



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 With Supplementary Information
(Together with Independent Auditors' Report)**

Year Ended June 30, 2025

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)

YEAR ENDED JUNE 30, 2025

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
Required Supplementary Information (Unaudited):	
Management's Discussion and Analysis	4-9
Basic Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	13-23
Required Supplementary Information (Unaudited):	
Schedule of Employer's Required Contributions (Last 10 Fiscal Years)	24

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit 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 statement of net position as of June 30, 2025, 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, which collectively comprise TGI's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit, of TGI as of June 30, 2025, and the respective changes in net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Governors Island Alliance, Inc. d/b/a Governors Island Foundation (the "component unit"), which represents 1%, 1% and 6%, respectively of the assets, net position and revenues of the total reporting entity. These statements were audited by another auditor, whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for such component unit, are based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TGI 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.

Emphasis of Matters

Change in Reporting Entity

TGI had a change in reporting entity for the year ended June 30, 2025 for the addition of the component unit as a discretely presented component unit and had resulted in a restatement to beginning net position. This is discussed further in Note 10 to Financial Statements. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

TGI adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences* ("GASB 101"), effective July 1, 2024 and had restated its beginning net position. This is discussed further in Note 10 to financial statements. Our opinions are not modified with respect to this matter.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to 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 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 4 through 9 and the schedule of employer's required contributions on page 24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

CBIZ CPAs P.C.

New York, NY
September 30, 2025

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

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 year ended June 30, 2025. 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 statement of net position, the statement of revenues, expenses and changes in net position, the statement 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.

The financial statements also include the financial activity of the Governors Island Alliance, Inc. d/b/a Governors Island Foundation (the "Foundation"), which has an operating agreement with TGI. Through this agreement, TGI provides administrative and operating support to the Foundation, and TGI is the sole recipient of any funds raised by the Foundation. The Foundation is reported as a discretely presented component unit under the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. The operating agreement was effective November 1, 2024, prompting the Foundation to be included as a discretely presented component unit for the year ended June 30, 2025. The inclusion of the Foundation as a discretely presented component unit increased assets, net position and revenues of the financial reporting entity by \$1,080,944, \$111,977 and \$3,968,397, respectively, for the year ended June 30, 2025.

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 fifteen 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.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Organization Overview (Continued)

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.

In April 2023, TGI 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. 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 Island operations.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS

Current and Noncurrent Assets (Primary Government)

As of June 30, 2025, TGI had current assets of \$26,538,231. Current assets are presented below in greater detail and in comparison to the prior year.

			<u>Variance (%)</u>
	<u>2025</u>	<u>2024</u>	<u>2025 vs</u> <u>2024</u>
Current Assets			
Unrestricted cash and cash equivalents	\$ 3,601,121	\$ 3,398,658	6%
Restricted cash and cash equivalents	2,323,915	3,650,838	-36%
Accounts receivable	1,289,786	1,193,856	8%
Grants and contributions receivable from government sources	9,137,572	6,811,362	34%
Grants and contributions receivable from private sources	1,150,000	65,036	1668%
Short-term investments	8,903,739	7,177,313	24%
Prepaid expenses	132,098	102,960	28%
Total current assets	\$ 26,538,231	\$ 22,400,023	18%

The increase in current assets from 2024 to 2025 is a result of an increase in receivables from government and private sources and current year investment earnings.

Noncurrent Assets (Primary Government)

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, 2025 and 2024:

Capital Assets Summary	<u>2025</u>	<u>2024</u>
Beginning Balance	\$ 318,738,176	\$ 314,327,197
Additions/(Deductions), Net of Depreciation	6,223,181	4,410,979
Ending Balance	\$ 324,961,357	\$ 318,738,176

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

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, 2025, \$12,063,586 was reclassified from construction-in-progress to assets completed and in use and was comprised mainly of maritime infrastructure and utility related infrastructure.

As of June 30, 2025, total noncurrent assets consisted of capital assets, net of accumulated depreciation, of \$324,961,357 (\$550,335,498 less \$225,374,141 accumulated depreciation), security deposits of \$5,737,606 and the lease receivable of \$44,230,491. The total for security deposits includes \$5,189,005 for the Climate Exchange project. Net additions to capital assets (based on construction-in-progress) represent a 2% increase from the \$318,738,176 as of June 30, 2024, because depreciation expense did not exceed capital outlay in 2025.

Total assets as of June 30, 2025 were \$401,467,685, an increase of 4% over fiscal year 2024 primarily due to additions to construction in progress in capital assets and a new lease receivable for a lease executed with ABC & E, LLC.

Liabilities (Primary Government)

Current liabilities of \$16,229,678 were reported as of June 30, 2025, which is an increase of 19% from 2024. The increase in unearned revenues, the primary cause of the change in total liabilities, is a result of prepayments received for permits and other fees.

			Variance (%)
	2025	2024*	2025 vs 2024
Current Liabilities			
Accounts payable and accrued expenses			
Operations	\$ 4,201,386	\$ 2,821,912	
City capital	9,550,854	9,373,930	
Total accounts payable and accrued expenses	13,752,240	12,195,842	13%
Unearned revenue			
Operations	1,602,364	462,372	
Private grants	875,074	1,005,448	
Total unearned revenue	2,477,438	1,467,820	69%
Total current liabilities	16,229,678	13,663,662	19%
Noncurrent Liabilities			
Compensated absences	482,455	425,651	
Security deposits	5,692,367	5,570,988	
Total noncurrent liabilities	6,174,822	5,996,639	3%
TOTAL LIABILITIES	\$ 22,404,500	\$ 19,660,301	14%

*As restated for the effects of the adoption of GASB 101, *Compensated Absences*.

As of June 30, 2025 and 2024, TGI's total liabilities were \$22,404,500 and \$19,660,301 respectively.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Net Position (Primary Government)

Net position as of June 30, 2025 was \$341,739,669; \$324,961,357 was invested in capital assets, \$700,000 was restricted by funders for the Living Lab Program, and \$16,078,312 was unrestricted. The overall increase in net position was \$9,269,324 or 2.8%, which is discussed below.

Operating Revenues (Primary Government)

For the year ended June 30, 2025, TGI's total operating revenues of \$28,473,672 consisted of \$5,320,525 in permits and other fees income, \$1,951,800 in rental income, \$2,362,952 in interest income – leases, \$18,771,403 in operating grants and contributions, and \$66,992 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 \$945,768. 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); 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); ABC & E, LLC, a developer team creating a new dining and event space in historic Building 140; and common area maintenance charges from the Lower Manhattan Cultural Council (LMCC), which hosts an artists' studio program on the Island (Building 110) and the Harbor School, which currently occupies two buildings on the Island and is in construction on two others – renovations of a historic building and construction of a new building, both adjacent to its main location on the Island.

Overall operating revenues from permits and fees increased by 7% from 2024. Rental income including common charges increased by 22% from 2024 as a result of a new lease with ABC & E, LLC. Operating grants and contributions decreased by 5% from 2024 as the prior year included additional funding from the City for demolition of a dilapidated pier. Other operating income decreased by 92% from 2024 as a result of a settlement received for monetary damages related to a construction project in the prior year.

			<u>Variance (%)</u>
	<u>2025</u>	<u>2024</u>	<u>2025 vs 2024</u>
OPERATING REVENUES:			
Permits and other fees	\$ 5,320,525	\$ 4,957,982	7%
Rental income	1,951,800	1,598,126	22%
Interest income - leases	2,362,952	2,035,510	16%
Operating grants and contributions	18,771,403	19,754,182	-5%
Other operating income	<u>66,992</u>	<u>882,323</u>	-92%
	<u>\$ 28,473,672</u>	<u>\$ 29,228,123</u>	-3%

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(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Operating Expenses (Primary Government)

Total operating expenses of \$56,315,703 for the year ended June 30, 2025, include operations and maintenance ("O&M") of the Island property, buildings and infrastructure totaling \$14,666,034, as well as TGI's internal expenses.

			<u>Variance (%)</u>
	<u>2025</u>	<u>2024</u>	<u>2025 vs</u> <u>2024</u>
OPERATING EXPENSES:			
Operations and maintenance	\$ 14,666,034	\$ 14,656,690	0%
Personnel costs	10,045,199	9,616,480	4%
Utilities	1,515,521	1,060,440	43%
Depreciation and amortization	25,112,085	24,931,603	1%
Demolition Costs	-	3,883,132	-100%
Other general and administrative expenses	4,976,864	3,348,251	49%
TOTAL OPERATING EXPENSES	<u>\$ 56,315,703</u>	<u>\$ 57,496,596</u>	-2%
 OPERATING LOSS	 <u>\$ (27,842,031)</u>	 <u>\$ (28,268,473)</u>	 -2%

The operating loss was \$27,842,031 for the year ended June 30, 2025, and \$28,268,473 for the year ended June 30, 2024. A significant portion of TGI's 2025 and 2024 year-end operating loss is comprised of depreciation and amortization, which is a noncash item.

O&M, representing 26% of total operating expenses (47% excluding depreciation expense), includes ferry, security, grounds keeping, janitorial, building repairs, maritime infrastructure repairs, and other essential services. TGI personnel costs were \$10,045,199, an increase of 4% from 2024. Demolition costs were \$0, a decrease of 100% from 2024 as a result of the emergency demolition of Tango Pier in the prior year. Other general and administrative expenses were \$4,976,864, an increase of 49% from 2024 as a result of the operating agreement that began in 2025 with the Foundation to provide operational and administrative support.

Nonoperating Revenues (Primary Government)

Nonoperating revenues totaled \$37,111,355 and \$37,018,795 for the years ended June 30, 2025 and 2024, respectively. The increase in capital grants and contributions from private sources of 96% from 2024 is a result of additional contributions received from the Foundation pursuant to an operating agreement executed during the year.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

			<u>Variance (%)</u>
	<u>2025</u>	<u>2024*</u>	<u>2025 vs 2024</u>
NONOPERATING REVENUES:			
Capital grants and contributions			
from government sources	\$ 32,063,377	\$ 34,276,671	-6%
Capital grants and contributions from			
private sources	4,448,533	2,269,888	96%
Contribution in-kind	-	49,177	-100%
Loss on capital asset disposal	(14,463)	-	
Investment income	613,908	423,059	45%
	<u>\$ 37,111,355</u>	<u>\$ 37,018,795</u>	0%
 Change in net position	 \$ 9,269,324	 \$ 8,750,322	 6%
Net position - beginning of year	<u>332,470,345</u>	<u>323,720,023</u>	3%
Net position - end of year*	<u>\$ 341,739,669</u>	<u>\$ 332,470,345</u>	3%

*As restated for the effects of the adoption of GASB 101, *Compensated Absences*.

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, 2025

	<u>Primary Government</u>	<u>Component Unit Foundation</u>	<u>Total Reporting Entity</u>
ASSETS			
Current assets			
Unrestricted cash and cash equivalents (Notes 2F and 7)	\$ 3,601,121	\$ 909,888	\$ 4,511,009
Restricted cash and cash equivalents (Notes 2F, 2G and 7)	2,323,915	-	2,323,915
Accounts receivable	1,289,786	-	1,289,786
Grants and contributions receivable from government sources	9,137,572	-	9,137,572
Grants and contributions receivable from private sources	1,150,000	28,407	1,178,407
Short-term investments (Notes 2G, 2H and 3)	8,903,739	-	8,903,739
Prepaid expenses	132,098	136,265	268,363
Total current assets	<u>26,538,231</u>	<u>1,074,560</u>	<u>27,612,791</u>
Noncurrent assets			
Security deposits held	5,737,606	-	5,737,606
Lease receivable (Notes 2E and 8)	44,230,491	-	44,230,491
Capital assets, net of accumulated depreciation (Notes 2H and 4)	<u>324,961,357</u>	<u>6,384</u>	<u>324,967,741</u>
Total noncurrent assets	<u>374,929,454</u>	<u>6,384</u>	<u>374,935,838</u>
Total assets	<u>\$ 401,467,685</u>	<u>\$ 1,080,944</u>	<u>\$ 402,548,629</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ 13,752,240	\$ 701,044	\$ 14,453,284
Unearned revenue (Notes 2D and 5)	<u>2,477,438</u>	<u>267,923</u>	<u>2,745,361</u>
Total current liabilities	<u>16,229,678</u>	<u>968,967</u>	<u>17,198,645</u>
Noncurrent liabilities			
Compensated Absences (Note 10)	482,455	-	482,455
Security deposits	<u>5,692,367</u>	<u>-</u>	<u>5,692,367</u>
Total noncurrent liabilities	<u>6,174,822</u>	<u>-</u>	<u>6,174,822</u>
Total liabilities	<u>22,404,500</u>	<u>968,967</u>	<u>23,373,467</u>
Deferred inflows of resources			
Leases (Note 2E)	<u>37,323,516</u>	<u>-</u>	<u>37,323,516</u>
NET POSITION (Note 2J)			
Invested in capital assets	324,961,357	-	324,961,357
Restricted for Living Lab Program	700,000	-	700,000
Unrestricted	<u>16,078,312</u>	<u>111,977</u>	<u>16,190,289</u>
Total net position	<u>341,739,669</u>	<u>111,977</u>	<u>341,851,646</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 401,467,685</u>	<u>\$ 1,080,944</u>	<u>\$ 402,548,629</u>

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 YEAR ENDED JUNE 30, 2025

	<u>Primary Government</u>	<u>Component Unit Foundation</u>	<u>Total Reporting Entity</u>
OPERATING REVENUES:			
Permits and other fees	\$ 5,320,525	\$ 1,129,701	\$ 6,450,226
Rental income (Notes 2E and 8)	1,951,800	-	1,951,800
Interest income - Leases (Notes 2E and 8)	2,362,952	-	2,362,952
Operating grants and contributions (Notes 2E and 5)	18,771,403	2,774,858	21,546,261
In-kind contributions	-	55,841	55,841
Other operating income	66,992	7,997	74,989
TOTAL OPERATING REVENUES	<u>28,473,672</u>	<u>3,968,397</u>	<u>32,442,069</u>
OPERATING EXPENSES:			
Operations & maintenance (Note 9C)	14,666,034	-	14,666,034
Personnel costs (Note 6)	10,045,199	857,426	10,902,625
Utilities	1,515,521	-	1,515,521
Depreciation and amortization (Note 4)	25,112,085	4,766	25,116,851
Program grants	-	2,573,401	2,573,401
Other general and administrative expenses	4,976,864	847,087	5,823,951
TOTAL OPERATING EXPENSES	<u>56,315,703</u>	<u>4,282,680</u>	<u>60,598,383</u>
OPERATING LOSS	<u>(27,842,031)</u>	<u>(314,283)</u>	<u>(28,156,314)</u>
NONOPERATING REVENUES:			
Capital grants and contributions from government sources (Notes 2D and 5)	32,063,377	-	32,063,377
Capital grants and contributions from private sources (Note 2D)	4,448,533	-	4,448,533
Loss on capital asset disposal	(14,463)	-	(14,463)
Investment income	613,908	-	613,908
TOTAL NONOPERATING REVENUES	<u>37,111,355</u>	<u>-</u>	<u>37,111,355</u>
CHANGE IN NET POSITION	9,269,324	(314,283)	8,955,041
Net position, beginning of year - as previously reported	<u>332,672,184</u>	<u>-</u>	<u>332,672,184</u>
Change in Accounting Principle (Note 10)	(201,839)	-	(201,839)
Change in Reporting Entity (Note 10)	<u>-</u>	<u>426,260</u>	<u>426,260</u>
Net position, beginning of year - as restated	<u>332,470,345</u>	<u>426,260</u>	<u>332,896,605</u>
NET POSITION, END OF YEAR	<u>\$ 341,739,669</u>	<u>\$ 111,977</u>	<u>\$ 341,851,646</u>

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash receipts from:	
Customer payments	\$ 8,852,847
Operating grants and contributions	19,196,525
Other receipts	54,613
Total cash receipts from operating activities	<u>28,103,985</u>
Cash payments for:	
Personnel costs	(9,989,324)
Services and supplies	(19,807,154)
Total cash payments for operating activities	<u>(29,796,478)</u>
Net Cash Used in Operating Activities	<u>(1,692,493)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants and contributions from government sources	29,489,784
Capital grants and contributions from private sources	3,363,569
Purchase of capital assets	<u>(31,172,802)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>1,680,551</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(1,726,426)
Investment earnings	613,908
Net Cash Used in Investing Activities	<u>(1,112,518)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (1,124,460)

Cash and cash equivalents - beginning of year 7,049,496

CASH AND CASH EQUIVALENTS—END OF YEAR \$ 5,925,036

RECONCILIATION OF OPERATING LOSS TO CASH FLOWS USED IN OPERATING ACTIVITIES:

Operating loss	\$ (27,842,031)
Adjustments to reconcile operating loss to cash flows used in operating activities:	
Depreciation and amortization	25,112,085
Bad debt	10,703
Changes in operating assets and liabilities:	
Accounts receivable	(106,633)
Grants and contributions receivable from government sources	117,006
Prepaid expenses	(29,138)
Security deposits held	(133,758)
Lease receivable	(5,037,191)
Accounts payable and accrued expenses	1,581,313
Unearned revenue	1,139,992
Security deposits	121,379
Compensated absences	56,804
Deferred inflow of resources	3,518,815
Opening balance adjustment for GASB 101	<u>(201,839)</u>
Net Cash Used in Operating Activities	<u>\$ (1,692,493)</u>

RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:

Unrestricted cash and cash equivalents	\$ 3,601,121
Restricted cash and cash equivalents	<u>2,323,915</u>

CASH AND CASH EQUIVALENTS—END OF YEAR \$ 5,925,036

Supplemental Disclosure of Cash Flow Information:

Noncash capital and related financing transactions:	
Accrued capital asset expenditures	<u>\$ 9,550,854</u>

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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 annual comprehensive financial report pursuant to Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, as amended. The component unit discussed in Note 2 is included in TGI’s reporting entity because of the significance of its financial relationship to TGI.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Financial Reporting Entity*

In evaluating how to define TGI for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. A component unit is a legally separate entity that meets any one of the following requirements:

- The primary government appoints the voting majority of the Board of the potential component unit and is able to impose its will on the entity and/or is in a relationship of financial benefit or burden with the entity;
- The potential component unit is fiscally dependent upon the primary government; or
- The financial statements of the primary government would be misleading if data from the potential component unit were not included.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. *Financial Reporting Entity (continued)*

There are additional criteria to be considered in determining the nature and significance of a relationship of a legally separate, tax-exempt entity with the primary government. These criteria, all of which must be met for inclusion of such an entity as a component unit, are as follow:

- Economic resources received or held by the separate organizations are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Based on the application of these criteria, the Governors Island Alliance, Inc. d/b/a the Governors Island Foundation (the “Foundation”) is component unit of TGI. It was determined that the Foundation is a discretely presented component unit. These criteria had been met from the Foundation’s operating agreement with the Trust, in which, TGI is the sole recipient of the funds raised by the Foundation and the amounts contributed to TGI amounted to approximately \$2,700,000 for the year ended June 30, 2025.

The Foundation is a tax-exempt, 501(c)3, founded in 1995. The mission of the Foundation is to secure philanthropic support to strengthen Governors Island as a vibrant resource for all New Yorkers. As the dedicated fundraising partner to TGI, the Foundation works with visionary supporters to fund inspiring public art projects and cultural experiences, enhance the award winning park, generate solutions to the climate crisis, and advance broader initiatives that support the Island’s continued role as a public destination.

B. *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.

C. *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 other general and administrative costs.

D. *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.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. *Grants and Contributions (Continued)*

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.

E. *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.

The Foundation has donated space for the year ended June 30, 2025, thus, is exempted from the recognition of a right-of-use asset and lease liability.

F. *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.

G. *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.

H. *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.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. *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

The Foundation capitalizes property and equipment equal to or in excess of \$2,500 with a useful life of two years or more, unless such property is funded by a grantor, and the grantor retains title to the property and equipment.

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

Buildings	5 years
Computers	3 years
Furniture, fixtures and equipment	5 years

J. *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.

K. *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.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Recent Accounting Pronouncements

- 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 adopted GASB 101 for the year ended June 30, 2025. The effects of the adoption are disclosed in Note 10 to Financial Statements.
- GASB Statement No. 102, *Certain Risk Disclosures* (“GASB 102”), has been issued to provide users of governmental financials statement with essential information about risk related to a government’s vulnerabilities to certain concentrations or constraints. GASB 102 requires that governments assess whether a concentration or constraint makes the primary government reporting unit or other units that report a liability for revenue debt vulnerable to the risk of a substantial impact. GASB 102 also requires the government to assess whether an event or events associated with a concentration or constraint that could the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If the government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose the information in the notes to financial statements. The requirements of GASB 102 are effective for fiscal years beginning after June 15, 2024. TGI has adopted GASB 102 for the year ended June 30, 2025 and determined there is no impact and no disclosures were required.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, (“GASB 103”), has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. GASB 103 describes changes to the information presented in management’s discussion and analysis (MD&A), while stressing and emphasizing information included within. Additionally, GASB 103 provides the description on unusual or infrequent items, and their reporting requirements. GASB 103 also provides guidance on other reporting requirements inclusive of the presentation of the Proprietary Fund statement of revenues, expenses and changes in fund net position; major component unit information and budgetary comparison information. The requirements of GASB 103 are effective for fiscal years beginning after June 15, 2024. TGI has not completed its evaluation of GASB 103.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets* (“GASB 104”), has been issued to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and compatibility between governments. The requirements of GASB 104 are effective for fiscal years beginning after June 15, 2025. TGI has not completed its evaluation of GASB 104.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

TGI's investments consisted of the following at June 30, 2025:

Fixed Income:	
Corporate – U.S.	\$ 4,179,887
U.S. Government	4,448,085
Mutual Funds	<u>275,767</u>
	<u><u>\$ 8,903,739</u></u>

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 and NASDAQ 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 fixed income are valued using market prices in active markets and mutual funds are valued at their daily closing value, at which is the price they are offered for sale (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 investment valuations are obtained through other observable inputs.

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, 2025, are invested in domestic corporate and U.S. Government Bonds, and fixed-income mutual funds. The bonds have various expiration dates through 2027. The average duration for the two fixed-income mutual funds is less than two years.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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, 2025, 3% consist of fixed-income mutual funds and 97% consist of fixed income bonds.

All financial assets carried at fair value at June 30, 2025 are classified in the fair value hierarchy at Level 1 & Level 2:

	<u>Total</u>
Investments:	
Level 1	\$ 8,834,552
Level 2	<u>69,187</u>
Total investments	<u>\$ 8,903,739</u>

NOTE 4 – CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2025 reflect the level 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, 2025 for TGI were as follows:

	<u>Balance on June 30, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance on June 30, 2025</u>
Land	\$ 1	\$ -	\$ -	\$ 1
Site Improvements	405,834,993	11,896,468	-	417,731,461
Vessels	18,765,540	-	-	18,765,540
Equipment	3,133,315	100,062	(35,080)	3,198,297
Vehicles	736,801	114,260	-	851,061
Software	97,930	-	-	97,930
Total Project Assets	<u>428,568,580</u>	<u>12,110,790</u>	<u>(35,080)</u>	<u>440,644,290</u>
Less: Accumulated Depreciation				
Site Improvements	(186,208,368)	(23,197,734)	-	(209,406,102)
Vessels	(10,826,434)	(1,638,108)	-	(12,464,542)
Equipment	(2,587,707)	(214,748)	14,463	(2,787,992)
Vehicles	(632,284)	(24,772)	-	(657,056)
Software	(27,882)	(30,566)	-	(58,448)
Total Accumulated Depreciation	<u>(200,282,675)</u>	<u>(25,105,928)</u>	<u>14,463</u>	<u>(225,374,140)</u>
Construction-in-Progress	90,452,271	31,302,522	(12,063,586)	109,691,207
Net Project Assets	<u>\$ 318,738,176</u>	<u>\$ 18,307,384</u>	<u>\$ (12,084,203)</u>	<u>\$ 324,961,357</u>

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 – CAPITAL ASSETS (Continued)

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 \$9,550,854 were accrued as of June 30, 2025, 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.

The changes in capital assets for the year ended June 30, 2025 for the Foundation were as follows:

	Balance on June 30, 2024	Additions	Deductions	Balance on June 30, 2025
Buildings	\$ 88,154	\$ -	\$ -	\$ 88,154
Computers	5,894	-	-	5,894
Furniture, fixtures and equipment	25,431	-	-	25,431
Total Capital Assets	119,479	-	-	119,479
Less: Accumulated Depreciation				
Buildings	(88,154)	-	-	(88,154)
Computers	(2,825)	(1,892)	-	(4,717)
Furniture, fixtures and equipment	(17,350)	(2,874)	-	(20,224)
Total Accumulated Depreciation	(108,329)	(4,766)	-	(113,095)
Net Capital Assets	<u>\$ 11,150</u>	<u>\$ (4,766)</u>	<u>\$ -</u>	<u>\$ 6,384</u>

NOTE 5 – CONTRIBUTIONS

During the year ended June 30, 2025, TGI recognized the amount spent for eligible capital project costs totaling \$32,063,377, as capital grants and contributions in the accompanying statement of revenues, expenses and changes in net position while the unspent funds at year-end are included in unearned revenue in the accompanying statement of net position.

Revenues from operating and capital grants from the City amounted to \$50,834,780 for the year ended June 30, 2025. Such amount represented approximately 78% of total revenues for the year ended June 30, 2025.

NOTE 6 – RETIREMENT PLANS

As of February 1, 2021, TGI participates in a single employer retirement plan through Voya Institutional Trust Company, a retirement insurance and annuity company. (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 12% of employees' eligible wages as defined in the plan document. Retirement plan expense for the year ended June 30, 2025 amounted to \$521,530, and is included in personnel costs in the accompanying statement of revenues, expenses and changes in net position.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – RETIREMENT PLANS (Continued)

International Union of Operating Engineers Local 30 Pension Fund

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, 2024 through June 30, 2028. 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, 2025, pension contributions of \$2.55-\$4.96 per hour, were made to the Local 30 Pension Fund. Pension expense for the year ended June 30, 2025 amounted to \$96,791. As of June 30, 2025, there were 13 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 <https://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.

International Union of 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, 2024 through June 30, 2028. The Local 30 Annuity Fund is a defined contribution profit 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, 2025, annuity contributions of \$2.61-\$5.10 per hour, were made to the Local 30 Annuity Fund. Annuity expense for the year ended June 30, 2025 amounted to \$98,015. As of June 30, 2025, there were 13 employees covered under this plan.

Governors Island Alliance, Inc., d/b/a Governors Island Foundation

Until October 31, 2024, the Foundation’s staff participated in a defined contribution 401(k) thrift retirement plan (the “Plan”). The Plan covered all eligible employees and allowed for voluntary contributions by Plan participants. Employees were eligible after one year of service, and the Foundation contributed 3% of employee compensation.

Effective with the execution of the Operating Agreement with TGI, the Foundation staff became eligible to participate in a defined contribution 403 (b) retirement plan (the “403 (b) Plan”). It provides for variable contribution rates by TGI ranging from 3% to 1% of employees’ compensation. Contributions become fully vested after the 4th year of participation in the 403 (b) Plan.

The Foundation’s total contributions to the plans for the year ended June 30, 2025 were \$30,135.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – CONCENTRATION OF CUSTODIAL CREDIT RISK - DEPOSITS

Financial instruments that potentially subject TGI to a concentration of custodial credit risk include cash accounts with J.P. Morgan Chase (the “Bank”) that may exceed the FDIC insurance limits. TGI has a Custodial Undertaking Agreement with the Bank, through which TGI's deposits are collateralized. The total is net of any applicable FDIC coverage. As of June 30, 2025, TGI's cash accounts were fully covered through the FDIC limit on each account plus the collateral segregated on TGI's behalf. In addition, First Republic Bank, now part of J.P. Morgan Chase, 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 a beneficiary. The amount of the LoC is \$11 million for the year ended June 30, 2025.

The Foundation maintains bank accounts at a financial institution insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000. From time to time, the total cash balance exceeds the insured amounts. Management believes that credit risk related to these accounts is minimal.

NOTE 8 – LEASE RECEIVABLE

TGI had lease receivables of \$44,230,491 as of June 30, 2025. Lease revenue was \$1,951,800 and interest revenue was \$2,362,952 related to lease payments received for the year ended June 30, 2025. All of TGI's leases relate to properties on Governors Island, one for operation of a day spa, others for office space, and one for dining/event 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			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	(574,132)	2,380,626	1,806,494
2027	(601,591)	2,413,043	1,811,452
2028	(569,330)	2,447,047	1,877,717
2029	(518,512)	2,479,311	1,960,799
2030	(455,457)	2,508,686	2,053,229
2031-2035	(1,547,143)	12,868,077	11,320,934
2036-2040	(315,845)	13,160,123	12,844,278
2041-2045	1,397,407	13,077,139	14,474,546
2046-2050	3,854,521	12,458,766	16,313,287
2051-2055	7,308,327	11,078,993	18,387,320
2056-2060	12,091,615	8,635,315	20,726,930
2061-2065	18,641,837	4,724,486	23,366,323
2066-2070	5,518,794	387,500	5,906,294
	<u>\$ 44,230,491</u>	<u>\$ 88,619,112</u>	<u>\$ 132,849,603</u>

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – 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, lessees, or permittees at 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 and a third one-year option to renew the contract at TGI's discretion. TGI had exercised the third option through June 30, 2025. TGI entered into the Ninth Amendment to the agreement for facilities management and construction management services. This Ninth Amendment is made as of June 26, 2025 and modifies the July 1, 2016 agreement for facilities management and construction management services and extends the contract through the close out of all services.

NOTE 10 – RESTATEMENTS

The Trust's employees earn vacation and sick leave, which accumulates as it is earned. In accordance with GASB 101, a liability is recorded for leave balances that are expected to be used or paid upon separation. At June 30, 2025, the liability for compensated absences was \$482,455. The Trust has adopted GASB 101 for the year ended June 30, 2025 requiring a retroactive adjustment to the prior period to increase the prior period compensated absences balance by \$201,839. As a result, the opening net position of the earliest period presented was restated, as of July 1, 2024 by a decrease of \$201,839.

Effective November 1, 2024, TGI entered into an operating agreement with the Foundation, whereas TGI provides administrative and operational support to the Foundation, and TGI became the sole recipient of any funds raised by the Foundation. The Foundation is required to be reported as a component unit under the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. As a result, the net position was restated, as of July 1, 2024 by an increase of \$426,260.

This change in reporting entity and accounting principle has resulted in an adjustment to the net position as of July 1, 2024 of the reporting entity as shown in the table below:

Net Position as of July 1, 2024 - as previously stated	\$ 332,672,184
Prior period adjustment for GASB 101	(201,839)
Prior period adjustment for change in reporting entity	426,260
Net Position as of July 1, 2024 – as restated	<u>\$ 332,896,605</u>

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(A Component Unit of The City of New York)

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

International Union of Operating Engineers Local 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Employer's required contribution	\$ 96,791	\$ 89,619	\$ 74,569	\$ 53,668
Actual contribution	\$ 96,791	\$ 89,619	\$ 74,569	\$ 53,668
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 four years are presented as TGI only began employing Local 30 Union employees during the fiscal year ended June 30, 2022.