

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

For the Years Ended June 30, 2026 and 2025

**GOVERNORS ISLAND CORPORATION
(D/B/A THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)**

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Independent Auditors' Report

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

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Governors Island Corporation (d/b/a The Trust for Governors Island) ("TGI"), a component unit of The City of New York, which comprise the statements of net position as of June 30, 2026 and 2025, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise TGI's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit, of TGI as of June 30, 2026 and 2025, and the respective changes in net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Governors Island Alliance, Inc. d/b/a Governors Island Foundation (the "component unit"), which represents 1%, 1% and 6%, respectively of the assets, net position and revenues of the total reporting entity as of and for the years ended June 30, 2026 and 2025. These statements were audited by another auditor, whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for such component unit, are based solely on the reports of the other auditor.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TGI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TGI's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TGI's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TGI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the schedule of employer's required contributions on page 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

CBIZ CPAs P.C.

New York, New York
September 29, 2026

**GOVERNORS ISLAND CORPORATION
(D/B/A THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)**

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2026 and 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED

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

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

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

In April 2023, TGI announced that the New York Climate Exchange, a cross-sector consortium comprised of universities, business and community partners, will serve as the anchor educational and research institution for a new hub dedicated to developing climate solutions for cities. The Exchange will build a 400,000 square foot campus hosting research, workforce training, education and public programs. The project will contribute earned revenue to support Island operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following is a narrative overview and analysis of the financial activities of Governors Island Corporation, d/b/a The Trust for Governors Island (“TGI”), a component unit of The City of New York (the “City”), as of and for the year ended June 30, 2026 and 2025. It should be read in conjunction with TGI’s financial statements and accompanying notes.

**GOVERNORS ISLAND CORPORATION
(D/B/A THE TRUST FOR GOVERNORS ISLAND)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026 and 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The financial statements also include the financial activity of the Governors Island Alliance, Inc. d/b/a Governors Island Foundation (the "Foundation"), which has an operating agreement with TGI. Through this agreement, TGI provides administrative and operating support to the Foundation, and TGI is the sole recipient of any funds raised by the Foundation. The Foundation is reported as a discretely presented component unit under the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. The operating agreement was effective November 1, 2024, prompting the Foundation to be included as a discretely presented component unit for the year ended June 30, 2025. The inclusion of the Foundation as a discretely presented component unit increased assets, net position and revenues of the financial reporting entity by \$1,226,585, \$137,172 and \$4,438,293, respectively, for the year ended June 30, 2026. The inclusion of the Foundation as a discretely presented component unit increased assets, net position and revenues of the financial reporting entity by \$1,080,944, \$111,977 and \$3,968,397, respectively, for the year ended June 30, 2025. It should be read in conjunction with the Foundation's separately issued financial statements and accompanying notes.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026 and 2025

FINANCIAL SUMMARY (PRIMARY GOVERNMENT)

The following condensed financial information summarizes the assets, liabilities, and net position of the TGI as of June 30:

Condensed Statements of Net Position

	2026	2025	2024
Current assets and other	\$ 84,090,348	\$ 76,506,328	\$ 67,197,171
Capital assets, net of accumulated depreciation	350,107,141	324,961,357	318,738,176
Total Assets	<u>434,197,489</u>	<u>401,467,685</u>	<u>385,935,347</u>
Current liabilities	27,344,004	16,229,678	13,887,474
Noncurrent liabilities	6,214,881	6,174,822	5,570,988
Total Liabilities	<u>33,558,885</u>	<u>22,404,500</u>	<u>19,458,462</u>
Deferred inflows of resources	<u>36,958,362</u>	<u>37,323,516</u>	<u>33,804,701</u>
Invested in capital assets	330,509,279	311,753,733	318,738,176
Restricted for Living Lab Program	917,505	700,000	480,000
Unrestricted	32,253,458	29,285,936	13,454,008
Total Net Position	<u>\$ 363,680,242</u>	<u>\$ 341,739,669</u>	<u>\$ 332,672,184</u>

**GOVERNORS ISLAND CORPORATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026 and 2025

FINANCIAL SUMMARY (PRIMARY GOVERNMENT)(CONTINUED)

The following condensed financial information summarizes TGI's revenues, expenses, and changes in net position of the TGI as of June 30:

Condensed Statements of Activities

	2026	2025	2024
Permits and other fees	\$ 4,762,686	\$ 5,320,525	\$ 4,957,982
Rental income	2,171,493	1,951,800	1,598,126
Interest income - Leases	2,413,552	2,362,952	2,035,510
Operating grants and contributions	--	--	19,754,182
Other operating income	111,579	66,992	882,323
Total Operating Revenue	9,459,310	9,702,269	29,228,123
Operations & maintenance	17,203,216	14,666,034	14,656,690
Personnel costs	10,344,752	10,045,199	9,616,480
Utilities	1,679,256	1,515,521	1,060,440
Depreciation and amortization	25,934,578	25,112,085	24,931,603
Demolition costs	--	--	3,883,132
Other general and administrative expenses	4,638,855	4,976,864	3,348,251
Total Operating Expenses	59,800,657	56,315,703	57,496,596
Operating Loss	(50,341,347)	(46,613,434)	(28,268,473)
Noncapital Subsidies	18,878,056	18,771,403	--
Operating Loss and Noncapital Subsidies	(31,463,291)	(27,842,031)	(28,268,473)
Capital grants and contributions from government sources	48,772,334	32,063,377	34,276,671
Capital grants and contributions from private sources	4,196,886	4,448,533	2,269,888
Other nonoperating income	--	(14,463)	49,177
Investment income	434,644	613,908	423,059
Total Nonoperating Revenues	53,403,864	37,111,355	37,018,795
Change in net position	21,940,573	9,269,324	8,750,322
Net Position, Beginning of Year - As Previously Reported	--	332,672,184	--
Change in Accounting Principle	--	(201,839)	--
Net Position, Beginning of Year	341,739,669	332,470,345	323,921,862
Net Position, End of Year	\$ 363,680,242	\$ 341,739,669	\$ 332,672,184

**GOVERNORS ISLAND CORPORATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026 and 2025

VARIANCE ANALYSIS

CURRENT AND NONCURRENT ASSETS (PRIMARY GOVERNMENT)

Current assets are presented below in greater detail and in comparison to the prior years.

	2026	2025	2024	Variance (%)	
				2026 vs 2025	2025 vs 2024
Current Assets					
Unrestricted cash and cash equivalents	\$ 2,629,924	\$ 3,601,121	\$ 3,398,658	-27%	6%
Restricted cash and cash equivalents	2,209,263	2,323,915	3,650,838	-5%	-36%
Accounts receivable	669,159	1,289,786	1,193,856	-48%	8%
Grants and contributions receivable from government sources	17,438,320	9,137,572	6,811,362	91%	34%
Grants and contributions receivable from private sources	400,400	1,150,000	65,036	-65%	1668%
Short-term investments	9,191,762	8,903,739	7,177,313	3%	24%
Prepaid expenses	227,508	132,098	102,960	72%	28%
Total Current Assets	\$ 32,766,336	\$ 26,538,231	\$ 22,400,023	23%	18%

The increase in current assets from 2025 to 2026 was primarily attributable to higher receivables from government sources related to capital projects. Similarly, the increase from 2024 to 2025 was largely driven by growth in receivables from government sources and investment earnings generated during the year.

NONCURRENT ASSETS (PRIMARY GOVERNMENT)

TGI's noncurrent assets are comprised of security deposits held and the lease receivable. Lease receivable increased by approximately \$1.2 million or 3% from 2025 to 2026, primarily due to the commencement of two new lease agreements, Billion Oyster Project and NYU Gallatin, and annual rent escalations under existing leases, which increased the lease receivable balance.

Lease receivable increased by approximately \$5.0 million or 13% from 2024 to 2025, primarily due to the commencement of a new lease agreement with ABC & E, LLC, which resulted in the recognition of additional lease-related receivables.

Security deposits increased by 3% in 2026 and 2% in 2025. The year-over-year changes were not significant and were attributable to normal fluctuations in tenant, permit and event activity. Overall, security deposit balances remained stable and consistent throughout the period.

Refer to the *Significant Capital Asset Activity Section* for a discussion of TGI's capital assets.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026 and 2025

VARIANCE ANALYSIS (CONTINUED)

LIABILITIES (PRIMARY GOVERNMENT)

Liabilities are presented below in greater detail and in comparison to the prior years.

				Variance (%)	
	2026	2025	2024	2026 vs 2025	2025 vs 2024
Current Liabilities					
Accounts Payable and Accrued Expenses					
Operations	\$ 6,336,379	\$ 4,378,310	\$ 3,045,724		
City capital	<u>19,337,216</u>	<u>9,373,930</u>	<u>9,373,930</u>		
Total Accounts Payable and Accrued Expenses	<u>25,673,595</u>	<u>13,752,240</u>	<u>12,419,654</u>	87%	11%
Unearned Revenue					
Operations	795,335	1,471,990	462,372		
Private grants	<u>875,074</u>	<u>1,005,448</u>	<u>1,005,448</u>		
Total Unearned Revenue	<u>1,670,409</u>	<u>2,477,438</u>	<u>1,467,820</u>	-33%	69%
Total Current Liabilities	<u>27,344,004</u>	<u>16,229,678</u>	<u>13,887,474</u>	68%	17%
Noncurrent Liabilities					
Compensated absences	362,193	482,455	--	-25%	0%
Security deposits	<u>5,852,688</u>	<u>5,692,367</u>	<u>5,570,988</u>	3%	2%
Total Noncurrent Liabilities	<u>6,214,881</u>	<u>6,174,822</u>	<u>5,570,988</u>	1%	11%
Total Liabilities	<u>\$ 33,558,885</u>	<u>\$ 22,404,500</u>	<u>\$ 19,458,462</u>	50%	15%

Total liabilities increased by approximately \$11.2 million, or 50% from 2025 to 2026. The increase was primarily attributable to a significant rise in accounts payable and accrued expenses, which increased by approximately \$11.9 million. The increase in accounts payable and accrued expenses was largely related to capital project accruals and retainage payable associated with ongoing construction and capital improvement projects at year-end. The increase in these liabilities was partially offset by a decrease in unearned revenue of approximately \$0.8 million and a decrease in compensated absences of approximately \$0.1 million.

Total liabilities increased by approximately \$2.9 million, or 15%, from 2024 to 2025. The increase was primarily driven by growth in unearned revenue, which increased by approximately \$1.0 million, or 69%, as a result of prepayments received for permits and other fees that will be recognized as revenue in future periods. Accounts payable and accrued expenses also increased by approximately \$1.3 million, reflecting normal operating activity. These increases were partially offset by relatively stable noncurrent liabilities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026 and 2025

VARIANCE ANALYSIS (CONTINUED)

NET POSITION (PRIMARY GOVERNMENT)

Total net position increased by approximately \$21.9 million, or 6%, from 2025 to 2026. The increase was primarily driven by the impact of nonoperating revenues, and continued investment in capital assets, which increased by \$25.1 million during the year.

Total net position increased by \$9.3 million, or 3%, from 2024 to 2025. The increase was primarily attributable to positive operating and nonoperating results during the year, along with continued investment in capital assets, which increased by \$6.2 million compared to the prior year.

OPERATING REVENUES & NONCAPITAL SUBSIDIES (PRIMARY GOVERNMENT)

Total operating revenues decreased slightly by \$0.2 million, or 3%, from 2025 to 2026, while noncapital subsidies increased by \$0.1 million, or approximately 1%, during the same period. The decrease was primarily attributable to lower permits and other fees revenue, which declined by \$0.6 million, or 10%, compared to the prior year. Permit and fee revenues include site and permit fees associated with events held on the Island, reimbursements for event-related expenses, and ferry fare revenue. Ferry fare revenue decreased from approximately \$946,000 in 2025 to \$756,000 in 2026. Partially offsetting this decline were increases in rental income and common area maintenance charges, which increased by 11% as a result of a new lease with ABC & E, LLC, as well as increases in lease interest income and operating grants and contributions. Other operating income increased by 67%, primarily due to project development fee revenue recognized during the year.

Total operating revenues increased by \$0.2 million, or 2% from 2024 to 2025, while noncapital subsidies decreased by \$0.9 million, or approximately 5%, during the same period. The decrease was primarily due to lower operating grants and contributions and a significant decline in other operating income. These decreases were partially offset by increases in rental income, lease interest income, and permits and other fees revenue. Rental income increased due to continued leasing activity on the Island, while lease interest income increased as additional lease payments were recognized under existing lease arrangements.

OPERATING EXPENSES (PRIMARY GOVERNMENT)

Total operating expenses increased by \$3.5 million, or 6%, from 2025 to 2026. The increase was driven primarily by higher operations and maintenance expenses, which rose by approximately \$2.7 million, or 17%, which was mainly due to the waterfront infrastructure project. Personnel costs increased by 3%, utilities increased by 11%, and depreciation and amortization expense increased by 3% as capital assets were placed into service and existing assets continued to depreciate. These increases were partially offset by a decrease in general and administrative expenses.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026 and 2025

VARIANCE ANALYSIS (CONTINUED)

OPERATING EXPENSES (PRIMARY GOVERNMENT) (CONTINUED)

Total operating expenses decreased by approximately \$1.2 million, or 2%, from 2024 to 2025. The decrease was primarily due to the absence of \$3.9 million in demolition costs incurred in 2024 for the emergency demolition of Tango Pier. Partially offsetting this decrease were increases in personnel costs and general and administrative expenses, the latter of which increased due to an operating agreement that commenced in 2025 with the Foundation to provide operational and administrative support. Depreciation and amortization expense remained TGI's largest operating expense and increased slightly from the prior year.

NONOPERATING REVENUES (PRIMARY GOVERNMENT)

Total nonoperating revenues increased by approximately \$16.3 million, or 44%, from 2025 to 2026. The increase was primarily attributable to capital grants and contributions from government sources, which increased by \$16.7 million, or 52%, compared to the prior year. Government capital funding continued to support significant capital improvement and infrastructure projects across the Island. Partially offsetting this increase were lower capital grants and contributions from private sources and a decrease in investment income during the year.

Total nonoperating revenues increased slightly by approximately \$0.1 million from 2024 to 2025. Increased capital grants and contributions from private sources, which nearly doubled from the prior year, together with higher investment income, were largely offset by lower capital grants and contributions from government sources and the absence of contribution-in-kind revenue recognized in 2024. Overall, nonoperating revenues remained relatively consistent between the two years and continued to provide significant support for TGI's capital improvement program.

SIGNIFICANT CAPITAL ASSET ACTIVITY (PRIMARY GOVERNMENT)

TGI's capital assets are comprised of property transferred in July 2010 from the Governors Island Preservation and Education Corporation ("GIPEC"), TGI's predecessor, as well as improvements made since then. Capital assets transferred to TGI consist of title to 150 acres of Governors Island, vessels, vehicles, and other equipment then valued at \$5,780,000 in total. For the year ended June 30, 2026, \$50,239,293 was reclassified from construction-in-progress to assets completed and in use and was comprised mainly of maritime infrastructure and utility related infrastructure. For the year ended June 30, 2025, \$12,063,586 was reclassified from construction-in-progress to assets completed and in use and was comprised mainly of maritime infrastructure and utility related infrastructure.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026 and 2025

SIGNIFICANT CAPITAL ASSET ACTIVITY (PRIMARY GOVERNMENT) (CONTINUED)

Capital assets, net of accumulated depreciation, increased by approximately \$25.1 million, or 8%, from 2025 to 2026. The increase was primarily attributable to continued investment in the TGI's capital improvement projects, including the placement of the new Harbor Charger Ferry into service during the year. Capital additions exceeded current-year depreciation expense, resulting in an overall increase in net capital assets.

Capital assets, net of accumulated depreciation, increased by approximately \$6.2 million, or 2%, from 2024 to 2025. The increase reflects continued investment in capital projects and infrastructure improvements throughout the Island. Capital additions during the year exceeded depreciation expense, resulting in growth in the TGI's net capital asset balance.

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
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STATEMENTS OF NET POSITION

June 30, 2026 and 2025

	2026			2025		
	Primary Government	Component Unit Foundation	Total Reporting Entity	Primary Government	Component Unit Foundation	Total Reporting Entity
Assets						
Current Assets						
Unrestricted cash and cash equivalents	\$ 2,629,924	\$ 723,079	\$ 3,353,003	\$ 3,601,121	\$ 909,888	\$ 4,511,009
Restricted cash and cash equivalents	2,209,263	--	2,209,263	2,323,915	--	2,323,915
Accounts receivable	669,159	--	669,159	1,289,786	--	1,289,786
Grants and contributions receivable from government sources	17,438,320	--	17,438,320	9,137,572	--	9,137,572
Grants and contributions receivable from private sources, net of present value discount of \$16,241 and \$0, respectively	400,400	388,759	789,159	1,150,000	28,407	1,178,407
Short-term investments	9,191,762	--	9,191,762	8,903,739	--	8,903,739
Prepaid expenses	227,508	111,052	338,560	132,098	136,265	268,363
Total Current Assets	<u>32,766,336</u>	<u>1,222,890</u>	<u>33,989,226</u>	<u>26,538,231</u>	<u>1,074,560</u>	<u>27,612,791</u>
Noncurrent Assets						
Security deposits held	5,889,568	--	5,889,568	5,737,606	--	5,737,606
Lease receivable	45,434,444	--	45,434,444	44,230,491	--	44,230,491
Capital assets, net of accumulated depreciation	350,107,141	3,695	350,110,836	324,961,357	6,384	324,967,741
Total Noncurrent Assets	<u>401,431,153</u>	<u>3,695</u>	<u>401,434,848</u>	<u>374,929,454</u>	<u>6,384</u>	<u>374,935,838</u>
Total Assets	<u>\$ 434,197,489</u>	<u>\$ 1,226,585</u>	<u>\$ 435,424,074</u>	<u>\$ 401,467,685</u>	<u>\$ 1,080,944</u>	<u>\$ 402,548,629</u>
Liabilities						
Current Liabilities						
Accounts payable and accrued expenses	\$ 25,673,595	\$ 438,100	\$ 26,111,695	\$ 13,752,240	\$ 701,044	\$ 14,453,284
Unearned revenue	1,670,409	246,313	1,916,722	2,477,438	267,923	2,745,361
Total Current Liabilities	<u>27,344,004</u>	<u>684,413</u>	<u>28,028,417</u>	<u>16,229,678</u>	<u>968,967</u>	<u>17,198,645</u>
Noncurrent Liabilities						
Compensated absences	362,193	--	362,193	482,455	--	482,455
Security deposits	5,852,688	--	5,852,688	5,692,367	--	5,692,367
Total Noncurrent Liabilities	<u>6,214,881</u>	<u>--</u>	<u>6,214,881</u>	<u>6,174,822</u>	<u>--</u>	<u>6,174,822</u>
Total Liabilities	<u>33,558,885</u>	<u>684,413</u>	<u>34,243,298</u>	<u>22,404,500</u>	<u>968,967</u>	<u>23,373,467</u>
Deferred Inflows of Resources						
Contributions	--	405,000	405,000	--	--	--
Leases	36,958,362	--	36,958,362	37,323,516	--	37,323,516
Total Deferred Inflow of Resources	<u>36,958,362</u>	<u>405,000</u>	<u>37,363,362</u>	<u>37,323,516</u>	<u>--</u>	<u>37,323,516</u>
Net Position						
Invested in capital assets	330,509,279	3,695	330,512,974	311,753,733	6,384	311,760,117
Restricted for Living Lab Program	917,505	--	917,505	700,000	--	700,000
Unrestricted	32,253,458	133,477	32,386,935	29,285,936	105,593	29,391,529
Total Net Position	<u>363,680,242</u>	<u>137,172</u>	<u>363,817,414</u>	<u>341,739,669</u>	<u>111,977</u>	<u>341,851,646</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 434,197,489</u>	<u>\$ 1,226,585</u>	<u>\$ 435,424,074</u>	<u>\$ 401,467,685</u>	<u>\$ 1,080,944</u>	<u>\$ 402,548,629</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 REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2026 and 2025

	2026			2025		
	Primary Government	Component Unit Foundation	Total Reporting Entity	Primary Government	Component Unit Foundation	Total Reporting Entity
Operating Revenues						
Permits and other fees	\$ 4,762,686	\$ 1,408,960	\$ 6,171,646	\$ 5,320,525	\$ 1,129,701	\$ 6,450,226
Rental income	2,171,493	--	2,171,493	1,951,800	--	1,951,800
Interest income - Leases	2,413,552	--	2,413,552	2,362,952	--	2,362,952
Operating grants and contributions	--	2,981,267	2,981,267	--	2,774,858	2,774,858
In-kind contributions	--	46,797	46,797	--	55,841	55,841
Other operating income	111,579	1,269	112,848	66,992	7,997	74,989
Total Operating Revenues	<u>9,459,310</u>	<u>4,438,293</u>	<u>13,897,603</u>	<u>9,702,269</u>	<u>3,968,397</u>	<u>13,670,666</u>
Operating Expenses						
Operations & maintenance	17,203,216	--	17,203,216	14,666,034	--	14,666,034
Personnel costs	10,344,752	996,802	11,341,554	10,045,199	857,426	10,902,625
Utilities	1,679,256	--	1,679,256	1,515,521	--	1,515,521
Depreciation and amortization	25,934,578	2,689	25,937,267	25,112,085	4,766	25,116,851
Program grants	--	2,887,400	2,887,400	--	2,573,401	2,573,401
Other general and administrative expenses	4,638,855	526,207	5,165,062	4,976,864	847,087	5,823,951
Total Operating Expenses	<u>59,800,657</u>	<u>4,413,098</u>	<u>64,213,755</u>	<u>56,315,703</u>	<u>4,282,680</u>	<u>60,598,383</u>
Operating Loss	<u>(50,341,347)</u>	<u>25,195</u>	<u>(50,316,152)</u>	<u>(46,613,434)</u>	<u>(314,283)</u>	<u>(46,927,717)</u>
Noncapital Subsidies						
Operating grants and contributions	18,878,056	--	18,878,056	18,771,403	--	18,771,403
Total Noncapital Subsidies	<u>18,878,056</u>	<u>--</u>	<u>18,878,056</u>	<u>18,771,403</u>	<u>--</u>	<u>18,771,403</u>
Operating Loss and Noncapital Subsidies	<u>(31,463,291)</u>	<u>25,195</u>	<u>(31,438,096)</u>	<u>(27,842,031)</u>	<u>(314,283)</u>	<u>(28,156,314)</u>
Nonoperating Revenues						
Capital grants and contributions from government sources	48,772,334	--	48,772,334	32,063,377	--	32,063,377
Capital grants and contributions from private sources	4,196,886	--	4,196,886	4,448,533	--	4,448,533
Loss on capital asset disposal	--	--	--	(14,463)	--	(14,463)
Investment income	434,644	--	434,644	613,908	--	613,908
Total Nonoperating Revenues	<u>53,403,864</u>	<u>--</u>	<u>53,403,864</u>	<u>37,111,355</u>	<u>--</u>	<u>37,111,355</u>
Change in Net Position	<u>21,940,573</u>	<u>25,195</u>	<u>21,965,768</u>	<u>9,269,324</u>	<u>(314,283)</u>	<u>8,955,041</u>
Net Position, Beginning of Year	<u>341,739,669</u>	<u>111,977</u>	<u>341,851,646</u>	<u>332,470,345</u>	<u>426,260</u>	<u>332,896,605</u>
Net Position, End of Year	<u>\$ 363,680,242</u>	<u>\$ 137,172</u>	<u>\$ 363,817,414</u>	<u>\$ 341,739,669</u>	<u>\$ 111,977</u>	<u>\$ 341,851,646</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, 2026 and 2025

	2026	2025
Cash Flows From Operating Activities		
Cash receipts from		
Customer payments	\$ 7,933,565	\$ 8,852,847
Other receipts	119,938	54,613
Total Cash Receipts From Operating Activities	<u>8,053,503</u>	<u>8,907,460</u>
Cash payments for		
Personnel costs	(10,465,769)	(9,989,324)
Services and supplies	(15,108,802)	(19,807,154)
Total Cash Payments for Operating Activities	<u>(25,574,571)</u>	<u>(29,796,478)</u>
Net Cash Used in Operating Activities	<u>(17,521,068)</u>	<u>(20,889,018)</u>
Cash Flows From Noncapital Financing Activities		
Operating grants and contributions	18,306,967	19,196,525
Net Cash Provided by Noncapital Financing Activities	<u>18,306,967</u>	<u>19,196,525</u>
Cash Flows From Capital and Related Financing Activities		
Capital grants and contributions from government sources	40,701,332	29,489,784
Capital grants and contributions from private sources	4,946,486	3,363,569
Purchase of capital assets	(47,666,187)	(31,172,802)
Net Cash (Used in) Provided by Capital and Related Financing Activities	<u>(2,018,369)</u>	<u>1,680,551</u>
Cash Flows From Investing Activities		
Purchases of investments	(288,023)	(1,726,426)
Investment earnings	434,644	613,908
Net Cash Provided by (Used in) Investing Activities	<u>146,621</u>	<u>(1,112,518)</u>
Net Decrease in Cash and Cash Equivalents	(1,085,849)	(1,124,460)
Cash and Cash Equivalents, Beginning of Year	<u>5,925,036</u>	<u>7,049,496</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,839,187</u>	<u>\$ 5,925,036</u>

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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STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2026 and 2025

	2026	2025
Reconciliation of Operating Loss to Cash Flows Used in Operating Activities		
Operating loss	\$ (50,341,347)	\$ (46,613,434)
Adjustments to reconcile operating loss to cash flows used in operating activities:		
Depreciation and amortization	25,934,578	25,112,085
Bad debt	37,162	10,703
Changes in operating assets and liabilities:		
Accounts receivable	583,465	(106,633)
Prepaid expenses	(95,410)	(29,138)
Security deposits held	(151,962)	(133,758)
Lease receivable	(1,203,953)	(5,037,191)
Accounts payable and accrued expenses	8,507,180	1,581,313
Unearned revenue	(465,686)	831,876
Security deposits	160,321	121,379
Compensated absences	(120,262)	(145,035)
Deferred inflow of resources	(365,154)	3,518,815
Net Cash Used in Operating Activities	<u>\$ (17,521,068)</u>	<u>\$ (20,889,018)</u>
Reconciliation to Cash and Cash Equivalents, End of Year		
Unrestricted cash and cash equivalents	\$ 2,629,924	\$ 3,601,121
Restricted cash and cash equivalents	<u>2,209,263</u>	<u>2,323,915</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,839,187</u>	<u>\$ 5,925,036</u>
Supplemental Disclosure of Cash Flow Information		
Noncash capital and related financing transactions		
Accrued capital asset expenditures	<u>\$ 12,965,029</u>	<u>\$ 9,550,854</u>

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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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

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

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

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

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

**GOVERNORS ISLAND CORPORATION
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

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

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

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

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

Based on the application of these criteria, the Governors Island Alliance, Inc. d/b/a the Governors Island Foundation (the “Foundation”) is component unit of TGI. It was determined that the Foundation is a discretely presented component unit. These criteria had been met from the Foundation’s operating agreement with the Trust, in which, TGI is the sole recipient of the funds raised by the Foundation and the amounts contributed to TGI amounted to approximately \$2,900,000 and \$2,700,000 for the years ended June 30, 2026 and 2025, respectively. TGI paid program service fees of approximately \$1,400,000 and \$850,000 to the Foundation for the years ended June 30, 2026 and 2025.

**GOVERNORS ISLAND CORPORATION
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL REPORTING ENTITY (CONTINUED)

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

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.

REVENUE AND EXPENSE CLASSIFICATION

TGI distinguishes operating revenues and expenses from nonoperating items in the preparation of its financial statements. The principal operating revenues include permits and other fees, and rental income. Operating grants and contributions from the City are reported as noncapital subsidies. Major operating expenses include operations and maintenance (“O&M”) costs, personnel costs, and other general and administrative costs.

GRANTS AND CONTRIBUTIONS

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

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

**GOVERNORS ISLAND CORPORATION
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE FROM LEASES

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

The Foundation has donated space for the years ended June 30, 2026 and 2025, thus, is exempted from the recognition of a right-of-use asset and lease liability.

CASH AND CASH EQUIVALENTS

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

RESTRICTED ASSETS

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

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

INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

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

**GOVERNORS ISLAND CORPORATION
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

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

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

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

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

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

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

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

NET POSITION

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

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

**GOVERNORS ISLAND CORPORATION
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION (CONTINUED)

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.

USE OF ESTIMATES

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

RECLASSIFICATION

Certain line items in the June 30, 2025 financial statements have been reclassified to conform to the June 30, 2026 presentation.

RECENT ACCOUNTING PRONOUNCEMENTS

- GASB Statement No. 103, *Financial Reporting Model Improvements* (“GASB 103”), has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. GASB 103 describes changes to the information presented in management’s discussion and analysis (MD&A), while stressing and emphasizing information included within. Additionally, GASB 103 provides the description on unusual or infrequent items, and their reporting requirements. GASB 103 also provides guidance on other reporting requirements inclusive of the presentation of the Proprietary Fund statement of revenues, expenses and changes in fund net position; major component unit information and budgetary comparison information. The requirements of GASB 103 are effective for fiscal years beginning after June 15, 2024. The effects of the adoption on TGI were limited to having an impact to the form and content of the MD&A and a change in the presentation of the statement of activities to include noncapital subsidies as a separate line item.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets* (“GASB 104”), has been issued to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and compatibility between governments. The requirements of GASB 104 are effective for fiscal years beginning after June 15, 2025. TGI has adopted GASB 104 for the year ended June 30, 2026 and determined there is no impact on its disclosures.

**GOVERNORS ISLAND CORPORATION
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- GASB Statement No. 105, *Subsequent Events* (“GASB 105”), has been issued to improve financial reporting by enhancing the requirements related to subsequent events and promoting consistency in their application. GASB 105 requires governments to disclose the date through which subsequent events have been evaluated, regardless of whether recognized or nonrecognized subsequent events exist. For nonrecognized subsequent events, the Statement requires disclosure of the nature of the event, its effects, and an estimate of the financial impact, or the reason why an estimate cannot be made. The requirements of GASB 105 are effective for fiscal years ending after June 15, 2027. Management is currently evaluating the impact that the adoption of GASB 105 will have on TGI’s financial statements.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

TGI’s investments consisted of the following at June 30, 2026 and 2025:

	2026	2025
Fixed Income		
Corporate – U.S.	\$ 4,310,958	\$ 4,179,887
U.S. Government	4,589,552	4,448,085
Mutual Funds	<u>291,252</u>	<u>275,767</u>
	<u>\$ 9,191,762</u>	<u>\$ 8,903,739</u>

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

- Obligations of the U.S. Treasury and other Federal Agency obligations.
- Commercial paper rated A-1 by Standard & Poor’s Corporation or P-1 by Moody’s Investors Service, Inc., or Fitch.
- Bankers’ acceptances and time deposits of banks with worldwide assets of more than \$50 million.
- Certificates of deposit with New York banks. Such certificates of deposit must be Federal Deposit Insurance Corporation (“FDIC”) insured, except when otherwise collateralized.

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

- High quality equity securities traded on the New York and NASDAQ stock exchanges as well as mutual funds.
- Other investments approved by the Comptroller of the City for the investment of City funds.

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

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

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

In determining fair value, TGI utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in fixed income are valued using market prices in active markets and mutual funds are valued at their daily closing value, at which is the price they are offered for sale (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 investment valuations are obtained through other observable inputs.

Custodial Credit Risk

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

Credit Risk

All investments held by TGI on June 30, 2026 and 2025, are invested in domestic corporate and U.S. Government Bonds, and fixed-income mutual funds. The bonds have various expiration dates through 2027. The average duration for the two fixed-income mutual funds is less than two years.

**GOVERNORS ISLAND CORPORATION
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Interest Rate Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of TGI's investments in a single issuer (5% or more). TGI's investment policy places no limits on the amount TGI may invest in any one issuer of eligible investments as defined in the investment policy. As of both June 30, 2026 and 2025, 3% consist of fixed-income mutual funds and 97% consist of fixed income bonds.

All financial assets carried at fair value at June 30, 2026 and 2025 are classified in the fair value hierarchy at Level 1 & Level 2:

	2026	2025
Investments		
Level 1	\$ 9,110,133	\$ 8,834,552
Level 2	<u>81,629</u>	<u>69,187</u>
Total Investments	<u>\$ 9,191,762</u>	<u>\$ 8,903,739</u>

**GOVERNORS ISLAND CORPORATION
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 4 – CAPITAL ASSETS

The changes in capital assets for the years ended June 30, 2026 and 2025 reflect the level of construction activity on the Island. Projects completed and put in service, or opened to the public, have been added to the asset list.

The changes in capital assets for the year ended June 30, 2026 for TGI were as follows:

	Balance on June 30, 2025	Additions	Deductions	Balance on June 30, 2026
Land	\$ 1	\$ --	\$ --	\$ 1
Site Improvements	417,731,461	18,753,412	--	436,484,873
Vessels	18,765,540	31,507,745	--	50,273,285
Equipment	3,198,297	--	--	3,198,297
Vehicles	851,061	--	--	851,061
Software	97,930	--	--	97,930
Total Project Assets	<u>440,644,290</u>	<u>50,261,157</u>	<u>--</u>	<u>490,905,447</u>
Less: Accumulated Depreciation				
Site Improvements	(209,406,102)	(22,540,146)	--	(231,946,248)
Vessels	(12,464,542)	(3,134,185)	--	(15,598,727)
Equipment	(2,787,992)	(177,019)	--	(2,965,011)
Vehicles	(657,056)	(52,661)	--	(709,717)
Software	(58,448)	(30,567)	--	(89,015)
Total Accumulated Depreciation	<u>(225,374,140)</u>	<u>(25,934,578)</u>	<u>--</u>	<u>(251,308,718)</u>
Construction-in-Progress	<u>109,691,207</u>	<u>51,058,498</u>	<u>(50,239,293)</u>	<u>110,510,412</u>
Net Project Assets	<u>\$ 324,961,357</u>	<u>\$ 75,385,077</u>	<u>\$ (50,239,293)</u>	<u>\$ 350,107,141</u>

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

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

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 \$12,965,029 and \$9,550,854 were accrued as of June 30, 2026 and 2025, respectively, which will be paid upon receipt and review of the contractor invoices.

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

The changes in capital assets for the year ended June 30, 2026 for the Foundation were as follows:

	Balance on June 30, 2025	Additions	Deductions	Balance on June 30, 2026
Buildings	\$ 88,154	\$ --	\$ --	\$ 88,154
Computers	5,894	--	--	5,894
Furniture, fixtures and equipment	25,431	--	--	25,431
Total Capital Assets	<u>119,479</u>	<u>--</u>	<u>--</u>	<u>119,479</u>
Less: Accumulated Depreciation				
Buildings	(88,154)	--	--	(88,154)
Computers	(4,717)	(1,177)	--	(5,894)
Furniture, fixtures and equipment	(20,224)	(1,512)	--	(21,736)
Total Accumulated Depreciation	<u>(113,095)</u>	<u>(2,689)</u>	<u>--</u>	<u>(115,784)</u>
Net Capital Assets	<u>\$ 6,384</u>	<u>\$ (2,689)</u>	<u>\$ --</u>	<u>\$ 3,695</u>

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

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

NOTE 5 – CONTRIBUTIONS

During the years ended June 30, 2026 and 2025, TGI recognized the amounts spent for eligible capital project costs totaling \$48,772,334 and \$32,063,377, respectively, as capital grants and contributions in the accompanying statement of revenues, expenses and changes in net position while the unspent funds at year-end are included in unearned revenue in the accompanying statement of net position.

Revenues from operating and capital grants from the City amounted to \$67,650,390 and \$50,834,780, for the years ended June 30, 2026 and 2025, respectively. Such amount represented approximately 83% and 78% of total revenues for the years ended June 30, 2026 and 2025, respectively.

**GOVERNORS ISLAND CORPORATION
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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 6 – RETIREMENT PLANS

As of February 1, 2021, TGI participates in a single employer retirement plan through Voya Institutional Trust Company, a retirement insurance and annuity company. (Assets in the previous plan with Extensis Holdings, LLC, were transferred to the new plan with Voya Institutional Trust Company.) The plan sponsor and plan administrator are TGI, which has ultimate authorization over the plan and any amendments, plan terminations, vesting, distributions and all plan activity as it is a single employer plan. Plan forfeitures are used to either reduce employer contributions or are applied to plan fees. The plan is a defined contribution plan, which covers substantially all TGI's employees. It provides for variable contribution rates by TGI ranging from 3% to 12% of employees' eligible wages as defined in the plan document. Retirement plan expense for the years ended June 30, 2026 and 2025 amounted to \$531,379 and \$521,530, respectively, and is included in personnel costs in the accompanying statement of revenues, expenses and changes in net position.

INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 30 PENSION FUND

TGI employees who are members of the International Union of Operating Engineers ("IUOE") Local 30 participate in the IUOE Local 30 Pension Fund (the "Local 30 Pension Fund"), a non-governmental union sponsored plan with no predominant governmental employer. Only employees who are covered by TGI's collective bargaining agreement with its engineers, chiefs, apprentices, and technicians are eligible to participate in the Local 30 Pension Fund. TGI entered into the collective bargaining agreement effective July 1, 2024 through June 30, 2028. The Fund is administered by the Board of Trustees of the IUOE Local Pension Fund. The Local 30 Pension Fund is a cost-sharing multiemployer defined benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Participation begins after the completion of twelve (12) consecutive months' continuous union service. Voluntary employee contributions to this plan are not permitted.

Effective July 1, 2025, TGI entered into a separate collective bargaining agreement with the International Union of Operating Engineers Local 30 covering Lead Groundskeepers and Groundskeepers through June 30, 2028. Pursuant to the agreement, eligible employees participate in the Local 30 Pension Fund and other union-sponsored benefit plans. Contributions to the pension plan are made at rates specified in the collective bargaining agreement.

Participants earn pension credits throughout their career and are generally vested after they have earned 1,000 hours of work, 100 days of work, 22 weeks of work or five months of work or more in covered employment. For the years ended June 30, 2026 and 2025, pension contributions of \$2.55-\$4.96 per hour were made to the Local 30 Pension Fund. Pension expense for the years ended June 30, 2026 and 2025 amounted to \$125,296 and \$96,791, respectively. As of June 30, 2026 and 2025, there were 20 and 13 employees, respectively, covered under this plan.

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 6 – RETIREMENT PLANS (CONTINUED)

INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 30 PENSION FUND (CONTINUED)

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

INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 30 ANNUITY FUND

TGI employees who are members of the IUOE Local 30 also are provided with annuity benefits through the IUOE Local 30 Annuity Fund (the “Local 30 Annuity Fund”). Only employees who are covered by TGI’s collective bargaining agreement with its engineers, chiefs, apprentices, and technicians are eligible to participate in the Local 30 Annuity Fund. TGI entered into the collective bargaining agreement effective July 1, 2024 through June 30, 2028. The Local 30 Annuity Fund is a defined contribution profit sharing plan subject to the provisions of the ERISA, as amended. The Fund is administered by the Board of Trustees IUOE Local Annuity Fund. Participation begins when the employee becomes a member of the IUOE Local 30.

Effective July 1, 2025, TGI entered into a separate collective bargaining agreement with the International Union of Operating Engineers Local 30 covering Lead Groundskeepers and Groundskeepers through June 30, 2028. Pursuant to the agreement, eligible employees participate in the Operating Engineers Local 30 Annuity Fund. Contributions to the annuity fund are made at rates specified in the collective bargaining agreement.

For the years ended June 30, 2026 and 2025, annuity contributions of \$2.61-\$5.10 per hour, were made to the Local 30 Annuity Fund. Annuity expense for the years ended June 30, 2026 and 2025 amounted to \$121,206 and \$98,015, respectively. As of June 30, 2026 and 2025, there were 20 and 13 employees, respectively, covered under this plan.

GOVERNORS ISLAND ALLIANCE, INC., D/B/A GOVERNORS ISLAND FOUNDATION

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

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 6 – RETIREMENT PLANS (CONTINUED)

Effective with the execution of the Operating Agreement with TGI, the Foundation staff became eligible to participate in a defined contribution 403(b) retirement plan (the “403(b) Plan”). It provides for variable contribution rates by TGI ranging from 3% to 12% of employees’ compensation. Contributions become fully vested after the 4th year of participation in the 403(b) Plan.

The Foundation’s total contributions to the plans for the years ended June 30, 2026 and 2025 were \$51,509 and \$30,135, respectively.

NOTE 7 – CONCENTRATION OF CUSTODIAL CREDIT RISK - DEPOSITS

Financial instruments that potentially subject TGI to a concentration of custodial credit risk include cash accounts with J.P. Morgan Chase (the “Bank”) that may exceed the FDIC insurance limits. TGI has a Custodial Undertaking Agreement with the Bank, through which TGI’s deposits are collateralized. The total is net of any applicable FDIC coverage. As of June 30, 2026 and 2025, TGI’s cash accounts were fully covered through the FDIC limit on each account plus the collateral segregated on TGI’s behalf. In addition, First Republic Bank, now part of J.P. Morgan Chase, secured a Standby Letter of Credit (“LoC”) for TGI from the Federal Home Loan Bank, which guarantees the repayment of non-insured funds to municipal/public sector unit depositories. The LoC is an obligation to make payment to a third-party if a member financial institution does not perform its underlying obligation to that third-party. The LoC is written to the depositor as a beneficiary. The amounts of the LoC were \$12.5 million and \$11 million for the years ended June 30, 2026 and 2025, respectively.

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

NOTE 8 – LEASE RECEIVABLE

TGI had lease receivables of \$45,434,444 and \$44,230,491 as of June 30, 2026 and 2025, respectively. Lease revenues were \$2,171,493 and \$1,951,800 and interest revenues were \$2,413,552 and \$2,362,952 related to lease payments received for the years ended June 30, 2026 and 2025, respectively. All of TGI’s leases relate to properties on Governors Island, one for operation of a day spa, others for office space, and one for dining/event space. The lease terms vary and are specific to each individual tenant.

No leases had variable payments.

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 8 – LEASE RECEIVABLE (CONTINUED)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2027	\$ (556,429)	\$ 2,443,297	\$ 1,886,868
2028	(518,461)	2,474,743	1,956,282
2029	(463,625)	2,504,118	2,040,493
2030	(399,085)	2,530,363	2,131,278
2031	(343,563)	2,552,878	2,209,315
2032-2036	(1,038,079)	13,002,462	11,964,383
2037-2041	(21,767)	13,177,624	13,155,857
2042-2046	1,823,292	13,002,636	14,825,928
2047-2051	4,457,371	12,252,218	16,709,589
2052-2056	8,147,618	10,686,702	18,834,320
2057-2061	13,245,565	7,985,588	21,231,153
2062-2066	20,213,192	3,721,943	23,935,135
2067-2071	888,415	76,199	964,614
	<u>\$ 45,434,444</u>	<u>\$ 86,410,771</u>	<u>\$ 131,845,215</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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.

LITIGATION

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

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

FACILITIES MANAGEMENT AND CONSTRUCTION MANAGEMENT SERVICES CONTRACT

As of July 1, 2016, TGI entered into an agreement with LiRo Program and Construction Management (“LiRo”) to provide facilities management and construction management services to assist TGI in the operation, maintenance, and redevelopment of the Island. There are two two-year options and a third one-year option to renew the contract at TGI’s discretion. TGI had exercised the third option through June 30, 2025. TGI entered into the Ninth Amendment to the agreement for facilities management and construction management services. This Ninth Amendment, effective June 26, 2025, modifies the July 1, 2016 agreement, limits services to the completion of specified remaining projects, and extends the contract through final project closeout. There was no amendment extending the contract as of June 30, 2026.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**GOVERNORS ISLAND CORPORATION
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(A COMPONENT UNIT OF THE CITY OF NEW YORK)**

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

International Union of Operating Engineers Local 30:

	2026	2025	2024	2023	2022
Employer's required contribution	\$ 125,296	\$ 96,791	\$ 89,619	\$ 74,569	\$ 53,658
Actual contribution	125,296	96,791	89,619	74,569	53,658
Contribution deficiency (excess)	--	--	--	--	--

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

See independent auditors' report.