HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)

Basic Financial Statements and
Independent Auditors' Report

Years ended June 30, 2026 and 2025

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)

Contents

	Page
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Unaudited)	4 - 10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statements of Net Position	11
Statements of Activities	12
Governmental Funds Financial Statements:	
Governmental Funds Balance Sheets	13 - 14
Governmental Funds Statements of Revenue, Expenditures and Changes in Fund Balances	15 - 16
Notes to Financial Statements	17 - 22
Independent Auditors' Report on Investment Compliance and Report on Internal Control Over Compliance Required by the Investment Guidelines	23 - 25

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Hudson Yards Development Corporation:

Opinions

We have audited the financial statements of the governmental activities and governmental funds of Hudson Yards Development Corporation (HYDC), a component unit of The City of New York, as of and for the years ended June 30, 2026 and 2025, and the related notes to financial statements, which collectively comprise HYDC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of HYDC as of June 30, 2026 and 2025, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HYDC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HYDC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that included our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but no for the purpose of expressing an opinion on the effectiveness of HYDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HYDC's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 10, 2026

OVERVIEW OF THE FINANCIAL STATEMENTS

The following is a narrative overview and analysis of the financial activities of the Hudson Yards Development Corporation (HYDC) as of and for the years ended June 30, 2026 and 2025. It should be read in conjunction with HYDC's government-wide financial statements, governmental funds financial statements and the notes to financial statements. The financial statements consist of four parts: (1) management's discussion and analysis (this section); (2) the government-wide financial statements; (3) the governmental funds financial statements and (4) notes to financial statements.

The government-wide financial statements, which include the statements of net position and the statements of activities, are presented to provide information about HYDC as a whole, in accordance with Governmental Accounting Standards Board (GASB) standards. This is to provide the reader with a broad overview of HYDC's finances. The government-wide 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.

HYDC's governmental funds financial statements are presented using the current financial resources measurement focus, and the modified accrual basis of accounting in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred.

As of June 30, 2026 and 2025, all of HYDC's assets are currently available financial resources, and there are no general long-term liabilities. Therefore, there are no differences between the government-wide financial statements and its governmental funds statements of revenue, expenditures and changes in fund balances and balance sheets as of and for the years ended June 30, 2026 and 2025, and no reconciliations are provided.

FINANCIAL SUMMARY GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following summarizes HYDC's assets, liabilities and net position as of June 30, 2026, 2025 and 2024:

	2026	2025	2024	Change 2026 vs. 2025	Change 2025 vs. 2024
Assets:					
Unrestricted cash and equivalents	$ 181,789	182,858	132,354	(1,069)	50,504
Grant due from Hudson Yards Infrastructure Corp.	2,748,862	2,024,036	795,176	724,826	1,228,860
Other receivables	-	191	293	(191)	(102)
Prepaid expenses	3,839	5,413	2,553	(1,574)	2,860
Total assets	2,934,490	2,212,498	930,376	721,992	1,282,122
Liabilities:					
Accounts payable - operating	2,181	549	5,985	1,632	(5,436)
Accounts payable - project	2,175,466	2,024,036	795,176	151,430	1,228,860
Retainage payable	585,446	-	-	585,446	-
Accrued operating expenses	85,475	75,534	71,581	9,941	3,953
Total liabilities	2,848,568	2,100,119	872,742	748,449	1,227,377
Net position - unrestricted	$ 85,922	112,379	57,634	(26,457)	54,745

The following summarizes the activities of HYDC for the years ended June 30, 2026, 2025 and 2024:

	2026	2025	2024	Change 2026 vs. 2025	Change 2025 vs. 2024
Revenue:					
Payments received from Hudson Yards Infrastructure Corp.	$ 996,500	987,800	878,100	8,700	109,700
Grant from Hudson Yards Infrastructure Corp.	9,988,852	7,368,723	7,319,879	2,620,129	48,844
Interest revenue	2,418	3,908	3,752	(1,490)	156
Total revenue	10,987,770	8,360,431	8,201,731	2,627,339	158,700
Expenses:					
General and administrative	1,004,570	921,385	899,773	83,185	21,612
Project	10,009,657	7,384,301	7,319,879	2,625,356	64,422
Total expenses	11,014,227	8,305,686	8,219,652	2,708,541	86,034
Change in net position	(26,457)	54,745	(17,921)	(81,202)	72,666
Net position at beginning of year	112,379	57,634	75,555	54,745	(17,921)
Net position at end of year	$ 85,922	112,379	57,634	(26,457)	54,745

FINANCIAL SUMMARY GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

The following summarizes the changes in the GF balances for the years ended June 30, 2026, 2025 and 2024:

	2026	2025	2024	Change 2026 vs. 2025	Change 2025 vs. 2024
Revenue:					
Payments received from Hudson Yards Infrastructure Corp.	$ 996,500	987,800	878,100	8,700	109,700
Interest revenue	2,418	3,908	3,752	(1,490)	156
Total revenue	998,918	991,708	881,852	7,210	109,856
Expenditures - general and administrative	1,004,570	921,385	899,773	83,185	21,612
Transfers	(20,805)	(15,578)	-	(5,227)	(15,578)
Net change in fund balance	(26,457)	54,745	(17,921)	(81,202)	72,666
Fund balance at beginning of year	112,379	57,634	75,555	54,745	(17,921)
Fund balance at end of year	$ 85,922	112,379	57,634	(26,457)	54,745

The following summarizes the changes in the CPF balances for the years ended June 30, 2026, 2025 and 2024:

	2026	2025	2024	Change 2026 vs. 2025	Change 2025 vs. 2024
Revenue - Grant from Hudson Yards Infrastructure Corp.	$ 9,988,852	7,368,723	7,319,879	2,620,129	48,844
Expenditures - project	10,009,657	7,384,301	7,319,879	2,625,356	64,422
Transfers	20,805	15,578	-	5,227	15,578
Net change in fund balance	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-
Fund balance at end of year	$ -	-	-	-	-

FINANCIAL SUMMARY GOVERNMENTAL FUNDS FINANCIAL STATEMENTS, CONTINUED

The following summarizes the GF assets, liabilities and fund balances as of June 30, 2026, 2025 and 2024:

	2026	2025	2024	Change 2026 vs. 2025	Change 2025 vs. 2024
Assets:					
Unrestricted cash and equivalents	$ 169,739	182,858	132,354	(13,119)	50,504
Other receivables	-	191	293	(191)	(102)
Prepaid expenses	3,839	5,413	2,553	(1,574)	2,860
Total assets	$ 173,578	188,462	135,200	(14,884)	53,262
Liabilities - accounts payable and accrued operating expenses	87,656	76,083	77,566	11,573	(1,483)
Fund balance:					
Nonspendable prepaid expenses	3,839	5,413	2,553	(1,574)	2,860
Unassigned	82,083	106,966	55,081	(24,883)	51,885
Total fund balance	85,922	112,379	57,634	(26,457)	54,745
Total liabilities and fund balance	$ 173,578	188,462	135,200	(14,884)	53,262

The following summarizes the CPF assets, liabilities and fund balances as of June 30, 2026, 2025 and 2024:

	2026	2025	2024	Change 2026 vs. 2025	Change 2025 vs. 2024
Assets:					
Unrestricted cash and equivalents	$ 12,050	-	-	12,050	-
Grant due from Hudson Yards Infrastructure Corp.	2,748,862	2,024,036	795,176	724,826	1,228,860
Total assets	$2,760,912	2,024,036	795,176	736,876	1,228,860
Liabilities:					
Accounts payable and accrued project expenses	2,175,466	2,024,036	795,176	151,430	1,228,860
Retainage payable	585,446	-	-	585,446	-
Total liabilities	2,760,912	2,024,036	795,176	736,876	1,228,860
Fund balance - restricted	-	-	-	-	-
Total liabilities and fund balance	$2,760,912	2,024,036	795,176	736,876	1,228,860

DETAILED ANALYSIS

HYDC's Assets, Liabilities and Net Position

The increase in assets and liabilities reported in fiscal year 2026 and increase in fiscal year 2025 reflected changes in the timing of receipt of grant funds and payment of Project-related liabilities for the continued construction of Hudson Park, Hudson Boulevard, and Streetscape (also known as Bella Abzug Park or Phase II) offset by changes in general operating expenses primarily related to personnel.

The grant due from HYIC in fiscal years 2026 and 2025 consisted of receivables required to pay Project-related liabilities for Bella Abzug Park comprised of condemnation counsel, development design services, construction management, property management and oversight services that were incurred, but not yet paid by the end of the fiscal year.

The net position decrease in fiscal year 2026 of $26,457 and increase in fiscal year 2025 of $54,745 was a result of changes in the assets and liabilities noted above.

Activities of HYDC

The increase in payments received from HYIC in fiscal year 2026 of $8,700 was due to an increase of revenue required to pay personnel-related and other general operating expenses.

The increase in payments received from HYIC in fiscal year 2025 of $109,700 was due to an increase of revenue required to pay personnel-related and other general operating expenses.

Grant from HYIC increased in fiscal year 2026 by $2,620,129 and in fiscal year 2025 by $48,844 as condemnation counsel, development design services, construction management, project management and oversight service costs increased for Bella Abzug Park construction.

Expenses increased in fiscal year 2026 by $2,708,541 due to an increase of 36% in Project-related expenses and an increase of 9% in general and administrative expenses primarily related to personnel.

Expenses increased in fiscal year 2025 by $86,034 due to an increase of 1% in Project-related expenses and an increase of 2% in general and administrative expenses primarily related to personnel.

Net position decreased in fiscal year 2026 by $26,457 and increased in fiscal year 2025 by $54,745 as a result of the revenue and expenses noted above.

HYDC reports governmental activity using two funds: a general fund (GF) and a capital projects fund (CPF). The GF accounts for and reports all financial resources not accounted for in the CPF, generally HYDC's administrative expenditures. The CPF accounts for the resources for payment of Project related expenditures.

DETAILED ANALYSIS, CONTINUED

Changes in the GF Balances

The increase in GF payments received from HYIC in fiscal year 2026 of $8,700 was due to an increase in revenue required to pay personnel-related and other general operating expenditures.

The increase in GF payments received from HYIC in fiscal year 2025 of $109,700 was due to an increase in revenue required to pay personnel-related and other general operating expenditures.

The increase in GF expenditures in fiscal year 2026 of $83,185 was primarily due to a 9% increase in general and administrative expenditures related to personnel.

The increase in GF expenditures in fiscal year 2025 of $21,612 was primarily due to a 2% increase in general and administrative expenditures related to personnel.

The changes in GF fund balances were a result of changes in revenue and expenditures, as noted above.

Changes in the CPF Balances

The total CPF revenue and expenditures increased in fiscal year 2026 by $2,620,129 as a result of an increase of 36% in condemnation counsel, development design services, construction management, project management and oversight expenditures incurred during construction of Bella Abzug Park.

The total CPF revenue and expenditures increased in fiscal year 2025 by $48,844 as a result of an increase of 1% in condemnation counsel, development design services, construction management, project management and oversight expenditures incurred during construction of Bella Abzug Park.

The zero fund balance in the CPF at the end of fiscal years 2026 and 2025 indicates that capital projects funds received, and receivable from HYIC, have been expended.

GF Assets, Liabilities and Fund Balances

The total GF assets decreased in fiscal year 2026 by $14,884 and increased in fiscal year 2025 by $53,262 primarily due to changes in unrestricted cash and equivalents caused by timing in payment of general administrative liabilities

The total GF liabilities increased in fiscal year 2026 by $11,573 and decreased in fiscal year 2025 by $1,483 primarily due to the timing in payment of general operating liabilities related to personnel.

DETAILED ANALYSIS, CONTINUED

GF Assets, Liabilities and Fund Balances, Continued

The fund balance decreased in fiscal year 2026 by $26,457 and increased in fiscal year 2025 by $54,745, as a result of changes to the assets and liabilities noted above.

CPF Assets, Liabilities and Fund Balances

The total CPF assets and liabilities increased in fiscal year 2026 by $736,876 and increased in fiscal year 2025 by $1,228,860 due to timing of funds requested and payment of condemnation counsel, development design services, construction management, project management and oversight service liabilities related to the construction of Bella Abzug Park.

The CPF had no restricted funds at the end of fiscal years 2026 and 2025. HYDC only requested and received Project-related funds for actual Project-related expenditures incurred, thereby having no fund balances at June 30, 2026 and 2025.

This financial report is designed to provide a general overview of HYDC's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to Hudson Yards Development Corporation, 1 Liberty Plaza, Floor 12, New York, NY 10006.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

Currently, management does not foresee any negative impacts on the HYDC's financial position or operations. As of the financial statement issue date, the HYDC's operations are stable with no anticipated material changes. Management will monitor economic conditions, regulatory developments, and operational factors, disclosing any significant issues in future reports if they arise.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Statements of Net Position
June 30, 2026 and 2025

	2026	2025
Assets:		
Unrestricted cash and equivalents	$ 181,789	182,858
Grant due from Hudson Yards Infrastructure Corp.	2,748,862	2,024,036
Other receivables	-	191
Prepaid expenses	3,839	5,413
Total assets	$ 2,934,490	2,212,498
Liabilities:		
Accounts payable - operating	2,181	549
Accounts payable - project	2,175,466	2,024,036
Retainage payable	585,446	-
Accrued operating expenses	85,475	75,534
Total liabilities	2,848,568	2,100,119
Net position - unrestricted	85,922	112,379
Total liabilities and net position	$ 2,934,490	2,212,498

See accompanying notes to financial statements.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Statements of Activities
Years ended June 30, 2026 and 2025

	2026	2025
Revenue:		
Payments received from Hudson Yards Infrastructure Corp.	$ 996,500	987,800
Grant from Hudson Yards Infrastructure Corp.	9,988,852	7,368,723
Interest revenue	2,418	3,908
Total revenue	10,987,770	8,360,431
Expenses:		
General and administrative	1,004,570	921,385
Project	10,009,657	7,384,301
Total expenses	11,014,227	8,305,686
Change in net position	(26,457)	54,745
Net position at beginning of year	112,379	57,634
Net position at end of year	$ 85,922	112,379

See accompanying notes to financial statements.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Governmental Funds Balance Sheet
June 30, 2026

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets:			
Unrestricted cash and equivalents	$ 169,739	12,050	181,789
Grant due from Hudson Yards Infrastructure Corp.	-	2,748,862	2,748,862
Prepaid expenses	3,839	-	3,839
Total assets	$ 173,578	2,760,912	2,934,490
Liabilities:			
Accounts payable	2,181	2,175,466	2,177,647
Retainage payable	-	585,446	585,446
Accrued operating expenses	85,475	-	85,475
Total liabilities	87,656	2,760,912	2,848,568
Fund balance:			
Nonspendable prepaid expenses	3,839	-	3,839
Unassigned	82,083	-	82,083
Total fund balance	85,922	-	85,922
Total liabilities and fund balance	$ 173,578	2,760,912	2,934,490

See accompanying notes to financial statements.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Governmental Funds Balance Sheet
June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets:			
Unrestricted cash and equivalents	$ 182,858	-	182,858
Grant due from Hudson Yards Infrastructure Corp.	-	2,024,036	2,024,036
Other receivables	191	-	191
Prepaid expenses	5,413	-	5,413
Total assets	$ 188,462	2,024,036	2,212,498
Liabilities:			
Accounts payable	549	2,024,036	2,024,585
Accrued operating expenses	75,534	-	75,534
Total liabilities	76,083	2,024,036	2,100,119
Fund balance:			
Nonspendable prepaid expenses	5,413	-	5,413
Unassigned	106,966	-	106,966
Total fund balance	112,379	-	112,379
Total liabilities and fund balance	$ 188,462	2,024,036	2,212,498

See accompanying notes to financial statements.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Governmental Funds Statement of Revenue, Expenditures
and Changes in Fund Balances
Year ended June 30, 2026

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenue:			
Payments received from Hudson Yards Infrastructure Corp.	$ 996,500	-	996,500
Grant from Hudson Yards Infrastructure Corp.	-	9,988,852	9,988,852
Interest revenue	2,418	-	2,418
Total revenue	998,918	9,988,852	10,987,770
Expenditures:			
General and administrative	1,004,570	-	1,004,570
Project	-	10,009,657	10,009,657
Total expenditures	1,004,570	10,009,657	11,014,227
Transfers	(20,805)	20,805	-
Net change in fund balance	(26,457)	-	(26,457)
Fund balance at beginning of year	112,379	-	112,379
Fund balance at end of year	$ 85,922	-	85,922

See accompanying notes to financial statements.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Governmental Funds Statement of Revenue, Expenditures
and Changes in Fund Balances
Year ended June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenue:			
Payments received from Hudson Yards Infrastructure Corp.	$ 987,800	-	987,800
Grant from Hudson Yards Infrastructure Corp.	-	7,368,723	7,368,723
Interest revenue	3,908	-	3,908
Total revenue	991,708	7,368,723	8,360,431
Expenditures:			
General and administrative	921,385	-	921,385
Project	-	7,384,301	7,384,301
Total expenditures	921,385	7,384,301	8,305,686
Transfers	(15,578)	15,578	-
Net change in fund balance	54,745	-	54,745
Fund balance at beginning of year	57,634	-	57,634
Fund balance at end of year	$ 112,379	-	112,379

See accompanying notes to financial statements.

(1) Organization

Hudson Yards Development Corporation (HYDC) is a local development corporation organized under the New York State Not-For-Profit Corporation Law. It was created by The City of New York (the City) to manage and implement its economic development initiative to redevelop the Project Area. Although legally separate from the City, HYDC is an instrumentality of the City and, accordingly, is included in the City's financial statements as a blended component unit, in accordance with Governmental Accounting Standards Board (GASB) standards.

HYDC is governed by a Board of Directors (the Board) of thirteen directors, all of whom serve ex-officio by virtue of their position as an official or employee of the City. A majority of the members of the Board of Directors serve as officials or employees of the City at the pleasure of the Mayor of the City (Mayor).

HYDC works with various City and New York State agencies and authorities and with private developers on the design and construction and implementation of the various elements of the Project and to further private development and redevelopment of the Project Area.

(2) Summary of Significant Accounting Policies

(a) Measurement Focus and Basis of Accounting

The government-wide financial statements of HYDC, which include the statements of net position and the statements of activities, are presented to provide information about the reporting entity as a whole, in accordance with GASB standards. The statements of net position and the statements of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

HYDC's governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenue is generally considered available if expected to be received within one year after period end. Expenditures are recognized when the related liability is incurred.

As there are no differences between HYDC's government-wide financial statements and its governmental fund financial statements as of and for the years ended June 30, 2026 and 2025, no reconciliations are provided.

(2) Summary of Significant Accounting Policies, Continued

(a) Measurement Focus and Basis of Accounting, Continued

HYDC uses two governmental funds for reporting its activities: a general fund (GF) and a capital projects fund (CPF). The CPF accounts for the resources for payment of Project related expenses, and the GF is used to account for and report all financial resources not accounted for in the CPF, generally HYDC's administrative expenses.

(b) Fund Balances

Fund balances are classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned in accordance with GASB standards.

The Board constitutes HYDC's highest level of decision-making authority. Resolutions adopted by the Board which constrain fund balances for a specific purpose are accounted for and reported as committed for such purpose unless, and until, a subsequent resolution altering the commitment is adopted by the Board.

When both restricted and unrestricted resources are available for use for a specific purpose, HYDC will use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, HYDC will use committed resources first, then assigned resources, and then unassigned resources as they are needed.

Resources constrained for capital projects in accordance with certain funding agreements are classified as restricted on the statements of net position and the governmental funds balance sheets.

(c) Cash Equivalents

HYDC considers all highly liquid instruments with maturities of three months or less when acquired to be cash equivalents.

(d) Capital Assets

HYDC does not own any Project assets. Therefore, HYDC reports no infrastructure assets or construction work in progress.

For fixed assets used in the operations of HYDC, HYDC's policy is to capitalize the purchase or construction costs of assets having a minimum useful life of five years and having a cost of more than $35,000. No such assets have been acquired or constructed.

(e) Revenue Recognition

HYDC recognizes Hudson Yards Infrastructure Corporation (HYIC) payments for operating expenses as revenue when received. HYIC payments for Project expenses and other grants are recognized as revenue when the related Project expenses are incurred.

(2) Summary of Significant Accounting Policies, Continued

(f) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires HYDC's management to make estimates and assumptions in determining the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

(g) Recent Accounting Pronouncements

As a component unit of the City, HYDC implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the standards requiring implementation in the current year and standards which may impact HYDC in future years.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements, ("GASB 103"). GASB 103 improves components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing accountability. The requirements for GASB 103 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The implementation of GASB 103 impacted the presentation of HYDC's financial statements, but had no accounting impact.

In September 2024, GASB issued Statement No. 104, Disclosure of Certain Capital Assets, ("GASB 104"). GASB 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosures and also requires additional disclosures for capital assets held for sale. The requirements for GASB 104 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. Adoption of GASB 104 had no impact on its financial statements as HYDC does not have any capital assets.

In December 2025, GASB issued Statement No. 105, Subsequent Events, ("GASB 105"). GASB 105 improves the financial reporting requirements of subsequent events to enhance consistency in their application and to better meet the information needs of financial statement users. The requirements for GASB 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged. HYDC has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued.

(3) Cash and Equivalents

Cash and equivalents that potentially subject HYDC to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. The FDIC provides deposit insurance coverage of up to $250,000 per depositor. As of June 30, 2026 and 2025, HYDC's cash consisted of bank deposits in the amounts of $181,789 and $182,858, respectively. Balances in excess of $250,000 are required to be collateralized at 105% of value, as outlined in Section 105 and Section 106 of the New York State Finance Law. As of June 30, 2026 and 2025, JPMorgan Chase Bank, N.A. maintained no collateral for HYDC's active account.

(4) Defined Contribution Plan

HYDC's Defined Contribution Pension Plan for Employees (the Pension Plan) is a single employer plan which was established October 12, 2006. The Pension Plan covers all HYDC employees who have completed one year of service if exempt (employees not entitled to overtime pay), and a minimum of 1,000 hours of service if non-exempt (employees entitled to overtime pay), or have been previous City agency or New York City Economic Development Corporation (EDC) employees employed on a full-time basis (Prior Service).

The Pension Plan consists of an amount for each eligible employee, calculated based on his or her gross compensation and length of service, according to the chart below. In the circumstances where a previous City or EDC employee is eligible, per the above paragraph, the employee's prior service for the City or EDC shall receive the equivalent years of service credit for their prior service for purposes of Plan eligibility, allocation accrual and vesting.

Period of Service	Exempt - less than 1 year of service Non-Exempt - less than 1,000 hours of service	Beginning with the 2nd year	Beginning with the 3rd year	Beginning with the 4th year
HYDC contribution percentage	0%	6%	12%	14%
Vesting percentage	0%	0%	50%	100%

For the years ended June 30, 2026 and 2025 HYDC contributed $102,791 and $93,492, respectively, to the Pension Plan.

HYDC has no other postemployment benefits.

(4) Defined Contribution Plan, Continued

HYDC employees were eligible to participate in a deferred compensation plan in accordance with the Internal Revenue Code Section 457. HYDC established a trust or custodial account to hold plan assets for the exclusive use of the participants and their beneficiaries. Accordingly, at June 30, 2026 and 2025, plan assets and liabilities are not reflected in the accompanying financial statements.

(5) Retroactive Assignment to HYDC of Retainer Assignment

In September 2008, the retainer agreement (the Retainer Agreement) between the City Law Department (the Law Department) and Carter, Ledyard & Milburn (CLM) to provide legal, appraisal, title search and other associated services (Services), was assigned to HYDC, retroactive to September 1, 2006. HYDC amended the Retainer Agreement to increase the contract amount to $8,000,000, HYDC has since made the following amendments to increase the contract amount: in October 2006 to $10,420,000, in October 2011 to $12,420,000, in December 2014 to $15,420,000, in May 2020 to $19,720,000 and in September 2023 to $25,720,000. The term was extended until the earlier of the completion of the Services or the performance of Services in the amount of the $25,720,000. Pursuant to such assignment and amendment, HYDC is now responsible for payments to CLM under the Retainer Agreement. Such payments are funded by HYIC. For the years ended June 30, 2026 and 2025, condemnation counsel expenses paid to CLM amounted to $1,526,964 and $1,821,406, respectively and such amounts are included in Project expenses in the accompanying financial statements.

(6) Contract With WSP USA, Inc.

In October 2021, HYDC entered into a five-year contract with WSP USA, Inc. (WSP) to provide development design services for Phase II of Hudson Park, Hudson Boulevard, and Streetscape (also known as Bella Abzug Park). The maximum contract price was $12,000,000. In October 2023, HYDC amended the Agreement to increase the contract amount to $15,000,000. For the years ended June 30, 2026 and 2025, development design expenses paid to WSP amounted to $2,430,458 and $1,126,795, respectively and such amounts are included in Project expenses in the accompanying financial statements.

(7) Contract With Cornerstone Group Real Estate Services LLC

In June 2022, HYDC entered into a two-year contract with Cornerstone Group Real Estate Services LLC (Cornerstone) to provide property management services for Phase II of Bella Abzug Park. The maximum contract price was $1,000,000. For the year ended June 30, 2025, property management expenses paid to Cornerstone amounted to $509,158 which is included in Project expenses in the accompanying financial statements. No payments were made in the year ended June 30, 2026.

(8) Contract With LiRo Engineers, Inc.

In May 2023, HYDC entered into a seven-year contract with LiRo Engineers, Inc. (LiRo) to provide construction management services for Phase II of Bella Abzug Park. The maximum contract price was $20,000,000. In September 2024, HYDC amended the agreement to increase the contract amount to $38,000,000. For the years ended June 30, 2026 and 2025, construction management expenses paid to LiRo amounted to $5,468,961 and $3,512,236, respectively, and such amounts are included in Project expenses in the accompanying financial statements.

(9) Contract With AECOM USA, Inc.

In February 2014, HYDC entered into a contract with Tishman Construction Corporation to provide design, construction, and cost estimating oversight services for the Project. The maximum contract price was $1,500,000. In September 2024, the contract was assigned to AECOM USA, Inc. (AECOM) and HYDC amended the agreement to increase the contract amount to $2,500,000. For the years ended June 30, 2026 and 2025, expenses paid to AECOM amounted to $562,469 and $399,129, respectively, and such amounts are included in Project expenses in the accompanying financial statements.

(10) Contingencies

HYDC is involved in several personal injury actions allegedly arising out of accidents and incidents occurring on or about the Project Area. Management believes that any liabilities arising from such claims would be covered either by indemnification protections pursuant to existing agreements between HYDC and the City, or by liability insurance/contractual indemnification of third parties, such as contractors. Accordingly, management believes the potential aggregate liability for all such claims would not have a material adverse effect on HYDC's net position.

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INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE INVESTMENT GUIDELINES

The Board of Directors
Hudson Yards Development
Corporation:

Report on Investment Compliance

Opinion on Investment Compliance

We have audited the Hudson Yards Development Corporation (HYDC), compliance with the types of compliance requirements identified as subject to audit in Section 2925(3)(f) of the New York State Public Authorities Law and Title 2 Section 201.3 of the New York Codes, Rules and Regulations (the investment guidelines) that could have a direct and material effect on its investments for the year ended June 30, 2026.

In our opinion, HYDC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investments for the year ended June 30, 2026.

Basis for Opinion on Investment Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of the investment guidelines. Our responsibilities under those standards and the investment guidelines are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of HYDC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the investment guidelines. Our audit does not provide a legal determination of HYDC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to HYDC's investments.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on HYDC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the investment guidelines, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about HYDC's compliance with the requirements of the investment guidelines as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards and the investment guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding HYDC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of HYDC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the investment guidelines, but not for the purpose of expressing an opinion on the effectiveness of HYDC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the investment guidelines on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of investment guidelines will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the investment guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the investment guidelines. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 10, 2026