

**Public Realm Improvement Fund Governing Group Inc.**  
**(A Component Unit of the City of New York)**

Financial Statements and Required  
Supplementary Information

Years Ended June 30, 2022 and 2021  
With Reports of Independent Auditors

**Public Realm Improvement Fund Governing Group Inc.  
(A Component Unit of the City of New York)**

**Years Ended June 30, 2022 and 2021**

**Table of Contents**

	<b>Page</b>
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Financial Statements</b>	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements	10
<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	15

## INDEPENDENT AUDITOR'S REPORT

To Management and the Board of Directors  
The Public Realm Improvement Fund Governing Group Inc.

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of The Public Realm Improvement Fund Governing Group Inc., which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Public Realm Improvement Fund Governing Group Inc. as of June 30, 2022 and 2021, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Public Realm Improvement Fund Governing Group Inc. 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 The Public Realm Improvement Fund Governing Group Inc.'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 auditor's report that includes 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 fraud or error, and design and perform audit procedures responsive to those risks. Such 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 The Public Realm Improvement Fund Governing Group Inc.'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 The Public Realm Improvement Fund Governing Group Inc.'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.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6, 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 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022, on our consideration of The Public Realm Improvement Fund Governing Group Inc.'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 solely to 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 Public Realm Improvement Fund Governing Group Inc.'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 Public Realm Improvement Fund Governing Group Inc.'s internal control over financial reporting and compliance.

**UHY** LLP

**Public Realm Improvement Fund Governing Group Inc.**  
**(A Component Unit of the City of New York)**

**Management's Discussion and Analysis**

**June 30, 2022 and 2021**

This section of the Public Realm Improvement Fund Governing Group Inc. (the Governing Group or the Corporation) annual financial report presents our discussion and analysis of financial performance during the years ended June 30, 2022 and 2021. Please read it in conjunction with the financial statements and accompanying notes, which follow this section.

**Fiscal Year 2022 Financial Highlights**

- Current assets increased by \$18,822,137 (or 72%)
- Non-current assets decreased by \$14,399,795 (or 87%)
- Current liabilities increased by \$11,419 (or 86%)
- Net position increased by \$4,410,923 (or 10%)
- Operating revenues increased by \$4,774,207 (or 100%)
- Non-operating revenues, decreased by \$391,256 (or 499%)

**Background**

This annual financial report consists of two parts: *Management's discussion and analysis* (this section) and the *basic financial statements and footnotes*. The Governing Group is considered a discretely presented component unit of the City of New York (the City) for the City's financial reporting purposes and a New York Not-for-Profit local development corporation formed under section 1411 of the Not-for-Profit corporation law, commenced operations in October 2017. The Governing Group was formed for the exclusively charitable and public purpose of lessening the burdens of the City and acting in the public's interest, by bolstering and enhancing New York City's East Midtown district status as a premier central business district through public realm improvement projects.

The Corporation is tasked to develop and maintain a Public Realm Improvement Concept Plan (Concept Plan) of distinct public realm improvement projects to and apportion funding from the Public Realm Improvement Fund (the Fund) to the projects based upon certain criteria.

*See notes to financial statements.*

**Public Realm Improvement Fund Governing Group Inc.**  
**(A Component Unit of the City of New York)**

**Management's Discussion and Analysis**

**June 30, 2022 and 2021**

**Financial Analysis of the Corporation**

**Net Position** - The following table summarizes the Corporation's financial position at June 30, 2022, 2021, and 2020 and the percentage changes between June 30, 2022, 2021, and 2020:

	2022	2021	2020	% Change	
				2022-2021	2021-2020
Current assets	\$ 45,130,808	\$ 26,308,671	\$ 39,801,245	72%	(34)%
Non-current assets	2,180,160	16,579,955	3,048,450	(87)%	444%
Total assets	47,310,968	42,888,626	42,849,695	10%	< 1%
Current liabilities	24,634	13,215	1,203	86%	999%
Total restricted net position	\$ 47,286,334	\$ 42,875,411	\$ 42,848,492	10%	< 1%

The Governing Group has the discrete mission to utilize the Fund for capital improvement projects, which is funded by contributions made when developments, or where permitted, enlargements are made on qualifying sites in the East Midtown Subdistrict as defined in the New York City Zoning Resolution Section 81-61.

In fiscal year 2022, a transfer of development rights from St. Bartholomew's Church to 415 Madison Avenue, pursuant to New York City Zoning Resolution Section 81-642, in the amount of 36,139.4 square feet of floor area and the retention of 40,909 square feet of non-complying floor area at 415 Madison Avenue, pursuant to New York City Zoning Resolution Section 81-643, resulted in \$4,774,207 of contributions to the Fund. Additionally, the terms of previously long-term investments becoming current were the main drivers of activity within the category of assets. Current assets increased by \$18,822,137 or 73% and non-current assets decreased by \$14,399,795 or 87%. Total assets increased by \$4,422,342 or 10% primarily because of the contribution received during fiscal year 2022.

Current liabilities increased by \$11,419 or 86% in fiscal year 2022 due to additional expenses incurred and the timing of payments made to New York City Economic Development Corporation (NYCEDC) for reimbursement of costs paid on the Corporation's behalf.

In fiscal year 2021, the cash from maturities of current investments being reinvested into long-term securities were the main drivers of activity within the category of assets; current assets decreased by \$13,492,574 or 34% and non-current assets increased by \$13,531,505 or 444%. Total assets increased by \$38,931 or less than a 1%.

*See notes to financial statements.*

**Public Realm Improvement Fund Governing Group Inc.**  
**(A Component Unit of the City of New York)**

**Management's Discussion and Analysis**

**June 30, 2022 and 2021**

Current liabilities increased by \$12,012 or 999% in fiscal year 2021 due to additional expenses incurred and the timing of payments made NYCEDC for reimbursement of costs paid on the Corporation's behalf.

The Corporation's net position during fiscal year 2022 increased by \$4,410,923, or 10%, as a result of the fiscal year operating activities. By comparison, the Corporation's net position during fiscal year 2021 increased by \$26,919, or less than 1%.

**Operating Activities**

The Governing Group was organized to bolster and enhance East Midtown's status as a premier central business district through the selection and allocation of funds towards capital improvement projects identified in the Concept Plan that improve the public realm, its immediate vicinity and transit network.

The Corporation will accomplish this by utilizing funds deposited into the Fund to implement public realm improvement projects in accordance with the Public Realm Improvement Concept Plan and the New York City Zoning Resolution.

Contributions into the Fund are received from projects that use development rights from landmarks within the East Midtown Subdistrict or that rebuild non-complying floor area per 81-60 of the Zoning Resolution.

The following table summarizes the changes in the Corporation's net position for the fiscal year ended June 30, 2022, 2021 and 2020 and the percentage changes between June 30, 2022, 2021 and 2020:

	2022	2021	2020	% Change	
				2022-2021	2021-2020
Operating revenues	\$ 4,774,207	\$ -	\$ -	N/A	-%
Operating expenses	(50,504)	(51,557)	(22,000)	(2)%	134%
Operating income (loss)	4,723,703	(51,557)	(22,000)	(9,262)%	134%
Non-operating (loss) revenues	(312,780)	78,476	797,151	(499)%	(90)%
Change in net position	\$ 4,410,923	\$ 26,919	\$ 775,151	16,286%	(97)%

*See notes to financial statements.*

**Public Realm Improvement Fund Governing Group Inc.  
(A Component Unit of the City of New York)**

**Management's Discussion and Analysis**

**June 30, 2022 and 2021**

**Fiscal Year 2022 Activities**

In fiscal year 2022, operating revenues increased by \$4,774,207 due to the transfer of development rights to 415 Madison Avenue LLC. There were no contributions earned during fiscal year 2021.

Non-operating revenues comprised of investment losses of \$312,780, a decreased of \$391,256 or 499% in fiscal year 2022 due to market conditions.

**Fiscal Year 2021 Activities**

In fiscal year 2021, operating expenses increased by \$29,557 or 134% mainly due to an increase in professional other fees for audit services and bank fees pertaining to the administration of the Governing Group's investment portfolio.

Non-operating revenues comprised of investment income decreased by \$718,675 or 90% in fiscal year 2021 due to market conditions.

**Contacting the Corporation's Financial Management**

This financial report is designed to provide our stakeholders, clients and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the New York City Economic Development Corporation, One Liberty Plaza, New York, New York, 10006.



**Public Realm Improvement Fund Governing Group Inc.**  
**(A Component Unit of the City of New York)**

**Statement of Net Position**

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents <i>(Note 3)</i>	\$ 19,108,046	\$ 11,058,818
Current investments <i>(Note 3)</i>	25,964,325	15,199,852
Interest receivable	58,437	50,001
Total current assets	45,130,808	26,308,671
Non-Current assets		
Non-current investments <i>(Note 3)</i>	2,180,160	16,579,955
Total non-current assets	2,180,160	16,579,955
Total assets	47,310,968	42,888,626
 <b>Liabilities and net position</b>		
Current liabilities		
Due to New York City Economic Development Corp. <i>(Note 6)</i>	24,634	13,215
Total current liabilities	24,634	13,215
Net Position - Restricted	\$ 47,286,334	\$ 42,875,411

*See notes to financial statements.*

**Public Realm Improvement Fund Governing Group Inc.**  
**(A Component Unit of the City of New York)**

**Statement of Revenues, Expenses, and Changes in Net Position**

	<b>Year Ended June 30, 2022</b>	<b>2021</b>
Revenues	<b>\$ 4,774,207</b>	\$ —
Total revenues	<b>4,774,207</b>	—
Expenses		
General and administrative expenses	<b>50,504</b>	51,557
Total expenses	<b>50,504</b>	51,557
Operating income (loss)	<b>4,723,703</b>	(51,557)
Non-operating (loss) revenues		
Investment (loss) income	<b>(312,780)</b>	78,476
Total non-operating (loss) revenues	<b>(312,780)</b>	78,476
Change in net position	<b>4,410,923</b>	26,919
Restricted net position, beginning of year	<b>42,875,411</b>	42,848,492
Restricted net position, end of year	<b>\$ 47,286,334</b>	\$ 42,875,411

*See notes to financial statements.*

**Public Realm Improvement Fund Governing Group Inc.**  
**(A Component Unit of the City of New York)**

**Statement of Cash Flows**

	<b>Year Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Contribution received	\$ 4,774,207	\$ –
General and administrative expenses paid	<u>(39,085)</u>	<u>(39,545)</u>
Net cash provided by (used in) operating activities	<u>4,735,122</u>	<u>(39,545)</u>
<b>Cash Flows from Investing Activities</b>		
Interest income	162,154	324,234
Sales of investments	22,137,673	40,273,345
Purchases of investments	<u>(18,985,721)</u>	<u>(42,141,533)</u>
Net cash provided by (used in) investing activities	<u>3,314,106</u>	<u>(1,543,954)</u>
Net increase (decrease) in cash and cash equivalents	<b>8,049,228</b>	(1,583,499)
Cash and cash equivalents, beginning of year	<u>11,058,818</u>	<u>12,642,317</u>
Cash and cash equivalents, end of year	<u><b>\$ 19,108,046</b></u>	<u>\$ 11,058,818</u>
<b>Reconciliation of operating income (loss) to net cash used in operating activities</b>		
Operating income (loss)	\$ 4,723,703	\$ (51,557)
Adjustments to reconcile operating income (loss) income to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Due to New York City Economic Development Corp.	11,419	12,615
Accrued expenses	<u>–</u>	<u>(603)</u>
Net cash provided by (used in) operating activities	<u><b>\$ 4,735,122</b></u>	<u>\$ (39,545)</u>

*See notes to financial statements.*

**Public Realm Improvement Fund Governing Group Inc.**  
**(A Component Unit of the City of New York)**

**Notes to the Financial Statements**

**1. Organization and Purpose**

Public Realm Improvement Fund Governing Group Inc. (Governing Group or the Corporation) is a New York Not-for-Profit local development corporation formed under section 1411 of the Not-for-Profit corporation law and commenced operations in October 2017. The Corporation was created by the City of New York's (the City) zoning text amendment (Section 81-60) to administer the Public Realm Improvement Fund (the Fund) for the exclusive charitable and public purpose of lessening the burdens of government for the City and acting in the public's interest, by bolstering and enhancing East Midtown's status as a premier central business district with a high-quality public realm, by allocating funds from the Fund to implement public realm improvement projects.

The Corporation is governed by thirteen members; seven of which are representatives of City agencies, appointed by and serving at the pleasure of the Mayor and six non *ex officio* members, appointed by the office of the Manhattan Borough President, New York City Council, and Manhattan Community Boards. The Governing Group shall establish and maintain a Public Realm Improvement Concept Plan (Concept Plan), for the purpose of creating a list of priority improvements and shall have the authority to amend such Concept Plan, and associated list of improvements, as necessary. All priority improvements in the Concept Plan shall meet the criteria set forth in Section 81- 683 (Criteria for improvements in the Public Realm Improvement Concept Plan).

**2. Summary of Significant Accounting Policies and Nature of Operations**

**Basis of Accounting and Presentation**

The Corporation has been classified as an enterprise fund as defined by the Governmental Accounting Standards Board (GASB) and, as such, the financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. In its accounting and financial reporting, the Governing Group follows the pronouncements of the GASB.

**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. Summary of Significant Accounting Policies and Nature of Operations (continued)**

### **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 are transactions that directly relate to the organization fulfilling its mission statement including related administrative expenses, if any. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **Cash and Cash Equivalents**

Cash and cash equivalents include all cash balances on deposit with financial institutions, money market funds, and highly liquid investments purchased with original maturities of 90 days or less to be cash equivalents.

### **Investments**

Investments held by the Governing Group are recorded at fair value based on quoted market prices.

### **Reclassifications**

Certain reclassifications were made to the prior year financial statements to conform to the current year's presentation

## **3. Deposits and Investments**

At year-end, the Governing Group's cash equivalent bank balance was \$5,304,941 all of which was held in U.S. Government money market funds.

*Fair Value Measurement* – Fair Value hierarchy categorizes the inputs to valuation techniques used to measure fair value into the following levels:

Level 1 – value based on quoted prices in active markets for identical assets.

Level 2 – value based on significant other observable inputs such as a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Level 3 – value based on inputs that are unobservable and significant to the fair value measurement, such as discounted cash flows.

Money Market Funds, categorized as Level 1 inputs, are valued at the unadjusted prices that are quoted in active principal markets for identical assets. U.S. Treasury and Agency securities and commercial paper, categorized as Level 2, are valued on models using observable inputs.

### 3. Deposits and Investments (continued)

As of June 30, 2022 and 2021, the Corporation had the following investments (in thousands). Investments maturities are shown only for June 30, 2022.

	<b>2022</b>			
	<b>Fair Value</b>		<b>Investment Maturities (In Years)</b>	
	<b>2022</b>	2021	<b>Less Than 1</b>	<b>1 to 2</b>
Money Market Funds	\$ 16,015	\$ 11,059	\$ 16,015	–
Federal Farm Credit Bank	–	499	–	–
Federal Home Loan Bank	–	1,511	–	–
U.S. Treasury Notes	<b>20,885</b>	19,586	18,705	2,180
Commercial Paper	<b>10,351</b>	10,184	10,351	–
Total	<b>47,251</b>	42,839		
Less: investments classified as cash equivalents	<b>(19,106)</b>	(11,059)		
Total Investments	<b>\$ 28,145</b>	\$ 31,780		

*Interest Rate Risk:* The Corporation has a formal investment policy, which limits investment maturities up to a maximum of two years from the date of purchase while also allowing 20% of assets categorized as investments to be invested with a stated maturity of no more than seven years from the date of purchase; this strategy manages its exposure to fair value losses arising from increasing interest rates. Except for holdings in United States Treasury Notes, all of the Corporation's investments have maturities of one year.

*Credit Risk:* It is the Corporation's policy to limit its investments in debt securities to those rated in the highest rating category by nationally recognized bond rating agencies or other securities guaranteed or collateralized by the U.S. government. As of June 30, 2022, the Corporation's investments in U.S. Treasury Notes were rated AAA by Standard & Poor's (S&P), AAA by Moody's. Money market funds share the same credit ratings as the Corporation's federally held securities with the exception of S&P, which does not rate such funds. Investments in commercial paper were rated in the highest short-term category by at least two major rating agencies (A-1 by Standard & Poor's, P-1 by Moody's).

### 3. Deposits and Investments (continued)

*Custodial Credit Risk:* For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Corporation. The Corporation manages this credit risk by limiting its custodial exposure to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation.

*Concentration of Credit Risk:* The Corporation places no limit on the amount it may invest in any U.S. government backed securities. The following table shows investments that represent 5% or more of total investments as of June 30, 2022 and 2021 (dollars in thousands):

Issuer	Dollar Amount and Percentage of Total Investments					
	June 30, 2022		June 30, 2021			
U.S. Treasury Notes	\$	20,885	44%	\$	19,586	46%

### 4. Restricted Net Position

In order to present financial condition and operating results of the Corporation in a manner consistent with the use of resources pursuant to its mission and bylaws, the Governing Group's net position resulting from operations will remain restricted.

### 5. Public Realm Improvement Fund

The Fund was established pursuant to the New York City Zoning Resolution Section 81-60 for the deposit of contributions from projects within the East Midtown Subdistrict that use development rights transferred from landmarks, pursuant to Section 81-642, or that rebuild non-complying floor area, pursuant to Section 81-643. These development rights are valued by the New York City Department of City Planning, providing a basis for establishing the minimum contribution to the Fund.

The following table depicts contributions made to the fund as of June 30, 2022:

Landmark (Granting Site)	Floor Area (SF)		Qualifying Site	Transaction Date	Fund Contribution
	81-642	81-643			
Grand Central Terminal	666,766	–	270 Park Avenue	12/4/2018	\$ 41,672,875
St. Bartholomew's Church	36,139.4	40,909	415 Madison Avenue	10/15/2021	4,774,207
			<b>Total</b>		<u>\$ 46,447,082</u>

The Governing Group will use the Fund to designate funding for public realm improvements with the East Midtown Subdistrict, and its immediate vicinity, in the Borough of Manhattan.

## **6. Other Related-Party Transactions – New York City Economic Development Corporation**

Related party transactions between New York City Economic Development Corporation (NYCEDC) and the Governing Group consist of reimbursable expenses and totaled \$24,634 and \$13,215, for the years ended June 30, 2022 and 2021, respectively. The Corporation does not have any employees. Administrative services are provided to the Corporation by the New York City Economic Development Corporation and the Department of City Planning and no fees for services were charged for the years ended June 30, 2022 and 2021.



**INDEPENDENT AUDITOR’S 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**

To Management and the Board of Directors  
The Public Realm Improvement Fund Governing Group Inc.

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 financial statements of The Public Realm Improvement Fund Governing Group Inc., which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Public Realm Improvement Fund Governing Group Inc.’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Public Realm Improvement Fund Governing Group Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of The Public Realm Improvement Fund Governing Group Inc.’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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Public Realm Improvement Fund Governing Group Inc.’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 financial statements. 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 entity'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.

*UHY* LLP

Albany, New York  
September 22, 2022