319,494. As of June 30, 2020, there was no accrued interest.

Under the loan agreement, ESNMC and ERF each earns an annual asset management fee of $42,000 and $60,000, respectively, prorated for partial years, commencing on November 15, 2012 and continuing for the term of the respective loans. For the year ended June 30, 2020, there was no ESNMC and ERF asset management fees.

Further, ESNMC and ERF each receives a CDE expense reimbursement of $12,500, commencing on November 15, 2012 and continuing for the term of the respective loans. In 2019, there was a CDE expense reimbursement to each of ESNMC and ERF equal to two annual installments in the amount of $12,500 each, both payable on September 6, 2019. For the year ended June 30, 2020, ESNMC and ERF CDE expense reimbursements totaled $25,000.

Building 77 2014 Notes

On December 22, 2014, Building 77 QALICB entered into a loan agreement with GSNMF-17 and DVCI XXIV to finance improvements to a building in the Navy Yard ("Building 77"). The loan agreement is collateralized by the building of the Corporation and consists of four promissory notes as listed above. Each of the promissory notes bear interest at 1% per annum. From December 22, 2014, interest only on the principal balance accrued during the respective preceding calendar quarters shall be payable on January 5, April 1, July 1 and October 1. Commencing April 1, 2022 and continuing every July 1, October 1, January 5 and April 1 thereafter up and including the maturity date on October 1, 2049, quarterly payments of principal and interest shall be due on each of the promissory notes as follows: $35,620 for GSNMF-17 Loan A; $16,019 for GSNMF-17 Loan B; $71,148 for DVCI XXIV Loan A; and $29,033 for DVCI XXIV Loan B.

Interest incurred on the Building 77 2014 Notes, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $147,000 for each of the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, there was no accrued interest.

NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

Building 77 2014 Notes (Continued)

In accordance with the Corporation's loan agreement, DVCI XXIV earns an asset management fee in the amount of $50,000 annually, prorated for partial years, commencing on November 15, 2012 and continuing for the term of the DVCI XXIV loan. For the years ended June 30, 2021 and 2020, DVCI XXIV asset management fees of $48,750 and $50,000, respectively, have been incurred and paid.

In accordance with the Corporation's loan agreement, an audit and tax expense reimbursement to DVCI XXIV equal to $10,570 is due annually from the DVCI XXIV Fee Reserve, commencing on November 15, 2012 and continuing for the term of the DVCI XXIV loan. For each of the years ended June 30, 2021 and 2020, DVCI XXIV asset management fees of $10,750, have been incurred and paid.

The aggregate annual principal and interest due on the Building 77 2014 Notes is as follows for the years ending June 30:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 115,071	$ 147,000	$ 262,071
2023	463,166	144,116	607,282
2024	467,815	139,467	607,282
2025	472,511	134,771	607,282
2026	477,254	130,028	607,282
2027-2031	2,459,096	577,316	3,036,412
2032-2036	2,585,016	451,397	3,036,413
2037-2041	2,717,383	319,030	3,036,413
2042-2046	2,856,527	179,885	3,036,412
2047-2051	2,086,161	39,327	2,125,488
	$ 14,700,000	$ 2,262,337	$ 16,962,337

Building 77 2016 Notes

On May 26, 2016, Building 77 QALICB entered into separate loan agreements with GSNMF-21 and BRP to finance rehabilitation of improvements to Building 77. The loan mortgages are collateralized by the building of the Corporation and consist of four promissory notes as listed above. The GNSMF-21 promissory notes bear interest at .855% per annum and BRP promissory notes bear interest at .884% per annum. From May 26, 2016, interest only on the principal balance accrued during the respective preceding calendar quarters shall be payable on January 1, April 1, July 1 and October 1. Commencing April 1, 2022 and continuing every July 1, October 1, January 1 and April 1 thereafter up and including the maturity date on October 1, 2049, quarterly payments of principal and interest shall be due on each of the promissory notes as follows: $55,121 for GSNMF-21 Loan A; $25,915 for GSNMF-21 Loan B; $142,121 for BRP Loan A; and $53,124 for BRP Loan B.

Interest incurred on the Building 77 2016 Notes, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $68,400 and $96,688 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, there was no accrued interest.

NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

Building 77 2016 Notes (Continued)

In accordance with the Corporation's loan agreement, BRP CDE, LLC ("Allocatee") earns a management fee in the amount of $250,000 which is payable in installments commencing on May 26, 2016. The final installment was paid on May 26, 2019. There were no Allocatee management fees incurred for the years ended June 30, 2021 and 2020.

As mentioned in Note 4, in December 2019, the Corporation assumed the debt of Building 77 QALICB to the CDEs, as held by the Investment Fund. The Investment Fund was dissolved pursuant to its operating agreement and assigned BRP Loan A of $13,975,890 and BRP Loan B of $5,224,110 to the Corporation in full satisfaction of the leverage loan of $14,315,970. The remainder of $4,884,030 was recognized as a cancellation of debt income to Building 77 QALICB and included as forgiveness of debt in the June 30, 2020 statement of revenues, expenses and changes in net position.

The aggregate annual principal and interest due on the Building 77 2016 Notes is as follows for the years ended June 30:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 63,936	$ 68,400	$ 132,336
2023	257,116	67,030	324,146
2024	259,321	64,825	324,146
2025	261,545	62,601	324,146
2026	263,789	60,357	324,146
2027-2031	1,353,273	267,456	1,620,729
2032-2036	1,412,316	208,414	1,620,730
2037-2041	1,473,934	146,796	1,620,730
2042-2046	1,538,240	82,489	1,620,729
2047-2051	1,116,530	17,982	1,134,512
	$ 8,000,000	$ 1,046,350	$ 9,046,350

127 2018 Notes

On September 21, 2018, the 127 QALICB entered into promissory note agreements with GSNMF Sub-CDE 29 LLC ("GSNMF-29"), CDE 41, LLC ("MBS"), NYCR SUB-CDE 1, LLC ("NYCR"), NYCNCC Sub-CDE 5, LLC ("NYCNCC"), DVCI CDE XLIV, LLC ("DVCI XLIV"), totaling $35,330,000. The promissory note agreements comprise ten obligations and are secured by the property.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with GSNMF, referred to as GSNMF-29 Loan A, on September 21, 2018 in the amount of $3,364,306. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on March 15, 2026, a one-time payment of $2,140,860 is due to GSNMF. Beginning June 15, 2026, quarterly principal and interest payments totaling $12,849, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with GSNMF-29, referred to as GSNMF-29 Loan B, on September 21, 2018 in the amount of $1,635,694. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling $17,178, are due until the loan matures on September 20, 2053.

NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

127 2018 Notes (Continued)

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with MBS, referred to as MBS Loan A, on September 21, 2018 in the amount of $4,780,028. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of $2,997,204 is due to MBS. Beginning on June 15, 2026, quarterly principal and interest payments totaling $18,723, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with MBS, referred to as MBS Loan B, on September 21, 2018 in the amount of $2,079,972. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling $21,844, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCR, referred to as NYCR Loan A, on September 21, 2018 in the amount of $8,524,333. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of $5,138,064 is due to MBS. Beginning on June 15, 2026, quarterly principal and interest payments totaling $35,563, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCR, referred to as NYCR Loan B, on September 21, 2018 in the amount of $3,235,667. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling $33,981, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCNCC, referred to as NYCNCC Loan A, on September 21, 2018 in the amount of $4,920,028. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of $2,997,204 is due to NYCNCC. Beginning on June 15, 2026, quarterly principal and interest payments totaling $20,194, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCNCC, referred to as NYCNCC Loan B, on September 21, 2018 in the amount of $1,939,972. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling $20,374, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with DVCI XLIV, referred to as DVCI XLIV Loan A, on September 21, 2018 in the amount of $3,364,305. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of $2,140,860 is due to DVCI XLIV. Beginning on June 15, 2026, quarterly principal and interest payments totaling $12,849, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement 127 QALICB entered into a promissory note agreement with DVCI XLIV, referred to as DVCI XLIV Loan B, on September 21, 2018 in the amount of $1,485,695. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling $15,603 are due until the loan matures on September 20, 2053.

NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

127 2018 Notes (Continued)

Interest incurred on the 127 2018 Notes amounted to $282,794 for the year ended June 30, 2021. Interest incurred on the 127 2018 Notes, which was capitalized into construction in progress, amounted to $377,054 for the year ended June 30, 2020.

The aggregate annual principal and interest due on the 127 2018 Notes is as follows for the years ended June 30:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ -	$ 377,054	$ 377,054
2023	-	377,054	377,054
2024	-	377,054	377,054
2025	-	377,054	377,054
2026	15,883,504	252,425	16,135,929
2027-2031	3,226,497	956,683	4,183,180
2032-2036	3,403,100	780,077	4,183,177
2037-2041	3,589,375	593,806	4,183,181
2042-2046	3,785,843	397,335	4,183,178
2047-2051	3,993,066	190,110	4,183,176
2052-2054	1,448,615	15,440	1,464,055
	$ 35,330,000	$ 4,694,092	$ 40,024,092

The Corporation's loan agreements include provisions that in the event of payment or other material defaults, which are not cured within any applicable cure periods, that the respective lenders may accelerate and declare the remaining unpaid debt to be immediately due and payable.

NOTE 10 – CONSTRUCTION LOAN PAYABLE

On April 2, 2015, GMC Landlord entered into a loan agreement with New Lab, LLC in the amount of $11,884,883. The loan accrues interest at 2.44% from the date of the initial advance through maturity, on the tenth anniversary of the first monthly payment. Monthly payments commence on the conversion date, March 1, 2017. Interest is compounded monthly from the date of the first advance through the conversion date. On the date of conversion, the loan balance was increased to $13,744,373 including compounded interest. Beginning March 1, 2017, monthly payments of $129,193 are due through maturity. The loan is secured by the tenant fit-out payments portion of the master lease rent payable to GMC Landlord by New Lab under its lease. It is further collateralized by any accounts arising under the master lease, the deposit account, which holds loan advances and master lease rents, and an Assignment of Leases and Rents to GMC Landlord.

The Corporation's loan agreements include provisions that in the event of payment or other material defaults, which are not cured within any applicable cure periods, that the respective lenders may accelerate and declare the remaining unpaid debt to be immediately due and payable.

Interest incurred on the construction loan payable, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $130,207 and $164,404 during the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, there was no accrued interest.

NOTE 10 – CONSTRUCTION LOAN PAYABLE (Continued)

The aggregate annual principal and interest due on the construction loan payable is as at June 30:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 1,455,155	$ 95,166	$ 1,550,321
2023	1,491,060	59,261	1,550,321
2024	1,527,852	22,469	1,550,321
2025	90,198	183	90,381
	$ 4,564,265	$ 177,079	$ 4,741,344

NOTE 11 – CAPITAL CONTRIBUTIONS AND GRANTS

City Capital Contributions

Since 1996, the Corporation receives contributions from the City for the replacement and rehabilitation of capital assets funded from the City's capital budget. For the years ended June 30, 2021 and 2020, the Corporation recognized $9,110,377 and $26,877,291, respectively, as non-operating revenue for rehabilitation work completed with City capital funds.

Other Capital Grants

During the year ended June 30, 2020, the Corporation received capital funds of $440,325 from the Empire State Development Corporation and other grantors to facilitate improvements to the Navy Yard.

Other Capital Contributions

During fiscal year 2021, the Corporation received approximately $7.26 million of capital contributions for 127 MT.

NOTE 12 – LEASES WITH TENANTS

The Corporation has lease commitments from over 350 commercial tenants for space for periods ranging from one to forty-four years. Minimum future rental income from those leases is as follows for the years ended June 30:

2022	$ 47,934,640
2023	44,484,889
2024	41,787,762
2025	38,499,150
2026	35,832,491
2027-2031	146,833,870
2032-2036	107,251,071
2037-2041	85,278,861
2042-2046	56,197,734
2047-2051	34,038,695
2052-2056	28,232,951
2057-2061	23,815,924
2062-2066	4,415,673
	$ 694,603,711

NOTE 12 – LEASES WITH TENANTS (Continued)

Total contingent rentals, which arise primarily from a percentage of the lessees' gross revenues and parking revenue rents, amounted to $1,989,290 and $1,700,515 for the years ended June 30, 2021 and 2020, respectively.

Leased buildings and improvements had asset costs of $835,237,123, accumulated depreciation and amortization of $281,487,470, and carrying costs of $553,749,653 as of June 30, 2021. Leased buildings and improvements had asset costs of $754,625,506, accumulated depreciation and amortization of $252,515,372, and carrying costs of $502,110,134 as of June 30, 2020.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Corporation is obligated under sublease agreements for the rental of premises in the Navy Yard. The subleases expire June 29, 2061.

Rent expense for the years ended June 30, 2021 and 2020 amounted to $7,707,042 and $1,445,968, respectively.

The minimum annual rental payments under the leases are as follows:

2022	$	8,640,140
2023		8,640,140
2024		8,640,140
2025		9,399,444
2026		9,399,444
2027-2031		52,195,400
2032-2036		58,915,740
2037-2041		64,807,411
2042-2046		71,289,881
2047-2051		75,526,403
Thereafter		1,930,989,104
	$	2,298,443,247

The Corporation is involved in general liability insurance claims relating to damages suffered by tenants and various other legal matters which are being defended and handled in the ordinary course of business. The liability, if any, associated with each of these matters is capped at $50,000 per occurrence with an annual maximum limit of $1,000,000. Management believes that the ultimate resolution of such claims will not have a materially adverse effect on the Corporation's financial statements.

The Corporation is required to comply with various rules and regulations of the New Markets Tax Credits ("NMTC") program pursuant to Section 45D of the Code. Failure to comply with these or other requirements could result in the recapture of NMTC already taken by the Corporation's mortgage lenders and potential loss of future NMTCs.

NOTE 14 – PENSION PLANS

The Corporation's non-union administrative employees are eligible to participate in the Brooklyn Navy Yard Corp. Pension Plan, a defined contribution pension plan administered by Voya Financial. Participation begins after the completion of six (6) months' continuous employment with the Corporation. Voluntary employee contributions to this plan are not permitted. Participants are fully vested in employer contributions to this plan after three (3) years of service. Plan forfeitures are used to either reduce administrative expenses of the plan or employer contributions to the plan. For the years ended June 30, 2021 and 2020, contributions of 14% of eligible compensation were made to this plan. Pension expense for the years ended June 30, 2021 and 2020 amounted to $1,179,824 and $1,309,982, respectively.

The Corporation has also established the Brooklyn Navy Yard Security Guards Pension Plan, a defined contribution profit-sharing plan administered by Voya Financial. Only employees that are covered by the Corporation's collective bargaining agreement with its security guards are eligible to participate in this plan. Participation begins after the completion of six (6) months' continuous employment with the Corporation. Voluntary employee contributions to this plan are not permitted. Participants are fully vested in employer contributions to this plan after three (3) years of service. Plan forfeitures are used to either reduce administrative expenses of the plan or employer contributions to the plan. For each of the years ended June 30, 2021 and 2020, discretionary profit-sharing contributions of $1.75 per hour (to a maximum of 80 hours for both years) were made to this plan . For the year ended June 30, 2020, a $1 per hour (to a maximum of 80 hours) per pay period was made to this plan. As of January 1, 2020, the $1 per hour for Shuttle Drivers is no longer applicable as the Corporation no longer employs Shuttle Drivers. Pension expense for the years ended June 30, 2021 and 2020 amounted to $233,705 and $194,084, respectively.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPERTY MANAGEMENT REVENUE AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES	$ 70,222,316	$ 68,907,875
EXPENSES		
Direct expenses		
Utilities		
Electric	6,196,391	5,653,155
Steam	1,052,547	948,341
Water	1,543,009	618,483
Natural gas	293,517	274,956
Payroll and related fringe benefits		
Protective services and transportation	3,654,831	3,878,189
Maintenance, utilities and engineering	6,140,418	6,260,595
Fringe benefits	4,773,952	4,854,210
Other direct expenses		
Materials, supplies and building maintenance	5,431,006	4,925,733
Events, programs and exhibits	63,904	193,120
Property insurance	3,048,701	2,283,690
Brokerage and leasing	1,171	1,152
Provision for doubtful accounts	3,121,592	1,869,794
Rent	7,707,042	1,445,968
Transportation	1,291,975	779,657
Total direct expenses	44,320,056	33,987,043
Operating income, net of direct expenses	25,902,260	34,920,832
General and administrative expenses		
Personnel and fringe benefits	9,434,934	9,288,995
Other	6,394,706	6,808,465
Total general and administrative expenses	15,829,640	16,097,460
Operating income before depreciation and and amortization and non-operating income (expense)	10,072,620	18,823,372
DEPRECIATION AND AMORTIZATION AND NON-OPERATING INCOME (EXPENSE)		
Depreciation and amortization	(29,636,927)	(28,639,555)
Interest income	455,775	1,229,197
Interest expense	(8,870,776)	(7,935,097)
Forgiveness of debt	3,946,240	7,607,902
Financing and leasing costs incurred	(1,486,503)	-
Net depreciation and amortization and non-operating income (expense)	(35,592,191)	(27,737,553)
Loss before capital contributions	$ (25,519,571)	$ (8,914,181)

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
SUPPLEMENTARY INFORMATION
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
PERSONNEL AND FRINGE BENEFIT EXPENSES		
Executive and legal	$ 1,631,411	$ 1,811,452
Finance and leasing	1,675,857	1,592,649
Human resources	364,280	328,082
Development and external affairs	1,221,721	1,130,124
Technology and information	498,472	459,133
Building 92 and employment center	990,994	992,394
Payroll taxes and fringe benefits	3,052,199	2,975,161
Total personnel and fringe benefits	9,434,934	9,288,995
Less: payroll and related costs capitalized	-	-
Net personnel and fringe benefit expenses	9,434,934	9,288,995
OTHER EXPENSES		
Legal	699,328	630,845
Audit and tax fees	304,927	239,809
Computer contract and supplies	1,229,733	1,073,595
Mailroom and postage	374,723	396,344
Communication	233,071	195,218
Director's liability insurance	33,269	27,343
Corporate	110,822	200,829
Community employment	189,622	211,057
Advertising and marketing	294,329	233,515
Stationery and office supplies	57,814	105,072
Consultants	988,674	1,163,124
Gasoline	45,204	112,778
Vehicle repairs and maintenance	99,789	320,682
Payroll processing	84,219	90,120
Education and training	43,242	54,197
State and local taxes	28,466	132,157
Miscellaneous	1,577,474	1,621,780
Total other expenses	6,394,706	6,808,465
Total general and administrative expenses	$ 15,829,640	$ 16,097,460

Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
markspaneth.com

MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' 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*

Board of Directors of
Brooklyn Navy Yard Development Corporation

We have audited, in accordance with the 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 governmental activities and general fund of Brooklyn Navy Yard Development Corporation (the "Corporation") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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.*

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 Corporation'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.

Marks Paneth LLP

New York, NY
September 23, 2021