

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

Basic Financial Statements and
Independent Auditors' Report

Years ended June 30, 2025 and 2024

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

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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 year ended June 30, 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, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 audit. 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 audit.
- 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 audit.

Prior Period Financial Statements

The financial statements of HYDC as of June 30, 2024 were audited by other auditors whose report on September 24, 2024, expressed an unmodified opinion on those statements.

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 19, 2025

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Management's Discussion and Analysis (Unaudited)
Years ended June 30, 2025 and 2024

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, 2025 and 2024. 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, 2025 and 2024, 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, 2025 and 2024, and no reconciliations are provided.

ORGANIZATIONAL OVERVIEW

HYDC's purpose is to manage and implement the development and redevelopment activities (the Project) on the west side of the borough of Manhattan in an area generally bounded by Seventh and Eighth Avenues on the east, West 43rd Street on the north, Twelfth Avenue on the west and West 29th and 30th Streets on the south (the Project Area). The Project currently consists of: (1) the design and construction of Hudson Park and Boulevard from West 36th Street to West 39th Street between 10th and 11th Avenues (also known as Bella Abzug Park or Phase II); and (2) property acquisition for Phase II. The Phase II includes the construction of playgrounds and boulevards over

HUDSON YARDS DEVELOPMENT CORPORATION
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Management's Discussion and Analysis (Unaudited), Continued

the Amtrak Empire Line railroad. It should be noted that the below-grade Amtrak Empire Line right-of-way runs beneath most of this section of Bella Abzug Park and Hudson Boulevard. This area shall be built to the finished grade level on a series of platforms & abutments over the Amtrak right-of-way. This area shall be integrated into the existing cross-town City Street network and the existing bridges over the Amtrak right-of-way.

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS -
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The following summarizes HYDC's assets, liabilities and net position as of June 30, 2025, 2024 and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Change</u> <u>2025 vs. 2024</u>	<u>Change</u> <u>2024 vs. 2023</u>
Assets:					
Unrestricted cash and equivalents	\$ 182,858	132,354	141,060	50,504	(8,706)
Grant due from Hudson Yards Infrastructure Corp.	2,024,036	795,176	2,190,583	1,228,860	(1,395,407)
Other receivables	191	293	113	(102)	180
Prepaid expenses	<u>5,413</u>	<u>2,553</u>	<u>2,643</u>	<u>2,860</u>	<u>(90)</u>
	<u>2,212,498</u>	<u>930,376</u>	<u>2,334,399</u>	<u>1,282,122</u>	<u>(1,404,023)</u>
Liabilities:					
Accounts payable - operating	549	5,985	6,835	(5,436)	(850)
Accounts payable - project	2,024,036	795,176	2,190,583	1,228,860	(1,395,407)
Accrued operating expenses	<u>75,534</u>	<u>71,581</u>	<u>61,426</u>	<u>3,953</u>	<u>10,155</u>
	<u>2,100,119</u>	<u>872,742</u>	<u>2,258,844</u>	<u>1,227,377</u>	<u>(1,386,102)</u>
Net position - unrestricted	<u>\$ 112,379</u>	<u>57,634</u>	<u>75,555</u>	<u>54,745</u>	<u>(17,921)</u>

The increase in assets and liabilities reported in fiscal year 2025 and decrease in fiscal year 2024 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 2025 and 2024 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 increase in fiscal year 2025 of \$54,745 and decrease in fiscal year 2024 of \$17,921 was a result of changes in the assets and liabilities noted above.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Management's Discussion and Analysis (Unaudited), Continued

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS -
GOVERNMENT-WIDE FINANCIAL STATEMENTS, CONTINUED**

The following summarizes the activities of HYDC for the years ended June 30, 2025, 2024 and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Change 2025 vs. 2024</u>	<u>Change 2024 vs. 2023</u>
Revenue:					
Payments received from Hudson Yards Infrastructure Corp.	\$ 987,800	878,100	954,950	109,700	(76,850)
Grant from Hudson Yards Infrastructure Corp.	7,368,723	7,319,879	3,737,450	48,844	3,582,429
Interest revenue	<u>3,908</u>	<u>3,752</u>	<u>2,153</u>	<u>156</u>	<u>1,599</u>
Total revenue	<u>8,360,431</u>	<u>8,201,731</u>	<u>4,694,553</u>	<u>158,700</u>	<u>3,507,178</u>
Expenses:					
General and administrative	921,385	899,773	943,215	21,612	(43,442)
Project	<u>7,384,301</u>	<u>7,319,879</u>	<u>3,737,450</u>	<u>64,422</u>	<u>3,582,429</u>
Total expenses	<u>8,305,686</u>	<u>8,219,652</u>	<u>4,680,665</u>	<u>86,034</u>	<u>3,538,987</u>
Change in net position	54,745	(17,921)	13,888	72,666	(31,809)
Net position at beginning of year	<u>57,634</u>	<u>75,555</u>	<u>61,667</u>	<u>(17,921)</u>	<u>13,888</u>
Net position at end of year	<u>\$ 112,379</u>	<u>57,634</u>	<u>75,555</u>	<u>54,745</u>	<u>(17,921)</u>

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.

The decrease in payments received from HYIC in fiscal year 2024 of \$76,850 was due to a reduction of revenue required to pay personnel-related and other general operating expenses.

Grant from HYIC increased in fiscal year 2025 by \$48,844 and in fiscal year 2024 by \$3,582,429 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 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.

Expenses increased in fiscal year 2024 by \$3,538,987 due to an increase of 96% in Project-related expenses and a decrease of 5% in general and administrative expenses primarily related to personnel.

Net position increased in fiscal year 2025 by \$54,745 and decreased in fiscal year 2024 by \$17,921 as a result of the revenue and expenses noted above.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Management's Discussion and Analysis (Unaudited), Continued

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS -
GOVERNMENTAL FUNDS FINANCIAL STATEMENTS, CONTINUED

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.

The following summarizes the changes in the GF balances for the years ended June 30, 2025, 2024 and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Change 2025 vs. 2024</u>	<u>Change 2024 vs. 2023</u>
Revenue:					
Payments received from Hudson Yards Infrastructure Corp.	\$ 987,800	878,100	954,950	109,700	(76,850)
Interest revenue	<u>3,908</u>	<u>3,752</u>	<u>2,153</u>	<u>156</u>	<u>1,599</u>
Total revenue	<u>991,708</u>	<u>881,852</u>	<u>957,103</u>	<u>109,856</u>	<u>(75,251)</u>
Expenditures - general and administrative	<u>921,385</u>	<u>899,773</u>	<u>943,215</u>	<u>21,612</u>	<u>(43,442)</u>
Transfers	<u>(15,578)</u>	<u>-</u>	<u>-</u>	<u>(15,578)</u>	<u>-</u>
Net change in fund balance	54,745	(17,921)	13,888	72,666	(31,809)
Fund balance at beginning of year	<u>57,634</u>	<u>75,555</u>	<u>61,667</u>	<u>(17,921)</u>	<u>13,888</u>
Fund balance at end of year	<u>\$ 112,379</u>	<u>57,634</u>	<u>75,555</u>	<u>54,745</u>	<u>(17,921)</u>

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 decrease in GF payments received from HYIC in fiscal year 2024 of \$76,850 was due to a decrease in revenue required to pay personnel-related and other general operating expenditures.

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 decrease in GF expenditures in fiscal year 2024 of \$43,442 was primarily due to a 5% decrease 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.

HUDSON YARDS DEVELOPMENT CORPORATION
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Management's Discussion and Analysis (Unaudited), Continued

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS -
GOVERNMENTAL FUNDS FINANCIAL STATEMENTS, CONTINUED

The following summarizes the changes in the CPF balances for the years ended June 30, 2025, 2024 and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Change 2025 vs. 2024</u>	<u>Change 2024 vs. 2023</u>
Revenue - Grant from Hudson Yards Infrastructure Corp.	<u>\$ 7,368,723</u>	<u>7,319,879</u>	<u>3,737,450</u>	<u>48,844</u>	<u>3,582,429</u>
Expenditures - project	<u>7,384,301</u>	<u>7,319,879</u>	<u>3,737,450</u>	<u>64,422</u>	<u>3,582,429</u>
Transfers	<u>15,578</u>	<u>-</u>	<u>-</u>	<u>15,578</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 total CPF revenue and expenditures increased in fiscal year 2024 by \$3,582,429 as a result of an increase of 96% in condemnation counsel, development design services, construction management and project management expenditures incurred during construction of Bella Abzug Park.

The zero fund balance in the CPF at the end of fiscal years 2025 and 2024 indicates that capital projects funds received, and receivable from HYIC, have been expended.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Management's Discussion and Analysis (Unaudited), Continued

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS -
GOVERNMENTAL FUNDS FINANCIAL STATEMENTS, CONTINUED**

The following summarizes the GF assets, liabilities and fund balances as of June 30, 2025, 2024 and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Change 2025 vs. 2024</u>	<u>Change 2024 vs. 2023</u>
Assets:					
Unrestricted cash and equivalents	\$ 182,858	132,354	141,060	50,504	(8,706)
Other receivables	191	293	113	(102)	180
Prepaid expenses	<u>5,413</u>	<u>2,553</u>	<u>2,643</u>	<u>2,860</u>	<u>(90)</u>
Total assets	<u>\$ 188,462</u>	<u>135,200</u>	<u>143,816</u>	<u>53,262</u>	<u>(8,616)</u>
Liabilities - accounts payable and accrued operating expenses	<u>76,083</u>	<u>77,566</u>	<u>68,261</u>	<u>(1,483)</u>	<u>9,305</u>
Fund balance:					
Nonspendable prepaid expenses	5,413	2,553	2,643	2,860	(90)
Unassigned	<u>106,966</u>	<u>55,081</u>	<u>72,912</u>	<u>51,885</u>	<u>(17,831)</u>
Total fund balance	<u>112,379</u>	<u>57,634</u>	<u>75,555</u>	<u>54,745</u>	<u>(17,921)</u>
Total liabilities and fund balance	<u>\$ 188,462</u>	<u>135,200</u>	<u>143,816</u>	<u>53,262</u>	<u>(8,616)</u>

The total GF assets increased in fiscal year 2025 by \$53,262 and decreased in fiscal year 2024 by \$8,616 primarily due to changes in unrestricted cash and cash equivalents caused by timing in payment of general administrative liabilities

The total GF liabilities decreased in fiscal year 2025 by \$1,483 and increased in fiscal year 2024 by \$9,305 primarily due to the timing in payment of general operating liabilities primarily related to personnel and Project oversight.

The fund balance increased in fiscal year 2025 by \$54,745 and decreased in fiscal year 2024 by \$17,921, as a result of changes to the assets and liabilities noted above.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Management's Discussion and Analysis (Unaudited), Continued

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS -
GOVERNMENTAL FUNDS FINANCIAL STATEMENTS, CONTINUED

The following summarizes the CPF assets, liabilities and fund balances as of June 30, 2025, 2024 and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Change 2025 vs. 2024</u>	<u>Change 2024 vs. 2023</u>
Assets - grant due from Hudson Yards Infrastructure Corp.	<u>\$ 2,024,036</u>	<u>795,176</u>	<u>2,190,583</u>	<u>1,228,860</u>	<u>(1,395,407)</u>
Liabilities - accounts payable and accrued project expenses	2,024,036	795,176	2,190,583	1,228,860	(1,395,407)
Fund balance - restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,024,036</u>	<u>795,176</u>	<u>2,190,583</u>	<u>1,228,860</u>	<u>(1,395,407)</u>

The total CPF assets and liabilities increased in fiscal year 2025 by \$1,228,860 and decreased in fiscal year 2024 by \$1,395,407 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 2025 and 2024. HYDC only requested and received Project-related funds for actual Project-related expenditures incurred, thereby having no fund balances at June 30, 2025 and 2024.

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.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Statements of Net Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets:		
Unrestricted cash and equivalents	\$ 182,858	132,354
Grant due from Hudson Yards Infrastructure Corp.	2,024,036	795,176
Other receivables	191	293
Prepaid expenses	<u>5,413</u>	<u>2,553</u>
Total assets	<u>\$ 2,212,498</u>	<u>930,376</u>
Liabilities:		
Accounts payable - operating	549	5,985
Accounts payable - project	2,024,036	795,176
Accrued operating expenses	<u>75,534</u>	<u>71,581</u>
Total liabilities	2,100,119	872,742
Net position - unrestricted	<u>112,379</u>	<u>57,634</u>
Total liabilities and net position	<u>\$ 2,212,498</u>	<u>930,376</u>

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue:		
Payments received from Hudson Yards Infrastructure Corp.	\$ 987,800	878,100
Grant from Hudson Yards Infrastructure Corp.	7,368,723	7,319,879
Interest revenue	<u>3,908</u>	<u>3,752</u>
Total revenue	<u>8,360,431</u>	<u>8,201,731</u>
Expenses:		
General and administrative	921,385	899,773
Project	<u>7,384,301</u>	<u>7,319,879</u>
Total expenses	<u>8,305,686</u>	<u>8,219,652</u>
Change in net position	54,745	(17,921)
Net position at beginning of year	<u>57,634</u>	<u>75,555</u>
Net position at end of year	<u><u>\$ 112,379</u></u>	<u><u>57,634</u></u>

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
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	<u>5,413</u>	<u>-</u>	<u>5,413</u>
Total assets	<u><u>\$ 188,462</u></u>	<u><u>2,024,036</u></u>	<u><u>2,212,498</u></u>
Liabilities:			
Accounts payable	549	2,024,036	2,024,585
Accrued operating expenses	<u>75,534</u>	<u>-</u>	<u>75,534</u>
Total liabilities	<u><u>76,083</u></u>	<u><u>2,024,036</u></u>	<u><u>2,100,119</u></u>
Fund balance:			
Nonspendable prepaid expenses	5,413	-	5,413
Unassigned	<u>106,966</u>	<u>-</u>	<u>106,966</u>
Total fund balance	<u><u>112,379</u></u>	<u><u>-</u></u>	<u><u>112,379</u></u>
Total liabilities and fund balance	<u><u>\$ 188,462</u></u>	<u><u>2,024,036</u></u>	<u><u>2,212,498</u></u>

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, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Unrestricted cash and equivalents	\$ 132,354	-	132,354
Grant due from Hudson Yards Infrastructure Corp.	-	795,176	795,176
Other receivables	293	-	293
Prepaid expenses	<u>2,553</u>	<u>-</u>	<u>2,553</u>
Total assets	<u><u>\$ 135,200</u></u>	<u><u>795,176</u></u>	<u><u>930,376</u></u>
Liabilities:			
Accounts payable	5,985	795,176	801,161
Accrued operating expenses	<u>71,581</u>	<u>-</u>	<u>71,581</u>
Total liabilities	<u><u>77,566</u></u>	<u><u>795,176</u></u>	<u><u>872,742</u></u>
Fund balance:			
Nonspendable prepaid expenses	2,553	-	2,553
Unassigned	<u>55,081</u>	<u>-</u>	<u>55,081</u>
Total fund balance	<u><u>57,634</u></u>	<u><u>-</u></u>	<u><u>57,634</u></u>
Total liabilities and fund balance	<u><u>\$ 135,200</u></u>	<u><u>795,176</u></u>	<u><u>930,376</u></u>

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 <u>Fund</u>	Capital Projects <u>Fund</u>	Total Governmental <u>Funds</u>
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	<u>3,908</u>	<u>-</u>	<u>3,908</u>
Total revenue	<u>991,708</u>	<u>7,368,723</u>	<u>8,360,431</u>
Expenditures:			
General and administrative	921,385	-	921,385
Project	<u>-</u>	<u>7,384,301</u>	<u>7,384,301</u>
Total expenditures	<u>921,385</u>	<u>7,384,301</u>	<u>8,305,686</u>
Transfers	<u>(15,578)</u>	<u>15,578</u>	<u>-</u>
Net change in fund balance	54,745	-	54,745
Fund balance at beginning of year	<u>57,634</u>	<u>-</u>	<u>57,634</u>
Fund balance at end of year	<u><u>\$ 112,379</u></u>	<u><u>-</u></u>	<u><u>112,379</u></u>

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, 2024

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Total Governmental <u>Funds</u>
Revenue:			
Payments received from Hudson Yards Infrastructure Corp.	\$ 878,100	-	878,100
Grant from Hudson Yards Infrastructure Corp.	-	7,319,879	7,319,879
Interest revenue	<u>3,752</u>	<u>-</u>	<u>3,752</u>
Total revenue	<u>881,852</u>	<u>7,319,879</u>	<u>8,201,731</u>
Expenditures:			
General and administrative	899,773	-	899,773
Project	<u>-</u>	<u>7,319,879</u>	<u>7,319,879</u>
Total expenditures	<u>899,773</u>	<u>7,319,879</u>	<u>8,219,652</u>
Net change in fund balance	(17,921)	-	(17,921)
Fund balance at beginning of year	<u>75,555</u>	<u>-</u>	<u>75,555</u>
Fund balance at end of year	<u><u>\$ 57,634</u></u>	<u><u>-</u></u>	<u><u>57,634</u></u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2025 and 2024

(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, 2025 and 2024, no reconciliations are provided.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Notes to Financial Statements, Continued

(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 (deficit) 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.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Notes to Financial Statements, Continued

(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 June 2022, GASB issued Statement No. 100 - Accounting Changes and Error Corrections An Amendment to GASB Statement No. 62, (GASB 100). GASB 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements for GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The adoption of GASB 100 did not have an impact on HYDC's financial statements as it did not have any accounting changes or error corrections during the years ended June 30, 2025 and 2024.

In June 2022, GASB issued Statement No. 101 - Compensated Absences, (GASB 101). GASB 101 updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements for GASB 101 are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The adoption of GASB 101 did not have an impact on HYDC's financial statements as all compensated absences were recognized and measured in accordance with the requirements.

In December 2023, GASB issued Statement No. 102 - Certain Risk Disclosures, (GASB 102). GASB 102 improves financial reporting by requiring disclosures of certain concentrations or constraints and related events that have occurred, have begun to occur, or are more an likely than not to begin to occur within 12 months of the date the financial statements are issued that make a government vulnerable to a substantial impact. The requirements for GASB 102 are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The implementation of GASB 102 did not have an immediate impact on HYDC's financial statements as there were no events that met the GASB 102 criteria for required reporting.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Notes to Financial Statements, Continued

(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, 2025 and 2024, HYDC's cash consisted of bank deposits in the amounts of \$182,858 and \$132,354, 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, 2025 and 2024, 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.

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

For the years ended June 30, 2025 and 2024, HYDC contributed \$93,492 and \$89,661, respectively, to the Pension Plan.

HYDC has no other postemployment benefits.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Notes to Financial Statements, Continued

(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, 2025 and 2024, 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, 2025 and 2024, condemnation counsel expenses paid to CLM amounted to \$1,821,406 and \$2,109,202, 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, 2025 and 2024, development design expenses paid to WSP amounted to \$1,126,795 and \$4,137,934, respectively and such amounts are included in Project expenses in the accompanying financial statements.

HUDSON YARDS DEVELOPMENT CORPORATION
(A Component Unit of the City of New York)
Notes to Financial Statements, Continued

(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 years ended June 30, 2025 and 2024, property management expenses paid to Cornerstone amounted to \$509,158 and \$427,190, respectively and such amounts are included in Project expenses in the accompanying financial statements.

(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, 2025 and 2024, construction management expenses paid to LiRo amounted to \$3,512,236 and \$645,553, 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 year ended June 30, 2025, expenses paid to AECOM amounted to \$399,129, 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.