THE TRUST FOR
GOVERNORS ISLAND

GOVERNORS ISLAND CORPORATION (D/B/A THE TRUST FOR GOVERNORS ISLAND)

A COMPONENT UNIT OF THE CITY OF NEW YORK

Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2023 and 2022

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Governors Island Corporation (d/b/a The Trust for Governors Island)
New York, NY

Opinion

We have audited the financial statements of Governors Island Corporation (d/b/a The Trust for Governors Island) ("TGI"), a Component Unit of The City of New York, which comprise the statements of net position as of June 30, 2023 and 2022, 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, which collectively comprise TGI'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 financial position of TGI as of June 30, 2023 and 2022, and the changes in net 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 Opinion

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 TGI 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 opinion.

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 TGI's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 includes our opinion. 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.

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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 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 audits 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 TGI'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 TGI'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 through 8 and the schedule of employer's required contributions on page 22 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.

Mayer Hoffman McCann CPAs

New York, NY
September 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of Governors Island Corporation, d/b/a The Trust for Governors Island ("TGI"), a component unit of The City of New York (the "City"), as of and for the years ended June 30, 2023 and 2022. It should be read in conjunction with TGI's financial statements and accompanying notes.

The financial statements consist of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information related to pension expense. The basic financial statements, which include the statements of net position, the statements of revenues, expenses and changes in net position, the statements of cash flows and the notes to the financial statements, are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as prescribed by the Governmental Accounting Standards Board ("GASB"). The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in which revenues are recognized in the period they are earned and expenses are recognized in the period they are incurred.

Organization Overview

TGI is a 501(c)(3) not-for-profit organization created by The City of New York, charged with the planning, preservation, redevelopment, and ongoing operations and maintenance of approximately 150 acres of Governors Island (the "Island") plus surrounding lands underwater, located in New York Harbor, in the Borough of Manhattan in the City. The remaining 22 acres of the Island were declared the Governors Island National Monument in 2003 and are overseen by the National Park Service. TGI is a New York State not-for-profit corporation, governed by a 17-member Board of Directors appointed by the Mayor of The City of New York and nominated by the Mayor, the Governor of the State of New York, and local elected officials.

TGI's mission is to realize the full potential of Governors Island for the inspiration and enjoyment of all New Yorkers, demonstrating a bold vision for public space; more specifically, to transform Governors Island into a vibrant year-round resource for New York City, making the Island a destination with extraordinary public open space, diverse cultural and recreational activities, and permanent educational, not-for-profit, and commercial facilities.

To further its mission, TGI launched an ambitious capital program starting over ten years ago to build new park and public spaces and bring the Island's infrastructure into the 21st century. The first phase of the Park and Public Space project opened in 2014 with 30 new acres of park on the Island's southern end. The Hills, phase two of the park plan, opened in July 2016 and consist of four hills of varying height and design, offering unparalleled views of the harbor and additional recreational opportunities to visitors. Capital investment also brought potable water to the Island, upgraded its electrical system, stabilized historic buildings, rebuilt the seawall, and improved ferry operations at the docks on-Island and at the Battery Maritime Building in Manhattan. Capital projects are ongoing as TGI continues to improve Island infrastructure, making it development-ready as plans for the Island progress.

On the Island, over two dozen historic houses become temporary homes to arts, culture, science, and education organizations from across the New York area offering a diverse array of free programs. From May through October, organizations stage events on Governors Island including art fairs, science symposiums, cultural celebrations, live performances, film screenings, and sporting events. With year-round public access, even more programs and activities are available, as are the Island's open spaces.

This year marked the announcement of the New York Climate Exchange on Governors Island. Following a two-year competitive process, in April 2023 the Trust announced that the New York Climate Exchange, a cross-sector consortium comprised of universities, business and community partners, will serve as the anchor educational and research institution for a new hub dedicated to developing climate solutions for cities. Slated to open in 2028, the Exchange will build a 400,000 square foot campus hosting research, workforce training, education and public programs. The project will contribute earned revenue to support the Trust's operations.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS

Current and Noncurrent Assets

As of June 30, 2023, TGI had current assets of $20,905,232 compared to $17,437,291 as of June 30, 2022. Current assets are presented below in greater detail and in comparison to prior years.

Current Assets	2023	2022	2021	Variance (%) 2023 vs 2022	Variance (%) 2022 vs 2021
Unrestricted cash and cash equivalents	$ 5,217,389	$ 3,757,119	$ 5,229,765	39%	-28%
Restricted cash and cash equivalents	2,985,868	2,491,241	2,521,265	20%	-1%
Accounts receivable	1,121,427	728,594	877,425	54%	-17%
Grants and contributions receivable from government sources	5,247,210	6,018,333	3,540,903	-13%	70%
Grants and contributions receivable from private sources	55,942	187,500	112,500	-70%	67%
Short-term investments	6,183,311	4,185,958	2,904,937	48%	44%
Prepaid expenses	94,085	68,546	17,961	37%	282%
Total current assets	**$ 20,905,232**	**$ 17,437,291**	**$ 15,204,756**	20%	15%

The difference in current assets is mainly due to timing of fees and the collection of receivable payments and an increase in short-term investments.

Noncurrent Assets

The following chart shows TGI's noncurrent (i.e., capital) assets not including security deposits held and the lease receivable, for the years ended June 30, 2023, 2022 and 2021:

Capital Assets Summary	2023	2022	2021	2020
Beginning Balance	$ 302,880,043	$ 307,333,904	$ 320,133,108	$ 335,108,022
Additions/(Deductions), Net of Depreciation	11,447,154	(4,453,861)	(12,799,204)	(14,974,914)
Ending Balance	**$ 314,327,197**	**$ 302,880,043**	**$ 307,333,904**	**$ 320,133,108**

TGI's capital assets are comprised of property transferred in July 2010 from the Governors Island Preservation and Education Corporation ("GIPEC"), TGI's predecessor, as well as improvements made since then. Capital assets transferred to TGI consist of title to 150 acres of Governors Island, vessels, vehicles, and other equipment then valued at $5,780,000 in total. For the year ended June 30, 2023, $16,425,064 was reclassified from construction-in-progress to assets completed and in use and was comprised of historic buildings, electrical infrastructure and the fender racks at Soissons Dock.

As of June 30, 2023, total noncurrent assets consisted of capital assets, net of accumulated depreciation, of $314,327,197 ($489,678,269 less $175,351,072 accumulated depreciation), security deposits of $5,562,119 and the lease receivable of $38,731,643. The total for security deposits includes $5,000,000 for the Climate Exchange project. Net additions to capital assets (based on construction-in-progress) represent a 3.78% increase from the $302,880,043 as of June 30, 2022, because depreciation expense did not exceed capital outlay in 2023. Net deductions to capital assets in fiscal year 2022 represented a 1.45% decrease over the $307,333,904 balance as of June 30, 2021.

Total assets as of June 30, 2023 were $379,526,191, an increase of 5.69% over fiscal year 2022 primarily due to additions to construction in progress in capital assets and the security deposit received. Total assets as of June 30, 2022 were $359,077,969, a decrease of 0.43% compared to the prior year.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Liabilities

Current liabilities of $15,402,591 were reported as of June 30, 2023, which is an increase of 51% from the prior year. The increase in accounts payable and accrued expenses is due to timing of payments made near year-end and increased capital project activity during 2023. The increase in noncurrent liabilities from 2022 to 2023 is due to the $5,000,000 security deposit for the Climate Exchange project.

				Variance (%)	
Current Liabilities	**2023**	**2022**	**2021**	**2023 vs 2022**	**2022 vs 2021**
Accounts payable and accrued expenses					
Operations	$ 2,808,667	$ 3,768,934	$ 2,897,720		
City capital	11,102,043	4,902,922	3,275,826		
Total accounts payable and accrued expenses	13,910,710	8,671,856	6,173,546	60%	40%
Unearned revenue					
Operations	234,661	88,977	476,438		
Private grants	1,257,220	1,455,815	1,555,819		
Total unearned revenue	1,491,881	1,544,792	2,032,257	-3%	-24%
Total current liabilities	15,402,591	10,216,648	8,205,803	51%	25%
Noncurrent Liabilities					
Security deposits	5,574,175	509,666	502,299		
PPP loan payable	-	-	810,817		
Total noncurrent liabilities	5,574,175	509,666	1,313,116	994%	-61%
TOTAL LIABILITIES	$ 20,976,766	$ 10,726,314	$ 9,518,919	96%	13%

In 2021, TGI applied for and received a second Paycheck Protection Program (PPP) loan in the amount of $810,817, through the program created by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The loan (which is further described in note 5 to the financial statements) was forgiven by the Small Business Administration as of June 30, 2022.

As of June 30, 2023 and 2022, TGI's total liabilities were $20,976,766 and $10,726,314, respectively.

Net Position

Net position as of June 30, 2023 was $323,921,862; $314,327,197 was invested in capital assets, $850,000 was restricted by funders for the living laboratory project and the Charles Gains project, and $8,744,665 was unrestricted. The overall increase in net position was $11,020,632 or 3.52%, which is discussed below.

Net position as of June 30, 2022 was $312,901,230; $302,880,043 was invested in capital assets, $100,000 was restricted by the funder for the living laboratory project, and $9,921,187 was unrestricted. The purpose of the funder's restrictions had been met in 2023 and was released into unrestricted net position during the year ended June 30, 2023.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Operating Revenues

For the year ended June 30, 2023, TGI's total operating revenues of $28,000,482 consisted of $5,612,003 in fee income, $1,128,447 in rental income, $2,009,463 in interest income – leases, $19,200,387 in operating grants and contributions from the City, and $50,182 in other operating income. Income from events held on the Island includes site and permit fees as well as reimbursement to TGI for expenses related to staging those events. It also includes ferry fare revenue, amounting to $850,824. Rental income and interest income - leases consists of lease payments from QC Terme, the developer of the day spa project (Buildings 111, 112 and 114); KAI Systems, Inc, an asset inspection and condition monitoring technology company (Building 107); NY Harbor Foundation d/b/a Billion Oyster Project, a 501(c)3 nonprofit organization, whose mission is to restore oyster reefs to New York Harbor through education initiatives (Building 107); Beam Center, a 501(c)3 nonprofit organization, whose mission is to crystalize self-directed growth in youth (Building 107); Cincher LLC, a start-up technology company (Building 107); and common charges from the Lower Manhattan Cultural Council (LMCC), which hosts an artists' studio program on the Island (Building 110).

Overall operating revenues from permits and fees increased by 45% from 2022. Revenue grew from 2022 as a result of increased events and concessions on the island, some of which are open year-round. Operating grants and contributions increased by 7% from 2022 as a result of additional funding from the City for a U.S. Coast Guard mandated dry dock inspection and repair of the Coursen and Governors 1 ferries.

For the year ended June 30, 2022, TGI's total operating revenue of $24,797,169 consisted of $3,869,892 in fee income (from site and permit fees, event-related reimbursements, and ferry fare collection), $1,013,628 in rental income, $1,985,715 in interest income – leases, $17,867,116 in operating grants and contributions from the City, and $60,818 in other operating income. Ferry fare revenue amounted to $618,935 in fiscal year 2022. Rental income and interest income - leases was similar to 2023. Overall operating revenues from permits and fees increased by 18% from 2021. Amounts increased from 2022 as a result of greater activity on the Island following pandemic-year limitations.

	2023	2022	2021	Variance (%) 2023 vs 2022	Variance (%) 2022 vs 2021
OPERATING REVENUES:					
Permits and other fees	$ 5,612,003	$ 3,869,892	$ 2,203,977	45%	76%
Rental income	1,128,447	1,013,628	961,389	11%	5%
Interest income - leases	2,009,463	1,985,715	2,099,939	1%	-5%
Operating grants and contributions	19,200,387	17,867,116	15,748,584	7%	13%
Other operating income	50,182	60,818	49,747	-17%	22%
	$ 28,000,482	$ 24,797,169	$ 21,063,636	13%	18%

Operating Expenses

Total operating expenses of $54,135,369 for the year ended June 30, 2023, include operations and maintenance ("O&M") of the Island property, buildings and infrastructure totaling $14,871,831, as well as TGI's internal expenses.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

							Variance (%)	
		2023		2022		2021	2023 vs 2022	2022 vs 2021
OPERATING EXPENSES:								
Operations and maintenance	$	14,871,831	$	12,882,055	$	11,828,752	15%	9%
Personnel costs		9,399,559		7,789,451		5,418,416	21%	44%
Utilities		1,247,898		740,728		489,847	68%	51%
Depreciation and amortization		25,508,189		22,647,246		22,250,528	13%	2%
Other general and administrative expenses		3,107,892		2,438,122		3,809,719	27%	-36%
TOTAL OPERATING EXPENSES	$	54,135,369	$	46,497,602	$	43,797,262	16%	6%
OPERATING LOSS	$	(26,134,887)	$	(21,700,433)	$	(22,733,626)	20%	-5%

The operating loss was $26,134,887 for the year ended June 30, 2023, and $21,700,433 for the year ended June 30, 2022. A significant portion of TGI's 2023 and 2022 year-end operating loss is comprised of depreciation and amortization, which is a noncash item.

O&M, representing 27% of total operating expenses (52% excluding depreciation expense), includes ferry, security, grounds keeping, janitorial, building repairs and other essential services. TGI personnel costs were $9,399,559, an increase of 21% from 2022. Other general and administrative expenses were $3,107,892, an increase of 27% from 2022, primarily due to legal and other consulting expenditures associated with the Climate Exchange.

In the prior year, O&M expenses included contract costs for ferry, security, groundskeeping and other services. In addition, operating expenses included personnel costs of $7,789,451, an increase of 44% from 2021, based in part on a transition away from third party operations/facilities contracts and the hiring of Local 30 union employees for engineering, custodial and groundskeeping positions. Other general and administrative expenses were $2,438,122, a decrease of 36% from 2021, primarily due to a 2021 expenditure for demolition not repeated in 2022.

Nonoperating Revenues

Nonoperating revenues totaled $37,155,519, $19,612,744, and $10,886,199 for the years ended June 30, 2023, 2022 and 2021, respectively. The increase in capital grants and contributions from government sources of 100% from the prior year is due to several major projects, including construction of a new vehicular ferry and improvements to underground utilities. The increase in capital grants and contributions from private sources of 58% primarily consists of grants made to TGI for special programs, Governors Island Arts and the Living Laboratory at the Climate Exchange. Details are provided below.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

				Variance (%)	
	2023	**2022**	**2021**	**2023 vs 2022**	**2022 vs 2021**
NONOPERATING REVENUES:					
Capital grants and contributions from government sources	$ 33,245,429	$ 16,649,814	$ 8,626,207	100%	93%
Capital grants and contributions from private sources	3,717,791	2,357,809	1,439,219	58%	64%
Gain on disposal of capital assets	47,292	-	-	100%	0%
Investment (loss) income	145,007	(207,065)	24,731	170%	-937%
Other interest income	-	1,369	7,842	-100%	-83%
Forgiveness of loan	-	810,817	788,200	-100%	3%
	$ 37,155,519	$ 19,612,744	$ 10,886,199	89%	80%
Change in net position	$ 11,020,632	$ (2,087,689)	$ (11,847,427)	628%	-82%
Net position - beginning of year	312,901,230	314,988,919	326,836,346	-1%	-4%
Net position - end of year	$ 323,921,862	$ 312,901,230	$ 314,988,919	4%	-1%

TGI Financial Management

This financial report is designed to provide a general overview of TGI's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to The Trust for Governors Island, 10 South Street, New York, NY 10004.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets		
Unrestricted cash and cash equivalents (Notes 2E and 8)	$ 5,217,389	$ 3,757,119
Restricted cash and cash equivalents (Notes 2E, 2F and 8)	2,985,868	2,491,241
Accounts receivable	1,121,427	728,594
Grants and contributions receivable from government sources	5,247,210	6,018,333
Grants and contributions receivable from private sources	55,942	187,500
Short-term investments (Notes 2F, 2G and 3)	6,183,311	4,185,958
Prepaid expenses	94,085	68,546
Total current assets	20,905,232	17,437,291
Noncurrent assets		
Security deposits held	5,562,119	508,590
Lease receivable (Notes 2D and 9)	38,731,643	38,252,045
Capital assets, net of accumulated depreciation (Notes 2H and 4)	314,327,197	302,880,043
Total noncurrent assets	358,620,959	341,640,678
Total assets	$ 379,526,191	$ 359,077,969
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 13,910,710	$ 8,671,856
Unearned revenue (Notes 2C and 6)	1,491,881	1,544,792
Total current liabilities	15,402,591	10,216,648
Noncurrent liabilities		
Security deposits	5,574,175	509,666
Total noncurrent liabilities	5,574,175	509,666
Total liabilities	20,976,766	10,726,314
Deferred inflows of resources		
Leases (Note 2D)	34,627,563	35,450,425
NET POSITION (Note 2I)		
Invested in capital assets	314,327,197	302,880,043
Restricted for art and climate initiatives	850,000	100,000
Unrestricted	8,744,665	9,921,187
Total net position	323,921,862	312,901,230
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 379,526,191	$ 359,077,969

The accompanying notes are an integral part of these financial statements.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING REVENUES:		
Permits and other fees	$ 5,612,003	$ 3,869,892
Rental income (Notes 2D and 9)	1,128,447	1,013,628
Interest income - Leases (Notes 2D and 9)	2,009,463	1,985,715
Operating grants and contributions (Notes 2C and 6)	19,200,387	17,867,116
Other operating income	50,182	60,818
TOTAL OPERATING REVENUES	28,000,482	24,797,169
OPERATING EXPENSES:		
Operations & maintenance (Note 10C)	14,871,831	12,882,055
Personnel costs (Note 7)	9,399,559	7,789,451
Utilities	1,247,898	740,728
Depreciation and amortization (Note 4)	25,508,189	22,647,246
Other general and administrative expenses	3,107,892	2,438,122
TOTAL OPERATING EXPENSES	54,135,369	46,497,602
OPERATING LOSS	(26,134,887)	(21,700,433)
NONOPERATING REVENUES:		
Capital grants and contributions from government sources (Notes 2C and 6)	33,245,429	16,649,814
Capital grants and contributions from private sources (Note 2C)	3,717,791	2,357,809
Contribution in-kind	47,292	-
Investment income (loss)	145,007	(207,065)
Other interest income	-	1,369
Forgiveness of loan (Note 5)	-	810,817
TOTAL NONOPERATING REVENUES	37,155,519	19,612,744
CHANGE IN NET POSITION	11,020,632	(2,087,689)
Net position, beginning of year	312,901,230	314,988,919
NET POSITION, END OF YEAR	$ 323,921,862	$ 312,901,230

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from:		
Customer payments	$ 7,050,304	$ 5,572,468
Operating grants and contributions	23,053,975	15,799,759
Other receipts	5,114,691	68,183
Total cash receipts from operating activities	35,218,970	21,440,410
Cash payments for:		
Personnel costs	(9,685,591)	(7,851,674)
Services and supplies	(19,927,395)	(15,178,050)
Total cash payments for operating activities	(29,612,986)	(23,029,724)
Net Cash Provided by (Used in) Operating Activities	5,605,984	(1,589,314)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants and contributions from government sources	30,161,664	15,825,569
Capital grants and contributions from private sources	3,849,349	2,332,809
Purchase of capital assets (Note 4)	(30,756,225)	(16,566,289)
Net Cash Provided by Capital and Related Financing Activities	3,254,788	1,592,089
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,997,353)	(1,281,021)
Investment earnings	145,007	(205,696)
Net Cash Used in Investing Activities	(1,852,346)	(1,486,717)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,008,426	(1,483,942)
Cash and cash equivalents - beginning of year	6,756,950	8,240,892
CASH AND CASH EQUIVALENTS—END OF YEAR	$ 13,765,376	$ 6,756,950
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating loss	$ (26,134,887)	$ (21,700,433)
Adjustments to reconcile operating loss to cash flows provided by (used in) operating activities:		
Depreciation and amortization	25,508,189	22,647,246
Changes in operating assets and liabilities:		
Accounts receivable	(392,833)	148,831
Grants and contributions receivable from government sources	3,703,588	(1,803,189)
Prepaid expenses	(25,539)	(50,585)
Lease receivable	(479,598)	(669,552)
Accounts payable and accrued expenses	(960,267)	871,214
Unearned revenue	145,684	(387,461)
Security deposits	5,064,509	7,367
Deferred inflow of Resources	(822,862)	(652,752)
Net Cash Provided by (Used in) Operating Activities	$ 5,605,984	$ (1,589,314)
RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:		
Unrestricted cash and cash equivalents	$ 5,217,389	$ 3,757,119
Security deposits held	5,562,119	508,590
Restricted cash and cash equivalents	2,985,868	2,491,241
CASH AND CASH EQUIVALENTS—END OF YEAR	$ 13,765,376	$ 6,756,950
Supplemental Disclosure of Cash Flow Information:		
Noncash capital and related financing transactions:		
Accrued capital asset expenditures	$ 11,102,043	$ 4,902,922
PPP loan forgiveness	$ -	$ 810,817

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Governors Island Corporation, d/b/a The Trust for Governors Island ("TGI"), was incorporated in July 2010 pursuant to the Not-for-Profit Corporation Law of the State of New York (the "State") and is a public charity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. TGI was formed for the purposes of lessening the burdens of government for The City of New York (the "City") and acting in the public interest by providing the planning, preservation, redevelopment and ongoing operations and maintenance of approximately 150 acres of Governors Island (out of 172 acres) plus surrounding lands underwater, located in the Borough of Manhattan in the City (the "Project").

TGI's mission is to realize the full potential of Governors Island for the inspiration and enjoyment of all New Yorkers, demonstrating a bold vision for public space. TGI aims to transform Governors Island (the "Island") into a vibrant year-round resource for the City, making the Island a destination with expansive public open space and diverse cultural and recreational activities, as well as permanent educational, not-for-profit and commercial facilities. TGI opened 30 acres of new park spaces in 2014, added the 11-acre Hills in 2016, completed major infrastructure improvements and continues to promote the Island for expanded tenancy and activity. In advancing such purposes, TGI is performing an essential government function in partnership with the City. TGI receives funding from the City and is governed by a 17-member Board of Directors appointed by the Mayor of the City and nominated by the Mayor, the Governor of the State of New York and local elected officials.

TGI acquired the Project area and substantially all of the assets of the Governors Island Preservation and Education Corporation ("GIPEC"), a subsidiary of the New York State Urban Development Corporation (a corporate governmental agency of the State constituting a political subdivision and public benefit corporation doing business as the Empire State Development Corporation), for a nominal price of $1 under the Asset Purchase Agreement dated July 14, 2010, between GIPEC and TGI. The Governors Island property acquired by TGI from GIPEC is subject to the restrictions, conditions, covenants, and easements associated with the property, such as certain acreage required to be converted to public open space and other historic areas prohibited from new development.

For financial reporting purposes, TGI is included as a component unit in the City's comprehensive annual financial report pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, as amended.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Measurement Focus and Basis of Accounting*

TGI's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized in the period they are earned, and expenses are recognized in the period they are incurred. Operating funds provided by the City are recognized as revenue when received.

In its accounting and financial reporting, TGI follows accounting principles generally accepted in the United States of America ("U.S. GAAP") as promulgated by the GASB.

B. *Revenue and Expense Classification*

TGI distinguishes operating revenues and expenses from nonoperating items in the preparation of its financial statements. The principal operating revenues include permits and other fees, rental income, and operating grants and contributions from the City. Major operating expenses include operations and maintenance ("O&M") costs personnel costs and professional fees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. ***Grants and Contributions***

Operating funds provided by the City are recognized as revenue in the period earned. Capital funds provided by the City for eligible Project costs, pursuant to the master contract with the City, are recognized following approval of a certificate to proceed for each capital project by the NYC Office of Management and Budget, registration of contracts with the NYC Comptroller's Office, and processing of payment requests by the NYC Department of Small Business Services.

Contributions from donors that are restricted to specific purposes and do not have eligibility requirements are recorded as revenue and until the contribution is used for that purpose, are reported within restricted net position. Contributions received that contain eligibility requirements are recognized as unearned revenue until the eligibility requirements have been met, at which time they are recognized as revenue.

D. ***Revenue from Leases***

Upon the adoption of GASB Statement No. 87, *Leases*, TGI recognized a lease receivable measured at the present value of the lease payments expected to be received during the lease terms, for those lease payments that are fixed or fixed in substance, and a corresponding deferred inflow of resources. The lease receivable is being amortized with interest revenue being recognized over the terms of the leases. The deferred inflow of resources is being recognized as rental income on a straight-line basis over the terms of the leases reducing the deferred inflow of resources by the same amount.

E. ***Cash and Cash Equivalents***

For purposes of the statements of cash flows, cash and cash equivalents include cash in banks and on hand, certificates of deposit and highly liquid debt instruments with maturities of three months or less when acquired.

F. ***Restricted Assets***

Contributions and other non-exchange transactions, with purpose restrictions, are reported in the resulting net position as restricted until the resources are used for the specified purpose.

Restricted assets consist of cash and cash equivalents and investments held and to be used for eligible project costs pursuant to funding agreements with the City, the State and other funding sources. Accordingly, such amounts are not available for general corporate purposes.

G. ***Investments and Fair Value Measurements***

Investments are reported at fair value based on quoted market prices. Securities transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments are determined on a specific identification basis and are included in investment income (loss) in the accompanying statements of revenues, expenses and changes in net position. Interest income is recognized when earned.

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 3.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Capital Assets*

Costs incurred by TGI in developing the Project are capitalized as Project assets and are recorded at cost. The costs of normal maintenance of the Project that do not increase its value or extend its useful life are not capitalized. Upon projects being placed in service, site improvement costs are reclassified from construction-in-progress and depreciated over the estimated useful lives of the assets.

Other property and equipment purchased for use in operations by TGI of more than $10,000 are capitalized and depreciated using the straight-line method over the estimated useful life assigned.

The estimated useful lives of depreciable capital assets are as follows:

Site improvements	10 to 30 years
Vessels	10 to 15 years
Vehicles and equipment	3 to 5 years
Software	3 years

I. *Net Position*

TGI's net position is classified in the following categories: invested in capital assets; restricted net position, consisting of net position restricted for specific purposes by law or parties external to TGI; and unrestricted net position, consisting of net position that is not classified as invested in capital assets or restricted for capital projects.

When both restricted and unrestricted resources are available for use, it is TGI's policy to use restricted resources first, and then unrestricted resources, as needed.

Restricted net position represents restricted assets reduced by the liabilities related to those assets. A liability is related to a restricted asset when the asset results from incurring that liability or if the liability will be liquidated with the restricted asset. If the liabilities relating to the restricted assets are greater than those assets, then no balance is reported as restricted net position. Such negative amount would be reported as a reduction to unrestricted net position.

J. *Use of Estimates*

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Estimates include allowances for doubtful accounts and depreciation. Actual results could differ from those estimates.

K. *Reclassification*

Certain line items in the June 30, 2022 financial statements have been reclassified to conform to the June 30, 2023 presentation.

L. *Recent Accounting Pronouncements*

- GASB Statement No. 96, Subscription-Based Information Technology Arrangements, ("GASB 96"), is effective for reporting periods beginning after June 15, 2022. The statement provides guidance for accounting and financial reporting for subscription-based information technology arrangements ("SBITAs"), for government end users, and defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset), and a corresponding subscription liability. GASB 96 also provides the capitalization criteria for outlays other than subscription payments, including implementation costs. The standards for SBITAs are largely based on the standards established in GASB 87 for leases. The adoption of GASB 96 was not material to TGI and therefore had no effect on the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. ***Recent Accounting Pronouncements (continued)***

- GASB Statement No. 99, Omnibus 2022, has multiple effective dates depending on the Statement of the standard. This Statement addresses numerous accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The paragraphs of GASB 99 that were effective for the 2023 fiscal year had no effect on TGI's financial statements. TGI has not completed its evaluation of the remaining paragraphs of GASB 99 not yet effective, but does not anticipate any material impact.
- GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62 ("GASB 100"), has been issued to help enhance 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. GASB 100 defines accounting changes, addresses corrections of errors in previously issued financial statements, and prescribes accounting and financial reporting for both. GASB 100 also addresses how information that is affected by a change in accounting or error correction should be presented in the required supplementary information explaining that the information should be restated for error corrections but not for changes in accounting principles. The requirements of GASB 100 are effective for fiscal years beginning after June 15, 2023. TGI has not completed its evaluation of GASB 100 but does not anticipate any material impact.
- GASB Statement No. 101, Compensated Absences ("GASB 101"), has been issued to align the recognition and measurement guidance of compensated absences. GASB 101 requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled otherwise. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023. TGI has not completed its evaluation of GASB 101 but does not anticipate any material impact.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

TGI's investments consisted of the following at June 30:

	2023	2022
Fixed Income:		
Corporate – U.S.	$ 2,859,603	$ 2,187,720
Non-U.S. Bonds - Developed	32,549	56,219
U.S. Government	3,057,446	1,723,890
Mutual Funds	233,713	218,129
	$ 6,183,311	$ 4,185,958

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

TGI's investment policy permits the investment of funds as summarized below:

- Obligations of the U.S. Treasury and other Federal Agency obligations.
- Commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Investors Service, Inc., or Fitch.
- Bankers' acceptances and time deposits of banks with worldwide assets of more than $50 million.
- Certificates of deposit with New York banks. Such certificates of deposit must be Federal Deposit Insurance Corporation ("FDIC") insured, except when otherwise collateralized.
- High quality equity securities traded on the New York, NASDAQ, or American Stock exchanges as well as mutual funds.
- Other investments approved by the Comptroller of the City for the investment of City funds.

In addition to the above investments, TGI may deposit funds in the following, with respect to funds needed for operational expenses and funds awaiting investment or disbursement:

- Money market mutual funds that restrict their investments to short-term, highly rated money market instruments.
- Other interest-bearing accounts if permitted by applicable laws, rules, and regulations, with New York City financial institutions designated by the New York City Banking Commission.

TGI categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

In determining fair value, TGI utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in money market funds, fixed income and mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the custodian, TGI may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are registered and are held by TGI's agent in TGI's name.

Credit Risk

All investments held by TGI on June 30, 2023 and 2022, are invested in foreign, domestic corporate and U.S. Government Bonds, and fixed-income mutual funds. The bonds have various expiration dates through 2027. Average duration for the two fixed-income mutual funds is less than two years.

Interest Rate Risk

TGI's short-term investments are subject to minimal risk of fair value declines due to changes in market interest rates. Investments with longer terms are expected to be held until maturity thereby limiting the exposure from rising interest rates.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of TGI's investments in a single issuer (5% or more). TGI's investment policy places no limits on the amount TGI may invest in any one issuer of eligible investments as defined in the investment policy. As of June 30, 2023 and 2022, 4% and 5%, respectively, consist of fixed-income mutual funds, and 96% and 95%, respectively, consist of fixed income bonds.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value at June 30, 2023 are classified in the fair value hierarchy as follows:

	Level 1	Level 2	Total
Investments:			
Fixed Income	$ 5,949,598	$ -	$ 5,949,598
Mutual Funds	233,713	-	233,713
Total investments	$ 6,183,311	$ -	$ 6,183,311

Financial assets carried at fair value at June 30, 2022 are classified in the fair value hierarchy as follows:

	Level 1	Level 2	Total
Investments:			
Fixed Income	$ 1,723,890	$ 2,243,939	$ 3,967,829
Mutual Funds	218,129	-	218,129
Total investments	$ 1,942,019	$ 2,243,939	$ 4,185,958

NOTE 4 – CAPITAL ASSETS

The changes in capital assets for the years ended June 30, 2023 and 2022 reflect the transition from a high point of construction activity on the Island. Projects completed and put in service, or opened to the public, have been added to the asset list.

The changes in capital assets for the year ended June 30, 2023 were as follows:

	Balance on June 30, 2022	Additions	Deductions	Balance on June 30, 2023
Land	$ 1	$ -	$ -	$ 1
Site Improvements	377,180,717	16,425,064	-	393,605,781
Vessels	16,729,607	-	-	16,729,607
Equipment	2,673,461	399,910	-	3,073,371
Vehicles	686,413	50,388	-	736,801
Software	6,230	-	-	6,230
Total Project Assets	397,276,429	16,875,362	-	414,151,791
Less: Accumulated Depreciation				
Site Improvements	(139,502,458)	(23,664,795)	-	(163,167,253)
Vessels	(7,764,428)	(1,522,961)	-	(9,287,389)
Equipment	(2,012,479)	(286,698)	-	(2,299,177)
Vehicles	(557,288)	(33,735)	-	(591,023)
Software	(6,230)	-	-	(6,230)
Total Accumulated Depreciation	(149,842,883)	(25,508,189)	-	(175,351,072)
Construction-in-Progress	55,446,497	36,505,045	(16,425,064)	75,526,478
Net Project Assets	$ 302,880,043	$ 27,872,218	$ (16,425,064)	$ 314,327,197

NOTE 4 – CAPITAL ASSETS (Continued)

The changes in capital assets for the year ended June 30, 2022, were as follows:

	Balance on June 30, 2021	Additions	Deductions	Balance on June 30, 2022
Land	$ 1	$ -	$ -	$ 1
Site Improvements	370,918,845	6,261,872	-	377,180,717
Vessels	16,729,607	-	-	16,729,607
Equipment	2,440,636	232,825	-	2,673,461
Vehicles	686,413	-	-	686,413
Software	6,230	-	-	6,230
Total Project Assets	390,781,732	6,494,697	-	397,276,429
Less: Accumulated Depreciation				
Site Improvements	(118,678,913)	(20,823,545)	-	(139,502,458)
Vessels	(6,241,467)	(1,522,961)	-	(7,764,428)
Equipment	(1,756,898)	(255,581)	-	(2,012,479)
Vehicles	(512,129)	(45,159)	-	(557,288)
Software	(6,230)	-	-	(6,230)
Total Accumulated Depreciation	(127,195,637)	(22,647,246)	-	(149,842,883)
Construction-in-Progress	43,747,809	17,948,859	(6,250,171)	55,446,497
Net Project Assets	$ 307,333,904	$ 1,796,310	$ (6,250,171)	$ 302,880,043

TGI holds planning, design, construction, and other Project-related contracts for site improvements, most of which are structured on a work order basis. TGI is responsible for accrued expenses per authorized work order, not for the payment of contract balances. Capital expenditures totaling $11,102,043 and $4,902,922 were accrued as of June 30, 2023 and 2022, respectively, which will be paid upon receipt and review of the contractor invoices.

TGI has leased certain premises to the New York City School Construction Authority (“SCA”). Such lease is for a term of 49 years expiring in May 2057 with base rent of $1 per annum payable by SCA. Other premises are occupied by a not-for-profit organization for which TGI receives annual fees of $1. These leases are not included in the calculation of the lease receivable because they do not meet the definition of a lease under GASB, specifically the transaction is not an exchange or exchange-like transaction.

NOTE 5 – LOAN PAYABLE

In March 2021, TGI applied for and received a second Paycheck Protection Program loan in the amount of $810,817. The loan was funded by the Coronavirus Aid, Relief and Economic Security (CARES) Act through New York Business Development Corporation (the Lender) to assist TGI in paying eligible payroll costs resulting from revenue losses due to COVID-19. TGI met certain requirements under the CARES Act for forgiveness and was approved for forgiveness in February 2022; no payments were required on the loan. For the year ended June 30, 2022, TGI recorded a forgiveness of the loan within nonoperating activities of $810,817.

NOTE 6 – CONTRIBUTIONS

During the years ended June 30, 2023 and 2022, TGI recognized the amount spent for eligible capital project costs totaling $33,245,429 and $16,649,814, respectively, as capital grants and contributions in the accompanying statements of revenues, expenses and changes in net position while the unspent funds at year-end are included in unearned revenue in the accompanying statements of net position.

Revenues from operating and capital grants from the City amounted to $52,445,816 and $34,516,930 for the years ended June 30, 2023 and 2022, respectively. Such amounts represented approximately 80% and 78% of total revenues for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 – RETIREMENT PLANS

TGI's employees previously participated in a multiple employer retirement plan through Extensis Holdings, LLC, a professional employer organization. The plan sponsor and plan administrator was Extensis Holdings, LLC, which had ultimate authorization over the plan and any amendments, plan terminations, vesting, distributions, and all plan activity as it is a multiple employer plan. The employer-funded plan was a defined contribution plan that covered substantially all TGI's employees. It provided for variable contribution rates by TGI ranging from 3% to 14% of employees' eligible wages as defined in the plan document.

Effective February 1, 2021, TGI transferred to a single employer retirement plan through Voya Institutional Trust Company, a retirement insurance and annuity company. All assets in the previous plan with Extensis Holdings, LLC, were transferred to the new plan with Voya Institutional Trust Company. The plan sponsor and plan administrator are TGI, which has ultimate authorization over the plan and any amendments, plan terminations, vesting, distributions and all plan activity as it is a single employer plan. Plan forfeitures are used to either reduce employer contributions or are applied to plan fees. The plan is a defined contribution plan, which covers substantially all TGI's employees. It provides for variable contribution rates by TGI ranging from 3% to 14% of employees' eligible wages as defined in the plan document. Retirement plan expense for the years ended June 30, 2023 and 2022 amounted to $456,836 and $365,253, respectively, and is included in personnel costs in the accompanying statements of revenues, expenses and changes in net position.

Joint Industry Engineers Union Local 30 Pension Fund Plan

TGI employees who are members of the International Union of Operating Engineers ("IUOE") Local 30 participate in the IUOE Local 30 Pension Fund (the "Local 30 Pension Fund"), a non-governmental union sponsored plan with no predominant governmental employer. Only employees who are covered by TGI's collective bargaining agreement with its engineers, chiefs, apprentices, and technicians are eligible to participate in the Local 30 Pension Fund. TGI entered into the collective bargaining agreement effective July 1, 2021 which expires June 30, 2024. The Fund is administered by the Board of Trustees of the IUOE Local Pension Fund. The Local 30 Pension Fund is a cost-sharing multiemployer defined benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Participation begins after the completion of twelve (12) consecutive months' continuous union service. Voluntary employee contributions to this plan are not permitted. Participants earn pension credits throughout their career and are generally vested after they have earned 1,000 hours of work, 100 days of work, 22 weeks of work or five months of work or more in covered employment. For the year ended June 30, 2023, pension contributions of $2.18-$4.23 per hour were made to the Local 30 Pension Fund. Pension expense for the years ended June 30, 2023 and 2022 amounted to $74,569 and $53,658, respectively. As of June 30, 2023, there were 14 employees covered under this plan.

Consistent with the provisions of GASB Statement No. 78, which provides an exception for non-governmental sponsored plans, no determination of the proportionate share of the net pension liability, pension expense, or deferred outflows or inflows of resources, if any, is made for this cost-sharing defined benefit pension plan. Information regarding the Local 30 Pension Fund and the Local 30 Annuity Fund can be obtained by contacting the IUOE at 16-16 Whitestone Expressway, Whitestone, New York 11357 or visiting their website at iuoelocal30.org. The multiemployer pension plan amendments act of 1980 imposes certain liabilities upon employers associated with multiemployer pension plans who withdraw from or terminate such plans. TGI has no plans to withdraw or partially withdraw from the Plan.

Operating Engineers Local 30 Annuity Fund

TGI employees who are members of the IUOE Local 30 also are provided with annuity benefits through the IUOE Local 30 Annuity Fund (the "Local 30 Annuity Fund"). Only employees who are covered by TGI's collective bargaining agreement with its engineers, chiefs, apprentices, and technicians are eligible to participate in the Local 30 Annuity Fund. TGI entered into the collective bargaining agreement effective July 1, 2021 which expires June 30, 2024. The Local 30 Annuity Fund is a defined contribution profit

NOTE 7 – RETIREMENT PLANS (Continued)

sharing plan subject to the provisions of the ERISA, as amended. The Fund is administered by the Board of Trustees IUOE Local Annuity Fund. Participation begins when the employee becomes a member of the IUOE Local 30. For the year ended June 30, 2023, annuity contributions of $2.34-$4.56 per hour were made to the Local 30 Annuity Fund. Annuity expense for the years ended June 30, 2023 and 2022 amounted to $80,169 and $60,501, respectively. As of June 30, 2023 and 2022, there were 14 and 13 employees, respectively, covered under this plan.

NOTE 8 – CONCENTRATION OF CUSTODIAL CREDIT RISK - DEPOSITS

Financial instruments that potentially subject TGI to a concentration of custodial credit risk include cash accounts with First Republic Bank (the "Bank") that may exceed the FDIC insurance limits. As of June 30, 2023 and 2022, TGI had cash accounts with the Bank that exceeded the FDIC insurance limits by approximately $2.2 million and $6.4 million, respectively. First Republic secured a Standby Letter of Credit ("LoC") for TGI from the Federal Home Loan Bank, which guarantees the repayment of non-insured funds to municipal/public sector unit depositories. The LoC is an obligation to make payment to a third-party if a member financial institution does not perform its underlying obligation to that third-party. The LoC is written to the depositor as beneficiary. The amount of the LoCs were $11 million and $8.8 million as of June 30, 2023 and 2022, respectively.

NOTE 9 – LEASE RECEIVABLE

TGI is reporting lease receivables of $38,731,643 and $38,252,045 as of June 30, 2023 and 2022, respectively. Lease revenue was $1,128,447 and $1,013,628 and interest revenue was $2,009,463 and $1,985,715 related to lease payments received for the years ended June 30, 2023, and 2022, respectively. All of TGI's leases relate to properties on Governors Island, one for operation of a day spa and others for office space. The lease terms vary and are specific to each individual tenant.

No leases had variable payments.

Future rental payments due to TGI under non-cancelable agreements are as follows for the years ending June 30:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ (461,657)	$ 2,033,411	$ 1,571,754
2025	(439,099)	2,057,648	1,618,549
2026	(416,412)	2,080,701	1,664,289
2027	(391,110)	2,102,563	1,711,453
2028-2032	(1,542,378)	10,788,666	9,246,288
2033-2037	(912,092)	11,137,019	10,224,927
2038-2042	310,551	11,258,016	11,568,567
2043-2047	2,085,261	11,003,510	13,088,771
2048-2052	4,598,698	10,210,045	14,808,743
2053-2057	8,095,319	8,659,415	16,754,734
2058-2062	12,894,672	6,061,772	18,956,444
2063-2066	14,909,891	2,033,681	16,943,572
	$ 38,731,643	$ 79,426,447	$ 118,158,091

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. ***Contingencies for Future Audits by Governmental and Other Funding Sources***

Pursuant to TGI's contractual relationships with certain governmental and other funding sources, such funding sources have the right to examine the books and records of TGI involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

B. ***Litigation***

TGI is involved in several personal injury actions allegedly arising out of accidents and incidents occurring on or about the Project. Management believes that any liabilities arising from such claims would be covered either by indemnification protections provided in the master contract between TGI and the City, or by liability insurance/contractual indemnification of third parties, such as contractors or permits of the sites of the alleged accidents. Accordingly, management believes the potential aggregate liability for all such claims would not have a material adverse effect on TGI’s financial condition.

C. ***Facilities Management and Construction Management Services Contract***

As of July 1, 2016, TGI entered into an agreement with LiRo Program and Construction Management (“LiRo”) to provide facilities management and construction management services to assist TGI in the operation, maintenance, and redevelopment of the Island. There are two two-year options to renew the contract at TGI’s discretion. TGI has exercised the second option through June 30, 2024.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A Component Unit of The City of New York)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S REQUIRED CONTRIBUTIONS
LAST 10 FISCAL YEARS* (UNAUDITED)

Local 30 - International Union of Operating Engineers:

	2023	2022
Employer's required contribution	$ 74,569	$ 53,658
Actual contribution	$ 74,569	$ 53,658
Contribution deficiency (excess)	$ -	$ -

*A schedule of the employer's required contributions for each of the 10 most recent fiscal years should be presented as required supplementary information. However, only the last two years are presented as TGI only began employing Local 30 Union employees during the fiscal year ended June 30, 2022.