# BROOKLYN BRIDGE PARK CORPORATION
# (D/B/A BROOKLYN BRIDGE PARK)
# (A COMPONENT UNIT OF THE CITY OF NEW YORK)

## Financial Statements
## (Together with Independent Auditors' Report)

## Years Ended June 30, 2023 and 2022

**BROOKLYN BRIDGE PARK CORPORATION**
**(D/B/A BROOKLYN BRIDGE PARK)**
**(A COMPONENT UNIT OF THE CITY OF NEW YORK)**

**FINANCIAL STATEMENTS**
**(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2023 AND 2022**

**CONTENTS**


| | Page |
|---|---|
| Independent Auditors' Report | 1-2 |
| Management's Discussion and Analysis (Unaudited) | 3-7 |
| **Basic Financial Statements:** | |
| Statements of Net Position | 8 |
| Statements of Revenues, Expenses and Changes in Net Position | 9 |
| Statements of Cash Flows | 10 |
| Notes to Financial Statements | 11-21 |

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park)

***Opinion***

We have audited the financial statements of Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park) ("BBP"), 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net position of BBP as of June 30, 2023 and 2022, and the changes in its 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 BBP 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 the BBP'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.

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***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.

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 BBP'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 BBP'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 7 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 audits 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
October 4, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is an overview of the financial activities of Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park), ("BBP"), a component unit of The City of New York (the "City") for the years ended June 30, 2023 and 2022.

The financial statements consist of two parts: management's discussion and analysis (this section) and the financial statements. 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.

## FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS

### ORGANIZATION OVERVIEW

BBP is the entity responsible for the planning, construction, maintenance and operation of Brooklyn Bridge Park (the "Park"), an 85-acre sustainable waterfront park stretching 1.3 miles along Brooklyn's East River shoreline. BBP was incorporated in June 2010 under the New York State Not-for-Profit Laws and began operating on July 29, 2010 when it acquired control of, and responsibility for, the Park via a 99-year master ground lease from Brooklyn Bridge Park Development Corporation ("BBPDC"), a subsidiary of the Empire State Development Corporation. BBP is governed by a 17-member board of directors appointed by the Mayor of New York City, eight of whom are nominated by the Governor of New York State and local elected officials.

BBP operates under a mandate to be financially self sustaining. This mandate was memorialized in the Memorandum of Understanding signed by Governor George Pataki and Mayor Michael Bloomberg in 2002 that created BBP. While a small fraction of the required operations and maintenance funds for the Park will be collected from concessions located throughout the Park, the majority of the funds will come from a limited number of revenue-generating development sites within the project's footprint. The development program was determined after an in-depth analysis of the potential development types and locations. The analysis focused on finding uses that would (1) generate sufficient revenue to support park operations, (2) minimize the size of the required development footprint, and (3) be compatible with the surrounding park and neighborhood uses. Development locations were chosen to (1) take advantage of the existing urban context by concentrating development on the city side of the site, particularly around the park entrances (2) maintain the protected view corridor from the Brooklyn Heights Promenade, and (3) create vital, active urban junctions at each of the Park's three main entrances.

### FISCAL YEAR 2023 FINANCIAL HIGHLIGHTS:

Pursuant to its funding between the City and the New York City Department of Parks and Recreation ("DPR"), during the year ended June 30, 2023, BBP spent $47,200 on eligible project costs. Since June 30, 2011, BBP processed the eighth through twenty-first funding agreements. These agreements revised the total amounts from $132,111,000 to $292,572,000, respectively. During the year ended June 30, 2022, BBP spent $3,236,398 on eligible project costs.

## FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes the activities of BBP for the years ended June 30:

| | | | | Variance (%) | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2023 vs 2022 | 2022 vs 2021 |
| **OPERATING REVENUES:** | | | | | |
| Permits and fees | $ 1,887,975 | $ 1,987,080 | $ 902,493 | -5% | 120% |
| PILOT payments and ground lease rents | 20,257,185 | 18,438,711 | 17,063,297 | 10% | 8% |
| Interest income - Leases | 8,335,024 | 8,095,978 | 6,954,785 | 3% | 16% |
| Total operating revenues | 30,480,184 | 28,521,769 | 24,920,575 | 7% | 14% |
| **OPERATING EXPENSES:** | | | | | |
| Personnel costs | 6,873,018 | 6,603,833 | 6,591,205 | 4% | 0% |
| Utilities, repairs and maintenance and security | 5,646,120 | 6,503,496 | 6,814,934 | -13% | -5% |
| Professional fees | 1,568,346 | 1,298,323 | 1,212,741 | 21% | 7% |
| Depreciation and amortization | 21,447,070 | 17,386,006 | 15,887,012 | 23% | 9% |
| Other general, administrative and other project expenses | 3,023,326 | 1,702,660 | 1,372,533 | 78% | 24% |
| Total operating expenses | 38,557,880 | 33,494,318 | 31,878,425 | 15% | 5% |
| Operating loss | (8,077,696) | (4,972,549) | (6,957,850) | 62% | -29% |
| **NONOPERATING REVENUES:** | | | | | |
| Capital and other contributions | 47,200 | 3,236,398 | 4,281,494 | -99% | -24% |
| Interest and other income | 982,887 | 7,888 | 75,404 | 12361% | -90% |
| Total nonoperating revenues | 1,030,087 | 3,244,286 | 4,356,898 | -68% | -26% |
| Changes in net position | (7,047,609) | (1,728,263) | (2,600,952) | 308% | -34% |
| Net position - beginning of year | 386,678,411 | 388,406,674 | 391,007,626 | 0% | -1% |
| Net position - end of year | $ 379,630,802 | $ 386,678,411 | $ 388,406,674 | -2% | 0% |

## OPERATING REVENUES:

**FY2023 VS FY2022**

The operating revenues for the year ended June 30, 2023, increased by $1,958,415 from $28,521,769 to $30,480,184. This increase is primarily attributable to higher payments in lieu of real estate taxes ("PILOT"), lease revenues, and lease related interest income.

**FY2022 VS FY2021**

The operating revenues for the year ended June 30, 2022 increased by $3,601,194 from $24,920,575 to $28,521,769. This increase is primarily attributable to the post-COVID-19 normalization of permit and concession revenues, as well as a Payment in Lieu of Mortgage Recording Tax (PILOMRT) payment totaling $707,336 pursuant to the lease agreements with developers of the Pier 6 development site. Also attributing to the increase in revenues were higher payments in lieu of real estate taxes ("PILOT"), lease revenues, and lease related interest income.

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)**

**FY2023 vs. FY2022**

BBP's operating expenses increased from the year ended June 30, 2022 by $5,063,562 from $33,494,318 to $38,557,880. Depreciation expenses increased from $17,386,006 to $21,447,070 due to improvements on existing park assets and marine infrastructure. The increase in general and administrative expenses is largely attributable to a one-time, $1,260,000 purchase of wetland mitigation bank credits, associated with improvements to the Park's maritime infrastructure.

**FY2022 vs. FY2021**

BBP's operating expenses increased from the year ended June 30, 2021 by $1,615,893 from $31,878,425 to $33,494,318. Depreciation expense increased from $15,887,012 to $17,386,006 due to improvements on existing park assets and marine infrastructure. The increase in general and administrative expenses is largely attributable to increases in park equipment and supplies.

**NONOPERATING REVENUES:**

***FY2023 vs. FY2022***

BBP's nonoperating revenues decreased from the year ended June 30, 2022 by $2,214,199 from $3,244,286 to $1,030,087. BBP recognizes capital funding as revenue when eligible projects costs are incurred. Therefore, the decrease in capital contributions correlates to a corresponding decrease in capital projects in the current year (see Note 5).

**FY2022 vs. FY2021**

BBP's nonoperating revenues decreased from the year ended June 30, 2021, by $1,112,612 from $4,356,898 to $3,244,286. BBP recognizes capital funding as revenue when eligible projects costs are incurred. Therefore, the decrease in capital contributions correlates to a corresponding decrease in capital projects in the current year (see Note 5).

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)**

The following summarizes BBP's assets, liabilities, and net position as of June 30:

| | | | | Variance ($) | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2023 vs 2022 | 2022 vs 2021 |
| **ASSETS:** | | | | | |
| Unrestricted cash and cash equivalents | $ 33,138,432 | $ 44,962,835 | $ 33,882,116 | $ (11,824,403) | $ 11,080,719 |
| Restricted cash and cash equivalents | 18,597,992 | 14,629,704 | 63,765,201 | 3,968,288 | (49,135,497) |
| Accounts receivable | 296,945 | 387,310 | 248,558 | (90,365) | 138,752 |
| Long-term investments | 18,840,661 | 27,615,271 | 27,638,074 | (8,774,610) | (22,803) |
| Prepaid expenses | 179,205 | 127,260 | 121,096 | 51,945 | 6,164 |
| Leases receivable | 133,394,974 | 130,051,134 | 126,812,473 | 3,343,840 | 3,238,661 |
| Capital assets, net | 307,945,271 | 314,195,671 | 284,657,791 | (6,250,400) | 29,537,880 |
| Total Assets | $ 512,393,480 | $ 531,969,185 | $ 537,125,309 | $ (19,575,705) | $ (5,156,124) |
| **LIABILITIES:** | | | | | |
| Accounts payable and accrued expenses | $ 5,200,426 | $ 16,211,843 | $ 14,712,196 | $ (11,011,417) | $ 1,499,647 |
| Security deposits | 7,596,377 | 7,442,423 | 7,366,056 | 153,954 | 76,367 |
| Unearned revenue | 946,572 | 910,262 | 4,189,411 | 36,310 | (3,279,149) |
| Total Liabilities | 13,743,375 | 24,564,528 | 26,267,663 | (10,821,153) | (1,703,135) |
| Deferred inflows of resources | | | | | |
| Leases | 119,019,303 | 120,726,246 | 122,450,972 | (1,706,943) | (1,724,726) |
| **NET POSITION:** | | | | | |
| Invested in capital assets | 307,945,271 | 314,195,671 | 284,657,791 | (6,250,400) | 29,537,880 |
| Restricted for capital projects | 13,688,590 | - | 46,313,117 | 13,688,590 | (46,313,117) |
| Unrestricted | 57,996,941 | 72,482,740 | 57,435,766 | (14,485,799) | 15,046,974 |
| Total Net Position | 379,630,802 | 386,678,411 | 388,406,674 | (7,047,609) | (1,728,263) |
| Total Liabilities and Net Position | $ 512,393,480 | $ 531,969,185 | $ 537,125,309 | $ (19,575,705) | $ (5,156,124) |

***FY2023 vs. FY2022***

At June 30, 2023, BBP maintained total assets of $512,393,480 which was $19,575,705 lower than total assets of $531,969,185 as of June 30, 2022.

BBP's current assets as of the fiscal year ended June 30, 2022 were $60,107,109 and such amounts decreased by $7,894,535 to $52,212,574. Bank deposits, consisting of unrestricted and restricted cash and cash equivalents decreased by $7,856,115 to $51,736,424 as compared to bank deposits of $59,592,539 held at June 30, 2022. BBP receives operating cash from permits, concessions, and leases. Funding from the DPR was used for capital assets while the operating funding is used for personnel services and daily maintenance and operations of the Park. The decrease in restricted and unrestricted cash is net of these costs used to build and maintain the Park.

BBP's noncurrent assets as of the fiscal year ended June 30, 2022, were $471,862,076 and such amounts decreased by $11,681,170 to $460,180,906 (representing 90% of total assets) as of June 30, 2023. Such amounts consist of long-term investments, leases receivable and capital assets and include site improvements of $381,936,288 for improvements to BBP's maritime infrastructure, Pier 2 Uplands, Pier 3, Pier 2, Pier 3/4 uplands, Pier 4 beach, Pier 5, Pier 6, and the Main and John Street sections of the Park. Other amounts for Building, improvements, and carousel of $41,809,180 include the new Squibb Bridge, our Maintenance and Operations facility, Boathouse, Pier 6 Warming Hut, Jane's Carousel, and the educational facility at 99 Plymouth Street. A remaining amount of $4,162,068 was for construction in progress.

**FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)**

At June 30, 2023, BBP maintained long term investments valued at $18,840,661 in accordance with BBP's investment policy (See Note 3).

The decrease in total liabilities of $10,821,153 from June 30, 2022 to June 30, 2023, is primarily due to decreases in accounts payable and accrued expenses.

Net position as of June 30, 2023, was $379,630,802 of which $307,945,271 was invested in capital assets, $13,688,590 was restricted and $57,996,941 was unrestricted.

**FY2022 vs. FY2021**

At June 30, 2022, BBP maintained total assets of $531,969,185 which was $5,156,124 lower than total assets of $537,125,309 as of June 30, 2021.

BBP's current assets as of the fiscal year ended June 30, 2021 were $98,016,971 and such amounts decreased by $37,909,862 to $60,107,109. Bank deposits, consisting of unrestricted and restricted cash and cash equivalents, decreased by $38,054,778 to $59,592,539 as compared to bank deposits of $97,647,317 held at June 30, 2021. BBP receives operating cash from permits, concessions, and leases. Funding from the DPR was used for capital assets while the operating funding is used for personnel services and daily maintenance and operations of the Park. The decrease in restricted and unrestricted cash is net of these costs used to build and maintain the Park.

BBP's noncurrent assets as of the fiscal year ended June 30, 2021 were $439,108,338 and such amounts increased by $32,753,738 to $471,862,076 (representing 89% of total assets) as of June 30, 2022. Such amounts consist of long-term investments, leases receivable and capital assets and include site improvements of $319,506,501 for improvements to BBP's maritime infrastructure, Pier 2 Uplands, Pier 3, Pier 2, Pier 3/4 Uplands, Pier 4 beach, Pier 5, Pier 6, and the Main and John Street sections of the Park. Other amounts for building, improvements, and carousel of $41,809,180 include the new Squibb Bridge, our Maintenance and Operations facility, Boathouse, Pier 6 Warming Hut, Jane's Carousel, and the educational facility at 99 Plymouth Street. A remaining amount of $51,865,764 was for construction in progress.

At June 30, 2022, BBP maintained long-term investments valued at $27,615,271 in accordance with BBP's investment policy (See Note 3).

The decrease in total liabilities of $1,703,135 from June 30, 2021 to June 30, 2022 is primarily due to decreases in accounts payable and unearned revenue.

Net position as of June 30, 2022 was $386,678,411 of which $314,195,671 was invested in capital assets, $13,688,590 was restricted and $72,482,740 was unrestricted.

****END****

**BROOKLYN BRIDGE PARK CORPORATION**
**(D/B/A BROOKLYN BRIDGE PARK)**
**(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) | $ 33,138,432 | $ 44,962,835 |
| Restricted cash and cash equivalents (Notes 2E, 2F and 8) | 18,597,992 | 14,629,704 |
| Accounts receivable (Note 2D) | 296,945 | 387,310 |
| Prepaid expenses | 179,205 | 127,260 |
| **Total current assets** | 52,212,574 | 60,107,109 |
| **Noncurrent assets:** | | |
| Long-term investments (Notes 2G and 3) | 18,840,661 | 27,615,271 |
| Leases receivable (Notes 2D and 6) | 133,394,974 | 130,051,134 |
| Capital assets, net of accumulated depreciation (Notes 2H, 4 and 5B) | 307,945,271 | 314,195,671 |
| **Total noncurrent assets** | 460,180,906 | 471,862,076 |
| **TOTAL ASSETS** | $ 512,393,480 | $ 531,969,185 |
| **LIABILITIES** | | |
| **Current liabilities:** | | |
| Accounts payable and accrued expenses (Note 4) | $ 5,200,426 | $ 16,211,843 |
| Security deposits | 708,140 | 708,140 |
| Unearned revenue (Notes 2C, 2D and 5A) | 946,572 | 910,262 |
| **Total current liabilities** | 6,855,138 | 17,830,245 |
| **Noncurrent liabilities:** | | |
| Security deposits | 6,888,237 | 6,734,283 |
| **TOTAL LIABILITIES** | 13,743,375 | 24,564,528 |
| **Deferred inflows of resources** | | |
| Leases (Notes 2D and 6 ) | 119,019,303 | 120,726,246 |
| **COMMITMENTS AND CONTINGENCIES** (Note 9) | | |
| **NET POSITION** (Notes 2I) | | |
| Invested in capital assets | 307,945,271 | 314,195,671 |
| Restricted for capital projects (Note 2F) | 13,688,590 | - |
| Unrestricted | 57,996,941 | 72,482,740 |
| **TOTAL NET POSITION** | 379,630,802 | 386,678,411 |
| **TOTAL LIABILITIES AND NET POSITION** | $ 512,393,480 | $ 531,969,185 |

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

**BROOKLYN BRIDGE PARK CORPORATION**
**(D/B/A BROOKLYN BRIDGE PARK)**
**(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 | $ 1,887,975 | $ 1,987,080 |
| Payments in lieu of all taxes and ground lease rent (Notes 2D and 6) | 20,257,185 | 18,438,711 |
| Interest income - leases (Notes 2D and 6) | 8,335,024 | 8,095,978 |
| **Total operating revenues** (Note 2B) | 30,480,184 | 28,521,769 |
| **OPERATING EXPENSES:** | | |
| Personnel costs (Note 7) | 6,873,018 | 6,603,833 |
| Utilities | 403,364 | 407,926 |
| Professional fees | 1,568,346 | 1,298,323 |
| Repairs and maintenance | 3,520,794 | 4,378,423 |
| Security (Note 9C) | 1,721,962 | 1,717,147 |
| Depreciation (Note 4) | 21,447,070 | 17,386,006 |
| Other general, administrative and project expenses | 3,023,326 | 1,702,660 |
| **Total operating expenses** (Note 2B) | 38,557,880 | 33,494,318 |
| **Operating loss** | (8,077,696) | (4,972,549) |
| **NONOPERATING REVENUES:** | | |
| Capital and other contributions (Notes 2C and 5A) | 47,200 | 3,236,398 |
| Investment income (loss) (Note 2G) | 781,601 | (21,921) |
| Other interest income | 201,286 | 29,809 |
| **Total nonoperating revenues** | 1,030,087 | 3,244,286 |
| **CHANGES IN NET POSITION** | (7,047,609) | (1,728,263) |
| **Net position, beginning of year** | 386,678,411 | 388,406,674 |
| **NET POSITION, END OF YEAR** | $ 379,630,802 | $ 386,678,411 |

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

**BROOKLYN BRIDGE PARK CORPORATION**
**(D/B/A BROOKLYN BRIDGE PARK)**
**(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 | $ 2,027,288 | $ 1,807,054 |
| Tenant payments | 23,528,788 | 18,333,427 |
| Payments from lessees - security deposits | 153,954 | 76,367 |
| Total cash receipts from operating activities | 25,710,030 | 20,216,848 |
| Cash payments for: | | |
| Personnel costs | (6,961,181) | (6,646,629) |
| Services and supplies | (10,291,574) | (9,589,774) |
| Total cash payments for operating activities | (17,252,755) | (16,236,403) |
| **Net Cash Provided by Operating Activities** | 8,457,275 | 3,980,445 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | | |
| Capital and other contributions received | 47,200 | 3,236,398 |
| Capital asset expenditures | (15,196,670) | (46,923,886) |
| **Net Cash Used in Capital and Related Financing Activities** | (15,149,470) | (43,687,488) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of investments | (29,259,206) | (26,027,767) |
| Securities matured | 27,645,370 | 27,636,938 |
| Interest received | 449,916 | 43,094 |
| **Net Cash (Used in) Provided by Investing Activities** | (1,163,920) | 1,652,265 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | (7,856,115) | (38,054,778) |
| Cash and cash equivalents - beginning of year | 59,592,539 | 97,647,317 |
| **CASH AND CASH EQUIVALENTS—END OF YEAR** | $ 51,736,424 | $ 59,592,539 |
| **RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:** | | |
| Operating loss | $ (8,077,696) | $ (4,972,549) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 21,447,070 | 17,386,006 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 90,365 | (138,752) |
| Prepaid expenses | (51,945) | (6,164) |
| Leases receivable | (3,343,840) | (3,238,661) |
| Accounts payable and accrued expenses | (90,000) | (121,927) |
| Security deposits | 153,954 | 76,367 |
| Unearned revenue | 36,310 | (3,279,149) |
| Deferred inflow of resources | (1,706,943) | (1,724,726) |
| **Net Cash Provided by Operating Activities** | $ 8,457,275 | $ 3,980,445 |
| **RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:** | | |
| Unrestricted cash and cash equivalents | $ 33,138,432 | $ 44,962,835 |
| Restricted cash and cash equivalents | 18,597,992 | 14,629,704 |
| **CASH AND CASH EQUIVALENTS—END OF YEAR** | $ 51,736,424 | $ 59,592,539 |
| **Supplemental Disclosure of Cash Flow Information:** | | |
| Noncash capital and related financing transactions: | | |
| Accrued capital asset expenditures | $ (3,962,830) | $ (14,884,247) |

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

## NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park) ("BBP") was incorporated in June 2010 pursuant to the Not-for-Profit Corporation Law of the State of New York (the "State") and is a public charity and exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). BBP was formed for the purposes of lessening the burdens of government by furthering, developing and enhancing the economic vitality of the Brooklyn waterfront through the development, operation and maintenance of a renovated waterfront area, including a public park, which serves the people of the New York City region. BBP is responsible for the planning, construction, maintenance and operation of Brooklyn Bridge Park (the "Project"), an 85-acre sustainable waterfront park stretching 1.3 miles along Brooklyn's East River shoreline. In advancing such purposes, BBP is performing an essential government function in partnership with The City of New York (The "City"). BBP is governed by a 17-member board of directors appointed by the Mayor of New York City, eight of whom are nominated by the Governor of New York State and local elected officials.

Portions of the Project area are leased by The City to Brooklyn Bridge Park Development Corporation ("BBPDC"), a subsidiary of the New York State Urban Development Corporation, pursuant to the Prime Ground Lease Agreement. On July 29, 2010, BBPDC and BBP entered into a Master Ground Lease Agreement (the "Ground Lease") where BBPDC leased the Project area, including office space at 334 Furman Street, to BBP in order to advance the Project development plan for a one-time rental payment of $1. Also provided in the Ground Lease is the assignment of the operating revenues from the Project to BBP to satisfy BBP's obligations to maintain and operate the Project. The Ground Lease shall expire on July 28, 2109.

Pursuant to the Assignment Agreements between BBPDC and BBP, BBPDC assigned to BBP its entire right, title and interest in future capital funding from the Port Authority of New York and New Jersey ("PANYNJ") under the Port Authority Funding Agreement between BBPDC and PANYNJ and future funding from The City under the Park Funding Agreement between BBPDC and The City.

For financial reporting purposes, BBP 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.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. *Basis of Accounting*

BBP'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.

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

### B. *Revenue and Expense Classification*

BBP distinguishes operating revenues and expenses from nonoperating items in the preparation of its financial statements. Operating revenues and expenses generally result from BBP's ongoing operations. The principal operating revenues include permits, concessions, lease income, payments in lieu of taxes ("PILOT"), payments in lieu of sales taxes ("PILOST"), payments in lieu of mortgage recording taxes ("PILOMRT") and other fees. Major operating expenses include park operating costs, personnel costs, professional fees and utilities.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. ***Grants and Contributions***

BBP receives capital funding for certain eligible project costs pursuant to the funding agreements with The City, PANYNJ and other funding sources. BBP recognizes capital funding as revenue as eligible project costs are incurred. Differences between the project costs incurred on specific projects and the related receipts are reflected as grants and contributions receivable or as unearned revenue in the accompanying statements of net position.

BBP also records contributions of cash and other assets from private donors when an unconditional promise to give is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as unrestricted or restricted net position in the accompanying statements of net position depending on any donor restriction.

D. ***Revenues from Leases and Payments in Lieu of Taxes***

As required by U.S. GAAP, BBP recognizes a lease receivable and a deferred inflow of resources. The lease receivable is amortized over the life of the lease and interest revenue is recognized over the term of the lease. Rental revenue is recognized in a systematic and rational manner (typically straight-line) over the term of the lease and the deferred inflow of resources is reduced in the same manner. PILOT and upfront lease payments received in advance of the period to which they apply are deferred and recognized as revenue during future periods. Initial lease payments which are nonrefundable and PILOST and PILOMRT payments are recognized as revenue when received.

BBP determines whether an allowance for uncollectible receivables should be provided for leases receivable, PILOT, PILOST, PILOMRT and other receivables. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, creditworthiness of its donors, historical experience, and collections subsequent to year end. As of June 30, 2023 and 2022, BBP determined that no allowance was necessary for these receivables.

E. ***Cash Equivalents***

For the purposes of the statements of cash flows, 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***

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, PANYNJ 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 value. 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 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. In order 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 BBP 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 add value to the Project or extend its useful life are not capitalized. Upon completion, site improvement costs are reclassified from construction-in-progress and amortized over the estimated useful lives.

Other property and equipment purchased for use in operations by BBP in excess of $10,000 is 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 |
| Carousel | 50 years |
| Building and improvements | 15 to 25 years |
| Furniture and fixtures | 3 to 5 years |
| Vehicles and equipment | 3 to 5 years |

I. ***Net Position***

BBP's net position is classified in the following categories: invested in capital assets, consisting of project assets, net of accumulated depreciation and amortization; restricted for capital projects, consisting of net position restricted for specific purposes by law or parties external to BBP; and unrestricted net position, consisting of net position that is not classified as invested in capital assets or restricted. When both restricted and unrestricted resources are available for use for a specific purpose, it is BBP's policy to use restricted resources first then unrestricted resources as they are 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 receivable and depreciation and amortization. Actual results could differ from those estimates.

K. ***Recent Accounting Pronouncements***

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* ("GASB 91"). Conduit debt obligations are debt instruments issued by state and local governments to provide financing for a third party, which is primarily liable for repaying the debt instrument. GASB 91 updates Interpretation No. 2, "Disclosure of Conduit Debt Obligations," which allowed for variations with the option for government issuers to either recognize conduit debt obligations as their own debt or to disclose them. GASB 91 addresses variation in practice by clarifying exactly what a conduit debt obligation is and eliminating the option for government issuers to recognize conduit debt obligations, thereby providing a single method of reporting. The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021, as amended. The adoption of GASB 91 did not have an impact on BBP's financial statements.
- In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* ("GASB 94"). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). The requirements for GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. GASB 94 did not have an impact on BBP's financial statements as it does not enter in PPPs.
- GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"), effective for reporting periods beginning after June 15, 2022. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs"). Under this statement, a government should generally recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. Certain disclosures will also be required to describe the information about the SBITA. The adoption of GASB 96 did not have an impact on BBP's financial statements.
- 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 adoption of GASB 99 did not have an impact on BBP's financial statements.
- 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. BBP has not completed its evaluation of GASB 100 but does not anticipate any material impact.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 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. BBP has not completed its evaluation of GASB 101 but does not anticipate any material impact.

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

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

| | 2023 | 2022 |
|---|---|---|
| U.S. Government bonds | $18,840,661 | $27,615,271 |

BBP's investment policy permits BBP to invest funds of BBP as summarized and restricted 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 in excess of $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.
- Other investments approved by the Comptroller of The City for the investment of City funds.

In addition to the above investments, BBP 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.

BBP 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 fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets.

BBP has the following recurring fair value measurements as of June 30, 2023 and 2022:

- U.S. Government bonds of $18,840,661 and $27,615,271 are valued using quoted prices in an active market (Level 1 inputs).

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of the failure of the custodian, BBP 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 BBP's agent in BBP's name.

## NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued

*Credit Risk*

All investments held by BBP at June 30, 2023 and 2022 are obligations of, or guaranteed by, the United States of America.

*Interest Rate Risk*

BBP's investments with short-term maturities 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 BBP's investments in a single issuer (5% or more). BBP's investment policy places no limits on the amount BBP may invest in any one issuer of eligible U.S. investments as defined in the Indenture. As of June 30, 2023 and 2022, 100% of BBP's investments are in eligible U.S. government obligations.

## NOTE 4 – CAPITAL ASSETS

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

| | June 30, 2022 | Additions | Reclassifications /Dispositions | June 30, 2023 |
|---|---|---|---|---|
| Site improvements | $319,506,501 | $62,887,616 | $ - | $382,394,117 |
| Building, improvements and carousel | 41,809,180 | - | - | 41,809,180 |
| Furniture and fixtures | 1,585,930 | - | - | 1,585,930 |
| Vehicles and equipment | 1,672,321 | 12,750 | - | 1,685,071 |
| Total project assets | 364,573,932 | 62,900,366 | - | 427,474,298 |
| Less: accumulated depreciation: | | | | |
| Site improvements | (89,649,000) | (19,510,951) | - | (109,159,951) |
| Building, improvements and carousel | (10,131,170) | (1,522,621) | - | (11,653,791) |
| Furniture and fixtures | (1,060,173) | (300,002) | - | (1,360,175) |
| Vehicles and equipment | (1,403,682) | (113,496) | - | (1,517,178) |
| Total accumulated depreciation | (102,244,025) | (21,447,070) | - | (123,691,095) |
| Construction in progress | 51,865,764 | 17,580,415 | (65,284,111) | 4,162,068 |
| Net project assets | $314,195,671 | $ 59,033,711 | $(65,284,111) | $307,945,271 |

**NOTE 4 – CAPITAL ASSETS (Continued)**

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

| | June 30, 2021 | Additions | Reclassifications /Dispositions | June 30, 2022 |
|---|---|---|---|---|
| Site improvements | $ 251,985,718 | $67,520,783 | $ - | $319,506,501 |
| Building, improvements and carousel | 41,786,293 | 22,887 | - | 41,809,180 |
| Furniture and fixtures | 1,314,982 | 270,948 | - | 1,585,930 |
| Vehicles and equipment | 1,546,004 | 126,317 | - | 1,672,321 |
| Total project assets | 296,632,997 | 67,940,935 | - | 364,573,932 |
| Less: accumulated depreciation: | | | | |
| Site improvements | (74,195,767) | (15,453,233) | - | (89,649,000) |
| Building, improvements and carousel | (8,608,918) | (1,522,252) | - | (10,131,170) |
| Furniture and fixtures | (761,350) | (298,823) | - | (1,060,173) |
| Vehicles and equipment | (1,291,984) | (111,698) | - | (1,403,682) |
| Total accumulated depreciation | (84,858,019) | (17,386,006) | - | (102,244,025) |
| Construction in progress | 72,882,813 | 46,503,734 | (67,520,783) | 51,865,764 |
| Net project assets | $284,657,791 | $ 97,058,663 | $(67,520,783) | $314,195,671 |

BBP has entered into planning, design, construction and other project-related contracts for site improvements, most of which are structured on a work order basis. BBP is responsible for accrued expenses per authorized work order, not for the payment of contract balances. Capital expenditures totaling $3,962,830 and $14,884,247 were accrued as of June 30, 2023 and 2022, respectively, which will be paid upon receipt and review of the contractor invoices.

**NOTE 5 – GRANTS AND CONTRIBUTIONS**

A. ***Capital Contributions from Government Sources***

During the years ended June 30, 2023 and 2022, BBP recognized capital funding for projects totaling $47,200 and $3,236,398, respectively. During the years ended June 30, 2023 and 2022, BBP spent $47,200 and $3,236,398, respectively, on eligible project costs. BBP recognized the amount spent for eligible project costs as capital contributions in the accompanying statements of revenues, expenses and changes in net position while the unspent funds are included in unearned revenue in the accompanying statements of net position. The estimated dates of completion for projects range from Summer 2022 through Summer 2023.

Included in capital and other contributions in the accompanying statements of revenues, expenses and changes in net position are revenues derived from capital contracts with The City, which amounted to $47,200 and $3,236,398 for the years ended June 30, 2023 and 2022, respectively. Such amounts represented approximately 0.15% and 11%, respectively, of total revenues.

## NOTE 5 – GRANTS AND CONTRIBUTIONS (Continued)

B. ***Non-Cash Capital Contributions***

During the year ended June 30, 2012, BBP also received a donation of a restored 1920's carousel ("Jane's Carousel") along with a structure in which Jane's Carousel is housed. BBP recorded such donated assets at their estimated fair values of $4,250,000 and $9,200,000, respectively. Such fair values were estimated based upon independent appraisals.

Pursuant to the Donation Agreement (the "Agreement") with the donor of Jane's Carousel, BBP has agreed that for a period of thirty years, commencing as of the date of the Agreement of May 21, 2010, BBP shall not permanently remove Jane's Carousel from the Park, provided, however, that Jane's Carousel may be temporarily removed for repair, refurbishment, protection from flood or other dangerous natural occurrence, to accommodate necessary excavation work, and for other similar purposes and that Jane's Carousel shall be promptly reinstalled in the Park after the purpose for which it was removed is concluded.

In addition, the donor has agreed to operate and maintain Jane's Carousel and to fund all costs and expenses of such operation and maintenance of Jane's Carousel.

## NOTE 6 – FUTURE MINIMUM GROUND LEASE REVENUES

BBP is entitled to future ground lease rents and PILOT payments from the development at 360 Furman Street pursuant to a ground lease entered into by BBPDC and a tenant in February 2008. The ground lease is for a 99-year term expiring in 2107. The ground lease provides for base annual rental payments of $1,250,000 for the first three years and increases 3% annually thereafter.

In June 2012, BBP entered into agreements for the development of a hotel and residential development on Pier 1. BBP has entered into ground lease and lease administration agreements which expire in July 2109. The ground leases provide for upfront base rent payments totaling $5,940,000, which is equal to the base rent payable under such leases for the first lease year. Base rents for years two through four of the ground leases amount to $800,000 per year and on the first day of the fifth lease year the tenant shall pay the non-refundable sum of $9,660,000. Commencing on the first day of the tenth lease year and the first day of every fifth lease year thereafter throughout the term the annual base rent shall be increased by 7.5%. The ground leases also contain provisions for the payment of PILOT, PILOST and PILOMRT to BBP.

In August 2013, BBPDC acquired fee title to a property which automatically became part of BBPDC's Ground Lease with BBP. The cost of acquiring the property of $9,200,000 was paid by BBP and was reflected as land acquisition costs in nonoperating expenses in the accompanying financial statements for the year ended June 30, 2014. BBP then entered into a ground lease agreement, for a portion of the acquired property, with the developer which expires in July 2109.

During the year ended June 30, 2014, BBP received an initial lease payment from the developer amounting to $9,350,000 and such payment was used to fund the acquisition of the property. The ground lease provided for a second lease payment of $17,150,000 which was paid to BBP in August 2014 and base rental payments commencing on the fourth anniversary of the commencement date increasing 3% annually thereafter. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST and PILOMRT to BBP. The initial and second lease payments were deemed fully earned and are non-refundable under any circumstances.

## NOTE 6 – FUTURE MINIMUM GROUND LEASE REVENUES (Continued)

In September 2013, BBP entered into an agreement for the development of Empire Stores. Pursuant to this agreement, BBP has entered into a ground lease agreement with the developer which expires in July 2109. During the year ended June 30, 2014, BBP received an initial lease payment from the developer amounting to $26,000,000. Such initial lease payment was deemed fully earned and is non-refundable under any circumstances. BBP reflected such payment as ground lease rent revenue during the year ended June 30, 2014. The ground lease provides for base annual rents commencing after the third anniversary of the commencement date with escalation clauses for increases in base rent over the term of the lease. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST and PILOMRT to BBP.

In December 2013, BBP entered into an agreement for the development of a marina at Pier 5. Pursuant to this agreement, BBP has entered into a ground lease agreement with the developer which expires in December 2043. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST and PILOMRT to BBP.

In July 2016, BBP entered into an agreement for the development of condominium buildings on two parcels of Pier 6. Pursuant to this agreement, BBP has entered into a ground lease agreement with the developer which expires in July 2109. During the year ended June 30, 2017, BBP received two initial lease payments from the developer amounting to approximately $12,500,000. Such initial lease payments were deferred as of June 30, 2017 as they were refundable pending on a litigation against the construction. During the year ended June 30, 2018, the lawsuit was dismissed and the two initial lease payments were deemed fully earned and are non-refundable under any circumstances. In addition, the ground lease provided for second lease payments of $91,500,000, of which $13,000,000 was paid to BBP in April 2018 and the remainder of $78,500,000 was paid during the year ended June 30, 2019. The second lease payments were deemed fully earned and are non-refundable under any circumstances. BBP reflected such payments received as ground lease revenue during the year ended June 30, 2019. The ground lease provides for base annual rents commencing after the third anniversary of the commencement date with escalation clauses for increases in base rent over the term of the lease. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST, and PILOMRT to BBP.

BBP has lease receivables of $133,394,974 and $130,051,134 as of June 30, 2023 and 2022, respectively. Lease revenue of $3,343,840 and $3,238,661, and interest revenue of $8,335,024 and $8,095,978 was recognized related to lease payments received for the years ended June 30, 2023 and 2022, respectively. The lease terms vary and are specific to each individual tenant.

## NOTE 6 – FUTURE MINIMUM GROUND LEASE REVENUES (Continued)

Future rental payments due to BBP to be received under the ground leases are as follows for the years ending June 30:

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ (2,300,826) | $ 8,550,564 | $ 6,249,738 |
| 2025 | (2,347,569) | 8,709,527 | 6,361,958 |
| 2026 | (2,350,943) | 8,869,954 | 6,519,011 |
| 2027 | (2,374,701) | 9,032,507 | 6,657,806 |
| 2028 | (2,419,268) | 9,196,721 | 6,777,453 |
| 2029-2033 | (13,742,687) | 48,678,593 | 34,935,906 |
| 2034-2038 | (15,601,429) | 53,923,911 | 38,322,482 |
| 2039-2043 | (16,946,875) | 59,701,423 | 42,754,548 |
| 2044-2048 | (20,934,694) | 66,062,920 | 45,128,226 |
| 2049-2053 | (22,525,572) | 73,010,894 | 50,485,322 |
| 2054-2058 | (23,641,048) | 80,280,323 | 56,639,275 |
| 2059-2063 | (24,168,903) | 87,668,276 | 63,499,373 |
| 2064-2068 | (23,740,747) | 94,842,314 | 71,101,567 |
| 2069-2073 | (21,824,585) | 101,279,263 | 79,454,678 |
| 2074-2078 | (17,657,104) | 106,177,092 | 88,519,988 |
| 2079-2083 | (10,148,078) | 108,327,523 | 98,179,445 |
| 2084-2088 | 2,254,860 | 105,931,729 | 108,186,589 |
| 2089-2093 | 21,757,834 | 96,333,349 | 118,091,183 |
| 2094-2098 | 51,492,873 | 75,631,155 | 127,124,028 |
| 2099-2103 | 95,905,291 | 38,116,158 | 134,021,449 |
| 2104-2108 | 136,000,420 | (23,806,826) | 112,193,594 |
| 2109 | 48,708,725 | (14,516,212) | 34,192,513 |
| | $ 133,394,974 | $ 1,202,001,158 | $ 1,335,396,132 |

## NOTE 7 – PENSION PLAN

BBP contributes to the Brooklyn Bridge Park Pension Plan (the "Plan"), a defined contribution plan which covers substantially all of BBP's employees. Employees will become eligible for the Plan upon the completion of two years of service with BBP. The Plan is administered by BBP and BBP may choose to amend and/or terminate the Plan at any time.

The Plan provides for variable contribution rates by BBP ranging from 6% to 14% of the employee's eligible wages as defined in the Plan document. Employee contributions to the Plan are not permitted. Employees become vested after the completion of two years of service with BBP and non-vested employer contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the Plan's administrative expenses. There were no forfeitures for the years ended June 30, 2023 and 2022.

Pension expense included in personnel costs in the accompanying statements of revenues, expenses and changes in net position for the years ended June 30, 2023 and 2022 amounted to $434,772 and $436,383, respectively.

## NOTE 8 – CONCENTRATION OF CREDIT RISK

As of June 30, 2023, the cash balances of BBP’s deposits were $51,764,655 of which $500,000 was covered by FDIC insurance and $1,900,000 was covered by Securities Investor Protection Corporation (“SIPC”) insurance limits and excess of SIPC coverage, $40,640,977 was collateralized and $8,723,678 was uncollateralized. As of June 30, 2022, the cash balances of BBP’s deposits was $59,591,761, of which $500,000 was covered by FDIC insurance, $58,211,823 was collateralized and $1,129,938 was uncollateralized. The uninsured balance was exposed to custodial risk on the basis that the uninsured bank balance is not collateralized. Custodial credit risk is the risk that in the event of bank failure, BBP’s deposits may not be returned to it or BBP will not be able to recover collateral securities that are in the name of an outside party.

BBP has entered into a custodial agreement (the “Agreement”) with JP Morgan Chase Bank, N.A. (the “Bank”) in which the Bank will deliver to a custodian for deposit the amount of any uninsured deposits of BBP multiplied by a margin factor of 102%. The custodian will hold any eligible securities pledged by the Bank as collateral for the benefit of BBP pursuant to the Agreement. All securities held by the custodian as collateral are registered and are held in BBP’s name. As of June 30, 2023 and 2022, the collateral held by the Bank for the benefit of BBP amounted to $43,387,175 and $59,264,571, respectively, which consisted of U.S. Treasury securities.

## NOTE 9 – COMMITMENTS AND CONTINGENCIES

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

Pursuant to BBP's contractual relationships with certain governmental and other funding sources, such funding sources have the right to examine the books and records of BBP 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*

BBP is involved in several personal injury actions for which management expects BBP to be fully indemnified. Accordingly, these matters are not expected to have a material adverse effect on BBP’s financial condition.

BBP is also involved with a lawsuit related to damages for excessive noise at the Pierhouse Condominium building. BBP is vigorously opposing this litigation.

### C. *Park Security Agreement with the New York City Department of Parks and Recreation*

BBP has entered into an agreement with New York City Department of Parks and Recreation (“DPR”) for DPR to provide security and enforcement of all applicable laws, rules and regulations in and around the public areas of the Park. The original agreement was through February 28, 2011. The agreement has been renewed annually and was renewed through June 30, 2023 and was then extended through June 30, 2024. Total costs for security expenses amounted to $1,721,962 and $1,717,747 for the years ended June 30, 2023 and 2022, respectively.