

THE TRUST FOR GOVERNORS ISLAND

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

A COMPONENT UNIT OF THE CITY OF NEW YORK

Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2015 and 2014

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

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

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

YEARS ENDED JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Governors Island Corporation (d/b/a The Trust for Governors Island) ("TGI"), a component unit of The City of New York, as of and for the years ended June 30, 2015 and 2014, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Governors Island Corporation (d/b/a The Trust for Governors Island) as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Marks Paneth LLP

New York, NY
September 29, 2015

**GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014 (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the Governors Island Corporation, d/b/a The Trust for Governors Island ("TGI"), a component unit of The City of New York (the "City"), for the years ended June 30, 2015 and 2014. It should be read in conjunction with TGI's financial statements and accompanying notes.

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 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.

Organization Overview

TGI's purpose is to provide for 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, City of New York. The remaining 22 acres of the Island were declared the Governors Island National Monument and are overseen by the National Park Service. TGI is a New York State not-for-profit corporation, governed by a 13-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 officials.

To further its purpose, TGI launched an ambitious capital program to build extraordinary new park and public spaces and bring the Island's infrastructure into the 21st century. TGI broke ground on the first phase of the Park and Public Space Plan in May 2012, and has since opened 30 new acres of park on the Island's southern end. Phase 2 of the park project is underway, adding four hills of varying height and design to the landscape. Capital investment has 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.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS

Current and Noncurrent Assets

As of June 30, 2015, TGI had current assets of \$21,004,624 consisting of cash and cash equivalents of \$18,988,991, accounts and grants receivable of \$2,011,393, and prepaid expenses of \$4,240. These are presented below in greater detail and in comparison to prior years.

Current Assets	2015	2014	2013	2015(%)	2014(%)
Cash and cash equivalents	\$ 866,523	\$ 1,335,988	\$ 1,433,361	-35%	-7%
Restricted cash and cash equivalents	18,122,468	23,328,324	10,439,014	-22%	123%
Accounts receivable	206,176	209,866	167,717	-2%	25%
Grants and contributions receivable from government sources	1,705,217	8,944,769	14,609,641	-81%	-39%
Grants and contributions receivable from private sources	100,000	330,516	662,272	-70%	-50%
Prepaid expenses	4,240	3,246	4,362	31%	-26%
Total current assets	\$ 21,004,624	\$ 34,152,709	\$ 27,316,367	-38%	25%

**GOVERNORS ISLAND CORPORATION
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FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Grants and contributions receivable from government sources consist of capital funds due from the City for several projects on the Island and from a Federal Highway Administration grant for the Soissons Dock project.

Grants and contributions receivable from private sources are a result of TGI's fundraising efforts, which began in 2012. These efforts focus on private donations for construction of Phase 2 of the Park and Public Space project and for a public art program being integrated into the Park. In the year ended June 30, 2015, several contributions were received and are now held in restricted cash and cash equivalent accounts. In the year ended June 30, 2015, grants and contributions receivable from private sources totaled \$100,000.

Noncurrent Assets

The following chart shows TGI's noncurrent (i.e., capital) assets for the years ended June 30, 2015, 2014 and 2013.

Capital Assets Summary	2015	2014	2013
Beginning Balance	\$ 262,349,166	\$ 160,871,228	\$ 46,251,179
Additions (Net of Depreciation)	56,264,126	101,477,938	114,620,049
Ending Balance	318,613,292	\$ 262,349,166	\$ 160,871,228

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 valued at \$5,780,000 in total. For the year ended June 30, 2015, \$128,327,349 was transferred from construction in progress to site improvements for work completed and in use: the park, historic buildings, seawall, potable water system, and electrical system. Major portions of the Soissons Dock and BMB Lift Bridges projects were also transferred, though the next phases of those projects are currently in progress.

Capital expenses of \$73,840,528 were incurred during the year ended June 30, 2015. In prior years, \$102,637,638 and \$115,263,789 were incurred during the years ended June 30, 2014 and 2013, respectively. These are presented in greater detail in Note 3. Capital expenses were funded primarily by government grants.

As of June 30, 2015, total noncurrent assets, consisted of capital assets, net of accumulated depreciation, of \$318,613,292 (\$330,901,906 less \$12,288,614 accumulated depreciation) and restricted cash – security deposits of \$280,208. Net additions to capital assets (based on construction in progress) represent a 21% increase over the \$262,349,166 balance as of June 30, 2014. Net additions to capital assets in fiscal year 2014 represented a 63% increase over the \$160,871,228 balance as of June 30, 2013.

Total assets as of June 30, 2015, were \$339,898,124, an increase of 15% over fiscal year 2014 based on cash and cash equivalents, receivables from government and private sources, as well as capital assets recorded during the year. Total assets as of June 30, 2014, were \$296,675,095, an increase of 58% over the prior year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014 (UNAUDITED)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Current and Noncurrent Liabilities

Current liabilities of \$29,385,444 were recorded as of June 30, 2015, a decrease of 31% over the prior year. In accounts payable and accrued expenses, the decrease is due primarily to the timely processing of invoices for ongoing capital projects; and in unearned revenue, to the recognition of revenue for construction of Phase 2 of the Park and Public Space project, the Hills.

In the prior year, liabilities of \$42,698,205 were attributed to pending invoices for ongoing capital projects in accounts payable and accrued expenses (totaling \$19,201,958); private grants provided to TGI for Phase 2 of the Park and Public Space project, the Hills (totaling \$18,706,953.16); and an advance of State capital funds in unearned revenue (balance of \$4,787,494)

Current Liabilities	2015	2014	2013	2015 vs 2014(%)	2014 vs 2013(%)
Accounts payable and accrued expenses					
Operations	\$ 2,102,332	\$ 419,268	\$ 1,196,561		
Private grants	2,291,470	539,187	-		
City Capital	8,726,507	18,222,651	21,716,154		
State Capital	129,310	20,852	1,683,420		
Total accounts payable and accrued expenses	<u>13,249,619</u>	<u>19,201,958</u>	<u>24,596,135</u>	-31%	-22%
Unearned revenue					
Operations	223,464	1,800	173,171		
Private grants	12,154,787	18,706,952	7,500,000		
State Capital	3,757,574	4,787,494	2,654,132		
Total unearned revenue	<u>16,135,825</u>	<u>23,496,246</u>	<u>10,327,303</u>	-31%	128%
Total current liabilities	<u>29,385,444</u>	<u>42,698,204</u>	<u>34,923,438</u>	-31%	22%
Noncurrent Liabilities					
Security deposits	280,208	173,220	-		
OPEB obligation	191,984	352,302	224,645		
Total noncurrent liabilities	<u>472,192</u>	<u>525,522</u>	<u>224,645</u>	-10%	134%
TOTAL LIABILITIES	<u>\$ 29,857,636</u>	<u>\$ 43,223,726</u>	<u>\$ 35,148,083</u>	-31%	23%

Noncurrent liabilities of \$472,192 consist of \$280,208 of security deposits payable and \$191,984 of TGI's other postemployment benefits obligation ("OPEB"). Noncurrent liabilities in the prior year consist of OPEB, which was \$352,302, and security deposits of \$173,220. (TGI's OPEB liability decreased when one eligible employee left the organization during fiscal year 2015.) As of June 30, 2015 and 2014, TGI's total liabilities were \$29,857,636 and \$43,223,727, respectively.

Net Position

Net position as of June 30, 2015 was \$310,040,488; \$318,613,292 was invested in capital assets and (\$8,572,804) was unrestricted. The overall increase of 22% in net position represents TGI's multimillion-dollar capital program, including design and construction of new park and public spaces, the Hills, as well as infrastructure improvements throughout the property.

Net position as of June 30, 2014 was \$253,451,368, of which \$262,349,166 was invested in capital assets and (\$8,897,798) was unrestricted. TGI's 2014 net position represented an increase of 66% over 2013.

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FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Operating Revenue

For the year ended June 30, 2015, TGI's total operating revenue of \$13,638,047 consisted of \$2,089,390 in fee income and \$11,548,657 in operating grants and contributions from the City. Income from events held on the Island during public access season includes usage and site fees as well as reimbursement to TGI for expenses related to putting on those events. The 83% increase over the prior year is due to several factors including: charging a modest fare for the ferry to visitors during public access season (amounting to \$372,702 for fiscal year 2015); new agreements with permit holders (for bicycle rentals and the event venue); and continuing to expand the number of events and food vendors on the Island.

For the year ended June 30, 2014, TGI's total operating revenue of \$12,497,596 consisted of \$1,142,206 in fee income (from ferry fare collection, site fees and event-related reimbursements) and \$11,355,390 in operating grants and contributions from the City.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Variance (%)</u>	
				<u>2015 vs. 2014</u>	<u>vs 2013</u>
OPERATING REVENUES:					
Permits and fees	\$ 2,089,390	\$ 1,142,206	\$ 571,171	83%	100%
Operating grants and contributions	<u>11,548,657</u>	<u>11,355,390</u>	<u>11,908,869</u>	2%	-5%
	<u>\$ 13,638,047</u>	<u>\$ 12,497,596</u>	<u>\$ 12,480,040</u>	9%	0%

Operating Expenses

Total operating expenses of \$26,309,801 for the year ended June 30, 2015 include TGI's facilities management contract with the Turner Construction Company of \$13,646,721, as well as TGI's internal expenses.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Variance (%)</u>	
				<u>2015 vs. 2014</u>	<u>vs 2013</u>
OPERATING EXPENSES:					
Facilities management contract	\$ 13,646,721	\$ 11,089,207	\$ 9,967,717	23%	11%
Personnel costs	2,332,809	2,700,941	2,516,714	-14%	7%
Utilities	256,134	536,368	362,236	-52%	48%
Depreciation and amortization	9,121,335	1,184,745	696,815	670%	70%
Other general and administrative expenses	<u>952,802</u>	<u>545,987</u>	<u>253,118</u>	75%	116%
TOTAL OPERATING EXPENSES	<u>\$ 26,309,801</u>	<u>\$ 16,057,248</u>	<u>\$ 13,796,600</u>	64%	16%
OPERATING (LOSS) INCOME	<u>\$ (12,671,754)</u>	<u>\$ (3,559,652)</u>	<u>\$ (1,316,560)</u>	256%	170%

Operating (loss) income was (\$12,671,754) for the year ended June 30, 2015 and (\$3,559,652) for the year ended June 30, 2014. A significant portion of TGI's 2015 year-end operating loss is comprised of depreciation (\$9.1 million out of \$12.7 million). Since last year, several capital projects were moved onto TGI's fixed asset schedule, triggering depreciation. This also accounts for the increase over the year ended June 30, 2014, in which depreciation was \$1.2 million. Other operating expenses in excess of operating revenues were covered by New York State grant funds already on hand. Expenses related to the redevelopment of Governors Island are eligible under this grant.

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FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The facilities management contract, representing 52% of total operating expenses, covers the cost of Turner staff working on daily Island operations as well as all of the subcontractors who provide services: ferry, security, janitorial and repairs, among others. TGI personnel costs were \$2,332,809, a decrease of 14% from 2014. The 52% decrease in utilities between 2015 and 2014 is due to the transfer of TGI's water bill to the City. Other general and administrative expenses were \$952,802, an increase of 75%. This increase reflects TGI's donor-funded public art program, known as Art Commissions GI – expenditures of \$355,747 were incurred for curatorial services as well as fabrication and installation of several new artworks on the Island, covered by contributions made solely for this purpose in prior years.

In the prior year, notable operating expenses included personnel costs of \$2,700,941, an increase of 7% from 2013 based on the annualized salaries of several new staff members. Other general and administrative expenses were \$545,987, an increase of 116%. This increase reflects the launch of Art Commissions GI.

Nonoperating Revenues

Nonoperating revenues totaled \$69,260,874, \$103,971,509 and \$100,705,736 for the years ended June 30, 2015, 2014 and 2013, respectively. The decrease in capital grants and funding represents the completion or near-completion of projects on TGI's Island-wide capital improvement program. Details are provided below.

	2015	2014	2013	Variance (%)	
				2015 vs. 2014	2014 vs 2013
NONOPERATING REVENUES:					
Capital grants and contributions					
from government sources	\$ 52,752,815	\$ 96,437,557	\$ 99,282,391	-45%	-3%
Grants and contributions from					
private sources	16,474,686	7,492,816	1,417,272	120%	429%
Unrealized and realized loss					
on investment	-	-	(17,720)	0%	-100%
Interest income	24,773	32,370	14,405	-23%	125%
Other income	8,600	8,766	9,388	-2%	-7%
	<u>\$ 69,260,874</u>	<u>\$ 103,971,509</u>	<u>\$ 100,705,736</u>	-33%	3%
Change in net position	\$ 56,589,120	\$ 100,411,857	\$ 99,389,176	-44%	1%
Net position - beginning of year	253,451,368	153,039,511	53,650,335	66%	185%
Net position - end of year	<u>\$ 310,040,488</u>	<u>\$ 253,451,368</u>	<u>\$ 153,039,511</u>	22%	66%

**GOVERNORS ISLAND CORPORATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014 (UNAUDITED)**

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Related Issues

Additional expenses were incurred during the years ended June 30, 2014 and 2013, due to the damage caused by Hurricane Sandy. While emergency debris removal and emergency repair measures are complete, permanent restoration work continues. For work completed, approximately \$2.5 million has been paid to contractors. TGI received \$1,132,186 in FTA Emergency Relief Grant funds in the year ended June 30, 2015, which covered repair and restoration costs associated with transit facilities. Work includes the Battery Maritime Building waiting room, the ferry lift bridges, the provision of alternate ferry service, and coverage for the ferry crew. For non-emergency, non-essential work – meaning not essential to day-to-day operations – TGI continues to work with the Federal Emergency Management Agency (“FEMA”) and will not move forward until FEMA provides project funding approval. These project costs are currently estimated to be \$11.97 million. The FEMA review, approval and budgeting process is being coordinated with the New York City Office of Management and Budget.

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, 2015 AND 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents (Notes 2D and 7A)	\$ 866,523	\$ 1,335,988
Restricted cash and cash equivalents (Notes 2D, 2E and 7)	18,122,468	23,328,324
Accounts receivable	206,176	209,866
Grants and contributions receivable from government sources	1,705,217	8,944,769
Grants and contributions receivable from private sources	100,000	330,516
Prepaid expenses	4,240	3,246
Total current assets	21,004,624	34,152,709
Noncurrent assets		
Restricted cash - security deposits	280,208	173,220
Capital assets, net of accumulated depreciation (Notes 2F and 3)	318,613,292	262,349,166
Total noncurrent assets	318,893,500	262,522,386
Total assets	\$ 339,898,124	\$ 296,675,095
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 13,249,619	\$ 19,201,958
Unearned revenue	16,135,825	23,496,247
Total current liabilities	29,385,444	42,698,205
Noncurrent liabilities		
Security deposits	280,208	173,220
Other postemployment benefits obligation (Notes 2I and 6)	191,984	352,302
Total noncurrent liabilities	472,192	525,522
Total liabilities	29,857,636	43,223,727
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET POSITION (Note 2G)		
Invested in capital assets	318,613,292	262,349,166
Unrestricted	(8,572,804)	(8,897,798)
Total net position	310,040,488	253,451,368
TOTAL LIABILITIES AND NET POSITION	\$ 339,898,124	\$ 296,675,095

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

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Permits and other fees	\$ 2,089,390	\$ 1,142,206
Operating grants and contributions (Notes 2C and 4)	<u>11,548,657</u>	<u>11,355,390</u>
TOTAL OPERATING REVENUES	<u>13,638,047</u>	<u>12,497,596</u>
OPERATING EXPENSES:		
Facilities management contract (Note 8C)	13,646,721	11,089,207
Personnel costs (Notes 5 and 6)	2,332,809	2,700,941
Utilities	256,134	536,368
Depreciation and amortization	9,121,335	1,184,745
Other general and administrative expenses	<u>952,802</u>	<u>545,987</u>
TOTAL OPERATING EXPENSES	<u>26,309,801</u>	<u>16,057,248</u>
OPERATING LOSS	<u>(12,671,754)</u>	<u>(3,559,652)</u>
NONOPERATING REVENUES (EXPENSES):		
Capital grants and contributions from government sources (Notes 2C and 4)	52,752,815	96,437,557
Capital grants and contributions from private sources (Notes 2C)	16,474,686	7,492,816
Interest income	24,773	32,370
Other income	<u>8,600</u>	<u>8,766</u>
TOTAL NONOPERATING REVENUES AND EXPENSES	<u>69,260,874</u>	<u>103,971,509</u>
CHANGE IN NET POSITION	<u>56,589,120</u>	<u>100,411,857</u>
Net position, beginning of year	<u>253,451,368</u>	<u>153,039,511</u>
NET POSITION, END OF YEAR	<u>\$ 310,040,488</u>	<u>\$ 253,451,368</u>

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

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from:		
Customer payments	\$ 2,093,080	\$ 1,100,057
Operating grants and contributions	11,770,321	11,184,020
Total cash receipts from operating activities	13,863,401	12,284,077
Cash payments for:		
Personnel costs	(2,503,757)	(2,698,415)
Services and supplies	(13,162,956)	(12,822,609)
Total cash payments for operating activities	(15,666,713)	(15,521,024)
Net Cash Used in Operating Activities	(1,803,312)	(3,236,947)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments from lessees - security deposits	106,988	173,220
Other receipts	8,600	8,766
Net Cash Provided by Noncapital Financing Activities	115,588	181,986
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants and contributions from government sources	52,410,281	115,442,742
Capital grants and contributions from private sources	16,705,202	7,824,574
Capital asset expenditures	(73,020,865)	(107,279,567)
Net Cash (Used in) Provided by Capital and Related Financing Activities	(3,905,382)	15,987,749
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	24,773	32,370
Net Cash Provided by Investing Activities	24,773	32,370
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,568,333)	12,965,158
Cash and cash equivalents - beginning of year	24,837,532	11,872,374
CASH AND CASH EQUIVALENTS—END OF YEAR	\$ 19,269,199	\$ 24,837,532
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (12,671,754)	\$ (3,559,652)
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation and amortization	9,121,335	1,184,745
Changes in operating assets and liabilities:		
Accounts receivable	3,690	(42,149)
Prepaid expenses	(994)	(1,116)
Accounts payable and accrued expenses	1,683,065	(777,293)
Unearned revenue	221,664	(171,371)
Other postemployment benefits obligation	(160,318)	127,657
Net Cash Used in Operating Activities	\$ (1,803,312)	\$ (3,236,947)
RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:		
Unrestricted cash and cash equivalents	\$ 866,523	\$ 1,335,988
Restricted cash and cash equivalents	18,402,676	23,501,544
CASH AND CASH EQUIVALENTS—END OF YEAR	\$ 19,269,199	\$ 24,837,532
Supplemental Disclosure of Cash Flow Information:		
Noncash capital and related financing transactions:		
Accrued capital asset expenditures	\$ 11,147,287	\$ 18,782,691

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

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
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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 transform Governors Island (the “Island”) into a destination with great public open space, as well as educational, not-for-profit and commercial facilities. TGI opened 30 acres of new park spaces in 2014 and is proceeding with an ambitious infrastructure program to ready 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 State of New York and is governed by a 13-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 officials.

The Project area and substantially all of the assets of 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), were acquired by TGI for a nominal price of \$1 under the Asset Purchase Agreement dated July 14, 2010 between GIPEC and TGI. The Governors Island property acquired by TGI from GIPEC is subject to the restrictions, conditions, covenants and easements associated with the property, such as certain acreage required to be converted to public open space and other historic areas prohibited from new development.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Measurement Focus and Basis of Accounting*

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

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

B. *Revenue and Expense Classification*

TGI distinguishes operating revenues and expenses from nonoperating items in the preparation of its financial statements. Operating revenues and expenses generally result from TGI’s ongoing operations. The principal operating revenues include permit and other fees and operating grants and contributions from the City. Major operating expenses include facilities management costs, personnel costs, professional fees and utilities.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Grants and Contributions*

Operating funds provided by the City are recognized as revenue when received. TGI also receives capital funding for eligible project costs pursuant to the master contract with the City and funding agreements with the State. TGI recognizes capital funding as revenue when received, following approval of a certificate to proceed for each capital project by the City's 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.

TGI 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 statement of net position depending on any donor restriction.

D. *Cash and Cash Equivalents*

For purposes of the statement 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.

E. *Restricted Cash and Investments*

Contributions and other non-exchange transactions as defined under GASB Statement No. 33, *Accounting and Financial Reporting for 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.

F. *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 add value to the project or extend its useful life are not capitalized. Upon projects being placed in service, site improvement costs are reclassified from construction in progress and amortized over the estimated useful lives of the assets.

Other property and equipment purchased for use in operations by TGI in excess of \$5,000 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
Building and improvements	15 years
Vehicles and equipment	3 to 5 years

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Net Position*

TGI's net position is classified in the following categories: invested in capital assets, net of accumulated depreciation; 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.

H. *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 reserves for doubtful accounts, depreciation, and other postemployment benefits. Actual results could differ from those estimates.

I. *Other Postemployment Benefits*

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("OPEB"). This Statement establishes standards for the measurement, recognition, and financial statement presentation of OPEB expenses and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. In accordance with GASB Statement No. 45, TGI (a) implemented a systematic, accrual basis measurement and recognition of OPEB cost (expense) over a period that approximates an employee's years of service, and (b) provides information about actuarial accrued liabilities associated with OPEB and to what extent progress is being made in funding the plan.

J. *Recent Accounting Pronouncements*

As a component unit of the City, TGI 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 TGI in the future years.

- In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). GASB 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements. The provisions of GASB 72 are effective for fiscal years beginning after June 15, 2015; however, TGI has early adopted the standard during fiscal year 2015. The adoption of GASB 72 had no impact on TGI's financial statements as TGI has no assets or liabilities measured at fair value.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provision of GASB 67 and GASB 68* (“GASB 73”). GASB 73 provides guidance on assets accumulated for pension plans that are not administered through a trust and provides clarity on certain provision of GASB 67 and GASB 68. The requirements for GASB 73 are effective for fiscal years beginning after June 15, 2015. TGI has not completed the process of evaluating GASB 73’s impact on its financial statements.
- In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (“GASB 74”). GASB 74 establishes financial reporting standards to state and local governmental other postemployment benefit (“OPEB”) plans. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016. TGI has not completed the process of evaluating GASB 74’s impact on its financial statements.
- In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”). GASB 75 establishes accounting and financial reporting standards for OPEB that is provided to employees of state and local governmental employees. The requirements of GASB 75 are effective for fiscal years beginning after June 15, 2017. TGI has not completed the process of evaluating GASB 75’s impact on its financial statements.
- In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (“GASB 76”). GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction of other event is not specified within the source of authoritative GAAP. The requirements of GASB 76 are effective for fiscal years beginning after June 15, 2015. TGI has not completed the process of evaluating GASB 76, but does not expect it to have an impact on TGI’s financial statements.
- In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (“GASB 77”). GASB 77 requires state and local governments for the first time to disclose information about tax abatement agreements. GASB 77 requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues. GASB 77 is effective for financial statements for periods beginning after December 15, 2015. TGI has not completed the process of evaluating GASB 77, but does not expect it to have an impact on TGI’s financial statements.

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NOTE 3 – CAPITAL ASSETS

The changes in capital assets for the years ended June 30, 2015 and 2014, respectively, reflect the growth in construction activity on the Island. Several projects were finished and put into service and were therefore added to the asset list.

The changes in capital assets for the year ended June 30, 2015 were as follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Land	\$ 1	\$ -	\$ -	\$ 1
Site Improvements	118,381,282	128,327,349	-	246,708,631
Vessels	4,750,000	-	-	4,750,000
Equipment	804,680	151,820	-	956,500
Vehicles	228,671	26,052	-	254,723
Software	6,230	-	-	6,230
Total Project Assets	<u>124,170,864</u>	<u>128,505,221</u>	<u>-</u>	<u>252,676,085</u>
Less: Accumulated Depreciation				
Site Improvements	(1,195,254)	(8,585,230)	-	(9,780,484)
Vessels	(1,240,278)	(316,666)	-	(1,556,944)
Equipment	(548,121)	(170,238)	-	(718,359)
Vehicles	(179,126)	(47,471)	-	(226,597)
Software	(4,500)	(1,730)	-	(6,230)
Total Accumulated Depreciation	<u>(3,167,279)</u>	<u>(9,121,335)</u>	<u>-</u>	<u>(12,288,614)</u>
Construction in Progress	141,345,581	65,207,589	(128,327,349)	78,225,821
Net Project Assets	<u>\$ 262,349,166</u>	<u>\$ 184,591,475</u>	<u>\$ (128,327,349)</u>	<u>\$ 318,613,292</u>

The changes in capital assets for the year ended June 30, 2014 were as follows:

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Land	\$ 1	\$ -	\$ -	\$ 1
Site Improvements	3,850,260	114,531,022	-	118,381,282
Vessels	4,750,000	-	-	4,750,000
Equipment	779,635	25,045	-	804,680
Vehicles	228,671	-	-	228,671
Software	6,230	-	-	6,230
Total Project Assets	<u>9,614,797</u>	<u>114,556,067</u>	<u>-</u>	<u>124,170,864</u>
Less: Accumulated Depreciation				
Site Improvements	(531,017)	(664,237)	-	(1,195,254)
Vessels	(923,611)	(316,667)	-	(1,240,278)
Equipment	(392,092)	(156,029)	-	(548,121)
Vehicles	(133,391)	(45,735)	-	(179,126)
Software	(2,423)	(2,077)	-	(4,500)
Total Accumulated Depreciation	<u>(1,982,534)</u>	<u>(1,184,745)</u>	<u>-</u>	<u>(3,167,279)</u>
Construction in Progress	153,238,965	102,637,638	(114,531,022)	141,345,581
Net Project Assets	<u>\$ 160,871,228</u>	<u>\$ 216,008,960</u>	<u>\$ (114,531,022)</u>	<u>\$ 262,349,166</u>

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NOTE 3 – 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 \$11,147,287 and \$18,782,691 were accrued as of June 30, 2015 and 2014, respectively, which will be paid upon receipt and review of the contractor invoices.

TGI has leased certain premises to the New York City School Construction Authority (“SCA”). Such lease is for a term of 49 years expiring in May 2057 with base rent of \$1 per annum payable by SCA. Other premises are occupied by a not-for-profit organization for which TGI receives annual permit fees of \$1.

NOTE 4 – CONTRIBUTIONS

During the years ended June 30, 2015 and 2014, TGI recognized the amount spent for eligible project costs totaling \$52,752,815 and \$96,437,557, respectively, as capital 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 statements of net position.

Revenues from operating and capital grants from the City amounted to \$62,139,366 and \$100,231,173 for the years ended June 30, 2015 and 2014, respectively. Such amounts represented approximately 75% and 86% of total revenues for the years ended June 30, 2015 and 2014, respectively.

NOTE 5 – PENSION PLAN

TGI’s employees participate in retirement plans through Extensis, a professional employer organization. The plan sponsor and plan administrator is Extensis Holdings, LLC, which has ultimate authorization over the plan and any amendments, plan terminations, vesting, distributions, and all plan activity as it is a Multiple Employer Plan. Plan forfeitures are used to either reduce employer contributions, or are applied to plan fees. The employer-funded plan is a defined contribution plan, which covers substantially all of TGI’s employees. It provides for variable contribution rates by TGI ranging from 3% to 14% of the employee’s eligible wages as defined in the plan document. Pension expense for the years ended June 30, 2015 and 2014 amounted to \$174,597 and \$195,760, respectively, and is included in personnel costs in the accompanying statement of revenues, expenses and changes in net position.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS

TGI’s employees were eligible to participate in the New York City Economic Development Corporation’s (“EDC”) retiree health care plan. As of May 25, 2010, TGI became an independent entity responsible for its own retiree plans and for producing its own financial reports. As such, a separate independent valuation is required to be completed for TGI.

The plan is a single employer defined benefit health care plan that provides postemployment medical for eligible retirees and their spouses. Employees who attain age 60 or older and have 10 years or more of service prior to the plan close date of June 30, 2022 will be eligible for retiree medical benefits.

Benefit provisions and contribution requirements for the plan are established and amended through TGI’s Board of Directors and there is no statutory requirement for TGI to continue this plan for future employees of TGI. This plan is a contributory plan with retirees subject to contributions in the amount of \$50 a month for single coverage and \$100 a month for family coverage. Retirees receiving the postemployment health benefit pay a premium amount equal to what a current TGI employee pays, based on his or her family status. Employer contributions are made on a pay as you go basis. At June 30, 2015, there was only one employee of TGI who met the required benefit eligibility of age 60 with at least 10 years of services as of June 30, 2022. In the year ended June 30, 2014, there were two such employees. This accounts for the decrease in TGI’s 2015 OPEB liability (as shown below). There were no retirees of TGI receiving benefits from the plan as of June 30, 2015.

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NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

TGI's annual OPEB cost for the plan is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

TGI has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers with plans that have fewer than 100 total members. The most recent actuarial valuation was for the plan year ended June 30, 2013.

TGI's annual OPEB cost for the years ended June 30, 2015 and 2014 and the related information for the plan are as follows:

	<u>2015</u>	<u>2014</u>
Annual required contribution ("ARC")	\$ 191,984	\$ 352,302
ARC adjustment and interest	<u>(352,302)</u>	<u>(244,645)</u>
(Decrease)/Increase in net OPEB obligation	(160,318)	127,657
Net OPEB obligation – beginning of period	<u>352,302</u>	<u>224,645</u>
Net OPEB obligation – end of period	191,984	352,302
Funded OPEB plan assets – end of period	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability ("UAAL") – end of year	<u>\$ 191,984</u>	<u>\$ 352,302</u>

As of June 30, 2015 and 2014, the actuarial accrued liability for benefits was \$191,984 and \$352,302, respectively, all of which was unfunded. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The schedule of funding progress as of June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Unfunded actuarial accrued liability – end of year	<u>\$ 191,984</u>	<u>\$ 352,302</u>
Funded ratio	0%	0%
Covered payroll	<u>\$ 188,700</u>	<u>\$ 349,000</u>
UAAL as a percentage of covered payroll	102%	101%

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between TGI and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the June 30, 2013 actuarial valuation, the projected unit cost method with attribution from date of hire to date of first eligibility for benefits was used. Under this method, the excess of the unfunded actuarial accrued liability over the sum of the actuarial value of assets is amortized as a level dollar amount over a closed 30 year period. The actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 9% for non-Medicare and 7% for Medicare, grading down to an ultimate rate of 4.5%.

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NOTE 7 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. *Concentration of Credit Risk*

Financial instruments that potentially subject TGI to a concentration of credit risk include cash accounts with JP Morgan Chase Bank, N.A (the “Bank”) that may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits.

As of June 30, 2015 and 2014, TGI had cash accounts with the Bank that exceeded the FDIC insurance limits by approximately \$19.0 million and \$24.6 million, respectively. However, TGI entered into a custodial agreement (the “Agreement”) with the Bank in which the Bank will deliver to a custodian for deposit the amount of any uninsured deposits of TGI multiplied by a margin factor of 102%. The custodian will hold any eligible securities, consisting of U.S. Treasury Notes, pledged by the Bank as collateral for the benefits of TGI pursuant to the Agreement. All securities held by the custodian as collateral are registered and are held in TGI’s name.

B. *Investments*

TGI’s investment policy permits TGI to invest funds of TGI 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 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, 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 had no other investment transactions during the years ended June 30, 2015 and 2014.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

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

B. *Litigation*

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

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NOTE 8 – COMMITMENTS AND CONTINGENCIES (Continued)

C. Facilities Management and Construction Management Services Contract

TGI has entered into an agreement with Turner to provide facilities management and construction management services to assist TGI in the operation, maintenance and redevelopment of the Project. The term of the agreement was for three years expiring on July 1, 2012, with two two-year options to extend at TGI's discretion. The contract was extended for a two-year period, expiring June 30, 2014. During the year ended June 30, 2014, the contract was further extended to June 30, 2016. The agreement allows Turner to enter into agreements with subcontractors for the maintenance, operation, construction and improvement of the Project. Amounts paid to Turner for facilities management services are recognized as expense in the period incurred while amounts paid to Turner for construction management services are capitalized and included in capital assets.

D. Impact of Hurricane Sandy

Additional expenses were incurred during the years ended June 30, 2014 and 2013, due to the damage caused by Hurricane Sandy. While emergency debris removal and emergency repair measures are complete, permanent restoration work continues. For work completed, approximately \$2.5 million has been paid to contractors. TGI received \$1,132,186 in FTA Emergency Relief Grant funds in the year ended June 30, 2015, which covered repair and restoration costs associated with transit facilities. This includes the Battery Maritime Building waiting room, the ferry lift bridges, the provision of alternate ferry service, and coverage for the ferry crew. For non-emergency, non-essential work – meaning not essential to day-to-day operations – TGI continues to work with the Federal Emergency Management Agency ("FEMA") and will not move forward until FEMA provides project funding approval. These project costs are currently estimated to be \$11.97 million. While TGI's management believes reimbursement under Federal and State disaster relief programs will cover a substantial portion of these costs, the share of the total cost of damages expected to be paid by TGI cannot be estimated at this time.