

Marks Paneth LLP  
685 Third Avenue  
New York, NY 10017  
P 212.503.8800  
F 212.370.3759  
www.markspaneth.com

New York  
New Jersey  
Pennsylvania  
Washington, DC

**MARKS PANETH**  
ACCOUNTANTS & ADVISORS

September 19, 2016

The Members of the Board of Directors of  
Governors Island Corporation (d/b/a The Trust for Governors Island)

In planning and performing our audit of the financial statements of Governors Island Corporation (d/b/a The Trust for Governors Island) ("TGI") as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered TGI's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TGI's internal control. Accordingly, we do not express an opinion on the effectiveness of TGI's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. In addition, we made a recommendation, which, if implemented, could further strengthen the internal controls and business practices (see attached Exhibit).

This report is intended solely for the information and use of the Board of Directors, Audit Committee and management of Governors Island Corporation (d/b/a The Trust for Governors Island) and is not intended to be and should not be used by anyone other than these specified parties, unless permission is granted.

Sincerely,



MARKS PANETH LLP



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**Morison** International

**THE TRUST FOR GOVERNORS ISLAND  
MANAGEMENT LETTER RECOMMENDATIONS  
RESULTING FROM THE JUNE 30, 2016 AUDIT**

Included in Exhibit I is observation and recommendation that we noted during our audit of TGI's June 30, 2016 financial statements. Included in Exhibit II is the observation and recommendation from the prior year's audit that appears not to require further attention.

**EXHIBIT I – CURRENT YEAR NEW OBSERVATION AND RECOMMENDATION**

**1. APPROVAL OF AUDIT COMMITTEE MINUTES**

**Observation:** Based on our review of TGI's audit committee minutes, we noted that minutes are not approved or accepted by the committee at subsequent meetings.

**Recommendation:** As best practice, we recommend that audit committee minutes should be approved at subsequent meetings.

**Management's Response:** TGI has taken minutes at all audit committee meetings since inception. They are kept on file for review. TGI is happy to provide the minutes to committee members, to request their acceptance at each subsequent meeting of the committee, and will begin this practice as of now.

**\*\* END OF CURRENT YEAR NEW OBSERVATION AND RECOMMENDATION\*\***

**EXHIBIT II – PRIOR YEAR RECOMMENDATION THAT APPEARS NOT TO REQUIRE FURTHER ACTION**

**2. OBTAIN CONFLICT OF INTEREST DISCLOSURE STATEMENTS**

**\*\* END OF ALL RECOMMENDATIONS \*\***