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, 2022 and 2021

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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, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Governors Island Corporation (d/b/a The Trust for Governors Island) ("TGI"), a Component Unit of The City of New York, which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise TGI's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TGI as of June 30, 2022, and the 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.

Basis for Opinion

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

Other Matter

The financial statements of TGI as of and for the year ended June 30, 2021 were audited by other auditors whose report dated September 28, 2021 expressed unmodified opinions on those statements. As discussed in Note 2J to the financial statements, TGI has adjusted its June 30, 2021 financial statements to retrospectively apply the change in accounting required by Governmental Accounting Standards Board Statement No. 87, *Leases*. The other auditors reported on the financial statements before the retrospective adjustments.

As part of our audit of the June 30, 2022 financial statements, we also audited the adjustments to the June 30, 2021 financial statements to retrospectively apply the change in accounting as described in Note 2. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to TGI's June 30, 2021 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2021 financial statements as a whole.

Emphasis of the Matter

As discussed in Note 2J, TGI has restated its financial statements as of and for the year ended June 30, 2021 during the current year to retroactively adopt Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TGI's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TGI's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the schedule of employer's required contributions on page 26 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 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 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.

Mayer Hoffman McCann CPAs

New York, NY
September 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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"), for the years ended June 30, 2022 and 2021. 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 basic financial statements. The basic financial statements, which include the statements of net position, the statements of revenues, expenses and changes in net position, the statements of cash flows and the notes to the financial statements, are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as prescribed by the Governmental Accounting Standards Board ("GASB"). The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in which revenues are recognized in the period they are earned and expenses are recognized in the period they are incurred.

Organization Overview

TGI is a 501(c)(3) not-for-profit organization created by The City of New York, charged with the planning, preservation, redevelopment, and ongoing operations and maintenance of approximately 150 acres of Governors Island (the "Island") plus surrounding lands underwater, located in New York Harbor, in the Borough of Manhattan in the City. The remaining 22 acres of the Island were declared the Governors Island National Monument in 2003 and are overseen by the National Park Service. TGI is a New York State not-for-profit corporation, governed by a 17-member Board of Directors appointed by the Mayor of The City of New York and nominated by the Mayor, the Governor of the State of New York, and local elected officials.

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

To further its mission, TGI launched an ambitious capital program in 2012 to build new park and public spaces and bring the Island's infrastructure into the 21st century. The first phase of the Park and Public Space project opened in 2014 with 30 new acres of park on the Island's southern end. The Hills, Phase two of the park plan, opened in July 2016 and consist of four hills of varying height and design, offering unparalleled views of the harbor and additional recreational opportunities to visitors. Capital investment also brought potable water to the Island, upgraded its electrical system, stabilized historic buildings, rebuilt the seawall, and improved ferry operations at the docks on-Island and at the Battery Maritime Building in Manhattan. Capital projects are ongoing as TGI continues to improve Island infrastructure, making it development-ready as plans for the Island progress.

On the Island, over two dozen historic houses on the Island become temporary homes to arts, culture, science, and education organizations from across the New York area offering a diverse array of free programs. Also, during the public access season, organizations stage events on Governors Island including art fairs, science symposiums, cultural celebrations, live performances, film screenings, and sporting events. In 2022, TGI extended its public access season to be open year-round from six months so that more visitors could take advantage of all the Island has to offer.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS

Adoption of GASB No. 87, Leases

During the year ended June 30, 2022, TGI adopted GASB 87, *Leases*, which required retrospective adoption and required the June 30, 2021 financial statements to be restated to reflect the new standard. As such, balances within management's discussion and analysis have been restated to reflect the change. Explanations of variances have also been revised to reflect the adoption of the standard.

Current and Noncurrent Assets

As of June 30, 2022, TGI had current assets of $17,437,291 compared to $15,204,756 as of June 30, 2021. Current assets are presented below in greater detail and in comparison, to prior years.

				Variance (%)	
Current Assets	**2022**	**2021**	**2020**	**2022 vs 2021**	**2021 vs 2020**
Unrestricted Cash and cash equivalents	$ 3,757,119	$ 5,229,765	$ 6,571,220	-28%	-20%
Restricted cash and cash equivalents	2,491,241	2,521,265	2,792,193	-1%	-10%
Accounts receivable	728,594	877,425	50,800	-17%	1627%
Grants and contributions receivable from government sources	6,018,333	3,540,903	970,764	70%	265%
Grants and contributions receivable from private sources	187,500	112,500	137,500	67%	-18%
Short-term investments	4,185,958	2,904,937	2,141,648	44%	36%
Prepaid expenses	68,546	17,961	3,461	282%	419%
Total current assets	**$ 17,437,291**	**$ 15,204,756**	**$ 12,667,586**	15%	20%

The difference in current assets is mainly due to a delay in payments from the City for operational support and capital requests.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Noncurrent Assets

The following chart shows TGI's noncurrent (i.e., capital) assets not including security deposits held, or the noncurrent portion of lease receivable, for the years ended June 30, 2022, 2021 and 2020:

Capital Assets Summary	**2022**	**2021**	**2020**
Beginning Balance	$ 307,333,904	$ 320,133,108	$ 335,108,022
Additions/Deductions (Net of Depreciation)	(4,453,861)	(12,799,204)	(14,974,914)
Ending Balance	**$ 302,880,043**	**$ 307,333,904**	**$ 320,133,108**
Deferred Inflow of Resources Summary	**2022**	**2021**	**2020**
Additions/Deductions (Net of amortization)	(652,752)	36,103,177	-
Ending Balance	**$ 35,450,425**	**$ 36,103,177**	**$ -**

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, 2022, $6,250,171 was reclassified from construction-in-progress to assets completed and in use including the Battery Maritime Building Gantry painting project, Building 108 waterproofing, Soissons Dock fender rack rehabilitation, and Sewage Pump House renovation.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

As of June 30, 2022, total noncurrent assets consisted of capital assets, net of accumulated depreciation, of $302,880,043 ($452,722,926 less $149,842,883 accumulated depreciation), security deposits of $508,590 and the noncurrent portion of the lease receivable of $38,252,045. Net deductions to capital assets (based on construction-in-progress) represent a 1% decrease from the $307,333,904 balance as of June 30, 2021, because depreciation expense exceeded capital outlay in 2022. Net deductions to capital assets in fiscal year 2021 represented a 4.00% decrease over the $320,133,108 balance as of June 30, 2020.

Total assets as of June 30, 2022, were $359,077,969, a decrease of .43% over fiscal year 2021 primarily caused by the depreciation in capital assets, which exceeded capital outlay in 2022. Total assets as of June 30, 2021, were $360,611,015, an increase of 8% over the prior year.

Liabilities

Current liabilities of $10,216,648 were reported as of June 30, 2022, which is an increase of 25% from the prior year. The increase in accounts payable and accrued expenses is due to large outstanding payments to several vendors as of June 30, 2022, and increased capital project activity during 2022. The decrease in unearned revenues from operations is due to the use of project fundings from prior year grants and the corresponding revenue recognition.

				Variance (%)	
Current Liabilities	**2022**	**2021**	**2020**	**2022 vs 2021**	**2021 vs 2020**
Accounts payable and accrued expenses					
Operations	$ 3,768,934	$ 2,897,720	$ 1,730,829		
City capital	4,902,922	3,275,826	1,349,878		
Total accounts payable and accrued expenses	8,671,856	6,173,546	3,080,707	40%	100%
Unearned revenue					
Operations	88,977	476,438	435,673		
Private grants	1,455,815	1,555,819	1,655,819		
Total unearned revenue	1,544,792	2,032,257	2,091,492	-24%	-3%
Current portion of PPP loan payable	-	-	348,852	0%	-100%
Total current liabilities	10,216,648	8,205,803	5,521,051	25%	49%
Noncurrent Liabilities					
Security deposits	509,666	502,299	442,614		
PPP loan payable	-	810,817	439,348		
Total noncurrent liabilities	509,666	1,313,116	881,962	-61%	49%
TOTAL LIABILITIES	$ 10,726,314	$ 9,518,919	$ 6,403,013	13%	49%

In 2021, TGI applied for and received a second Paycheck Protection Program (PPP) loan in the amount of $810,817, through the program created by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The loan (which is further described in note 5 to the financial statements) is forgivable by the Small Business Administration ("SBA") when TGI meets the requirements and is approved for forgiveness. The second PPP loan was fully forgiven as of June 30, 2022. The first PPP loan was received on April 18, 2020 and had been fully forgiven as of June 30, 2021. Until such time, the loans were recorded as liabilities.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

As of June 30, 2022 and 2021, TGI's total liabilities were $10,726,314 and $9,518,919, respectively.

Net Position

Net position as of June 30, 2022, was $312,901,230; $302,880,043 was invested in capital assets, $100,000 was restricted by the funder for the living laboratory project, and $9,921,187 was unrestricted. The overall decrease in net position was $2,087,689 or .66%, which is discussed below.

Net position as of June 30, 2021, was $314,988,919, of which $307,333,904 was invested in capital assets, $127,210 was restricted in total, $27,210 by the funder of an arts initiative and $100,000 by the funder in support of the 2021 public art season, and $7,527,805 was unrestricted. The purpose of restrictions had been met in 2022 and was released into unrestricted net position during the year ended June 30, 2022.

Operating Revenues

For the year ended June 30, 2022, TGI's total operating revenues of $24,797,169 consisted of $3,869,892 in fee income, $1,013,628 in rental income, $1,985,715 in interest income – leases, $17,867,116 in operating grants and contributions from the City, and $60,818 in other operating income. Income from events held on the Island includes site and permit fees as well as reimbursement to TGI for expenses related to staging those events. It also includes ferry fare revenue, amounting to $618,935 in fiscal year 2022. Rental income and interest income - leases consists of lease payments from QC Terme, the developer of the day spa project (Buildings 111, 112 and 114); KAI Systems, Inc, an asset inspection and condition monitoring technology company (Building 107); NY Harbor Foundation d/b/a Billion Oyster Project, a 501(c)3 nonprofit organization, whose mission is to restore oyster reefs to New York Harbor through education initiatives (Building 107); Beam Center, a 501(c)3 nonprofit organization, whose mission is to crystalize self-directed growth in youth (Building 107); Cincher LLC, a start-up technology company (Building 107); and common charges from the Lower Manhattan Cultural Council (LMCC), which hosts an artists' studio program on the Island (Building 110). Overall operating revenues from permits and fees increased by 76% from 2021. Amounts increased from 2021 as a result of increased events and programs held on the island, the Island remaining open for 365 days a year, as well as the addition of new food vendors. Operating grants and contributions increased by 13% from 2021 as a result of additional funding from the City for "GI365" (allowing the Island to remain open to the public year-round) and for a U.S. Coast Guard mandated dry dock inspection and repair of the Coursen ferry.

For the year ended June 30, 2021, TGI's total operating revenue of $21,063,636 consisted of $2,203,977 in fee income (from site and permit fees, event-related reimbursements, and ferry fare collection), $961,389 in rental income, $2,099,939 in interest income – leases, $15,748,584 in operating grants and contributions from the City, and $49,747 in other operating income.

	2022	2021	2020	Variance (%) 2022 vs 2021	Variance (%) 2021 vs 2020
OPERATING REVENUES:					
Permits and other fees	$ 3,869,892	$ 2,203,977	$ 2,325,030	76%	-5%
Rental income	1,013,628	961,389	1,223,210	5%	-21%
Interest income - leases	1,985,715	2,099,939	-	-5%	100%
Operating grants and contributions	17,867,116	15,748,584	15,319,463	13%	3%
Other operating income	60,818	49,747	27,507	22%	81%
	$ 24,797,169	$ 21,063,636	$ 18,895,210	18%	11%

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Operating Expenses

Total operating expenses of $46,497,602 for the year ended June 30, 2022, include facilities management expenses for Island operations totaling $12,882,055, as well as TGI's internal expenses.

				Variance (%)	
	2022	2021	2020	2022 vs 2021	2021 vs 2020
OPERATING EXPENSES:					
Facilities management	$ 12,882,055	$ 11,828,752	$ 11,275,574	9%	5%
Personnel costs	7,789,451	5,418,416	4,881,815	44%	11%
Utilities	740,728	489,847	447,686	51%	9%
Depreciation and amortization	22,647,246	22,250,528	21,377,165	2%	4%
Other general and administrative expenses	2,438,122	3,809,719	3,478,802	-36%	10%
TOTAL OPERATING EXPENSES	$ 46,497,602	$ 43,797,262	$ 41,461,042	6%	6%
OPERATING LOSS	$ (21,700,433)	$ (22,733,626)	$ (22,565,832)	-5%	1%

The operating loss was $21,700,433 for the year ended June 30, 2022, and $22,733,626 for the year ended June 30, 2021. A significant portion of TGI's 2022 and 2021 year-end operating loss is comprised of depreciation and amortization, which is a noncash item.

Facilities management (FM), representing 28% of total operating expenses (54% excluding depreciation expense), includes ferry, security, grounds keeping, janitorial, building repairs and other essential services. TGI personnel costs were $7,789,451, an increase of 44% from 2021, as TGI completed the transition from third party operations/facilities contracts, which included hiring Local 30 Union employees for engineering, custodial and groundskeeping positions. Other general and administrative expenses were $2,438,122, a decrease of 36% from 2021, primarily due to a 2021 expenditure for demolition not repeated in 2022.

In the prior year, facilities management expenses included the cost of LiRo Program and Construction Management staff working on daily island operations as well as contract costs for ferry, security, groundskeeping and other services. In addition, operating expenses included personnel costs of $5,418,416, an increase of 11% from 2020, based in part on a transition away from third party operations/facilities contracts.

Nonoperating Revenues

Nonoperating revenues totaled $19,612,744, $10,886,199, and $10,280,281 for the years ended June 30, 2022, 2021 and 2020, respectively. The increase in capital grants and contributions from government sources of 93% from prior year is due to 2022 returning to a pre-COVID funding level and to one project, Underground Utilities, having significant costs. The increase in capital grants and contributions from private sources of 64% primarily consists of grants made to TGI for special programs, Governors Island Arts in particular. Forgiveness of loan in 2022 is comprised of the second Paycheck Protection Program loan, forgiven in February 2022. Details are provided below.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

				Variance (%)	
	2022	**2021**	**2020**	**2022 vs 2021**	**2021 vs 2020**
NONOPERATING REVENUES:					
Capital grants and contributions from government sources	$ 16,649,814	$ 8,626,207	$ 9,251,799	93%	-7%
Capital grants and contributions from private sources	2,357,809	1,439,219	984,910	64%	46%
Investment (loss) income	(207,065)	24,731	40,840	-937%	-39%
Other interest income	1,369	7,842	2,732	-83%	187%
Forgiveness of loan	810,817	788,200	-	3%	100%
	$ 19,612,744	$ 10,886,199	$ 10,280,281	80%	6%
Change in net position	$ (2,087,689)	$ (11,847,427)	$ (12,285,551)	-82%	-4%
Net position - beginning of year	314,988,919	326,836,346	339,121,897	-4%	-4%
Net position - end of year	$ 312,901,230	$ 314,988,919	$ 326,836,346	-1%	-4%

Factors Bearing on the Future

Due to the COVID-19 pandemic, non-essential TGI staff began working remotely starting mid-March 2020, following guidance from the mayor and governor of New York. Also due to the pandemic, the Island's opening was delayed to July 15, 2020, Fiscal Year 2021 and was subject to social distancing and other health and safety precautions. Limitations on public access in the ferry terminal and on the ferries reduced visitorship as well as programming on the Island throughout the 2020 season. This had an impact on earned income – site and permit fees as well as ferry fare revenue were much reduced. In addition, the City required budget cuts of all agencies, TGI included, and imposed delays on all but immediately necessary capital projects. At the start of the 2021 public access season on May 1, 2021, Island operations were restored, with social distancing and mask requirements in place following the City's ongoing safety protocols.

Fiscal Year 2022 represents a return to normal operations on the Island, which is now open year-round in place of the previous six-month "public access season." TGI continues to follow all safety protocols issued by the City and requires Island tenants and visitors to do the same.

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, 2022 AND 2021

	2022	(As Restated) 2021
ASSETS		
Current assets		
Unrestricted cash and cash equivalents (Notes 2D and 8)	$ 3,757,119	$ 5,229,765
Restricted cash and cash equivalents (Notes 2D, 2E and 8)	2,491,241	2,521,265
Accounts receivable	728,594	877,425
Grants and contributions receivable from government sources	6,018,333	3,540,903
Grants and contributions receivable from private sources	187,500	112,500
Short-term investments (Notes 2E, 2F and 3)	4,185,958	2,904,937
Prepaid expenses	68,546	17,961
Total current assets	17,437,291	15,204,756
Noncurrent assets		
Security deposits held	508,590	489,862
Lease receivable (Notes 2J and 9)	38,252,045	37,582,493
Capital assets, net of accumulated depreciation (Notes 2G and 4)	302,880,043	307,333,904
Total noncurrent assets	341,640,678	345,406,259
Total assets	$ 359,077,969	$ 360,611,015
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 8,671,856	$ 6,173,546
Unearned revenue	1,544,792	2,032,257
Total current liabilities	10,216,648	8,205,803
Noncurrent liabilities		
Security deposits	509,666	502,299
Paycheck Protection Program loan payable (Note 5)	-	810,817
Total noncurrent liabilities	509,666	1,313,116
Total liabilities	10,726,314	9,518,919
Deferred inflows of resources		
Leases (Note 2J)	35,450,425	36,103,177
NET POSITION (Notes 2H and 2J)		
Invested in capital assets	302,880,043	307,333,904
Restricted for art and climate initiatives	100,000	127,210
Unrestricted	9,921,187	7,527,805
Total net position	312,901,230	314,988,919
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 359,077,969	$ 360,611,015

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, 2022 AND 2021

	2022	(As Restated) 2021
OPERATING REVENUES:		
Permits and other fees	$ 3,869,892	$ 2,203,977
Rental income (Notes 2J and 9)	1,013,628	961,389
Interest Income - Leases (Notes 2J and 9)	1,985,715	2,099,939
Operating grants and contributions (Notes 2C, 6)	17,867,116	15,748,584
Other operating income	60,818	49,747
TOTAL OPERATING REVENUES	24,797,169	21,063,636
OPERATING EXPENSES:		
Facilities management (Note 10C)	12,882,055	11,828,752
Personnel costs (Note 7)	7,789,451	5,418,416
Utilities	740,728	489,847
Depreciation and amortization (Note 4)	22,647,246	22,250,528
Other general and administrative expenses	2,438,122	3,809,719
TOTAL OPERATING EXPENSES	46,497,602	43,797,262
OPERATING LOSS	(21,700,433)	(22,733,626)
NONOPERATING REVENUES:		
Capital grants and contributions from government sources (Notes 2C and 6)	16,649,814	8,626,207
Capital grants and contributions from private sources (Note 2C)	2,357,809	1,439,219
Investment (loss) income	(207,065)	24,731
Other interest income	1,369	7,842
Forgiveness of loan	810,817	788,200
TOTAL NONOPERATING REVENUES	19,612,744	10,886,199
CHANGE IN NET POSITION	(2,087,689)	(11,847,427)
Net position, beginning of year	314,988,919	326,836,346
NET POSITION, END OF YEAR	$ 312,901,230	$ 314,988,919

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, 2022 AND 2021

	2022	(As Restated) 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from:		
Customer payments	$ 5,572,468	$ 3,096,634
Operating grants and contributions	15,799,759	12,111,176
Other receipts	68,183	109,432
Total cash receipts from operating activities	21,440,410	15,317,242
Cash payments for:		
Personnel costs	(7,851,674)	(5,208,697)
Services and supplies	(15,178,050)	(15,185,646)
Total cash payments for operating activities	(23,029,724)	(20,394,343)
Net Cash Used in Operating Activities	(1,589,314)	(5,077,101)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from PPP loan payable	-	810,817
Net Cash Provided by Noncapital Financing Activities	-	810,817
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants and contributions from government sources	15,825,569	9,496,971
Capital grants and contributions from private sources	2,332,809	1,464,219
Capital asset expenditures (Note 4)	(16,566,289)	(7,525,376)
Net Cash Provided by Capital and Related Financing Activities	1,592,089	3,435,814
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,281,021)	(763,289)
Investment activity	(205,696)	32,573
Net Cash Used in Investing Activities	(1,486,717)	(730,716)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,483,942)	(1,561,186)
Cash and cash equivalents - beginning of year	8,240,892	9,802,078
CASH AND CASH EQUIVALENTS—END OF YEAR	$ 6,756,950	$ 8,240,892
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS USED IN OPERATING ACTIVITIES:		
Operating loss	$ (21,700,433)	$ (22,733,626)
Adjustments to reconcile operating loss to cash flows used in operating activities:		
Depreciation and amortization	22,647,246	22,250,528
Changes in operating assets and liabilities:		
Accounts receivable	148,831	(826,625)
Grants and contributions receivable from government sources	(1,803,189)	(3,540,903)
Prepaid expenses	(50,585)	(14,500)
Lease receivable	(669,552)	(677,336)
Accounts payable and accrued expenses	871,214	1,166,891
Security deposits	7,367	59,685
Unearned revenue	(387,461)	40,765
Deferred Inflow of Resources	(652,752)	(801,980)
Net Cash Used in Operating Activities	$ (1,589,314)	$ (5,077,101)
RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:		
Unrestricted cash and cash equivalents	$ 3,757,119	$ 5,229,765
Restricted cash and cash equivalents	2,999,831	3,011,127
CASH AND CASH EQUIVALENTS—END OF YEAR	$ 6,756,950	$ 8,240,892
Supplemental Disclosure of Cash Flow Information:		
Noncash capital and related financing transactions:		
Accrued capital asset expenditures	$ 4,902,922	$ 3,275,826
PPP loan forgiveness	$ 810,817	$ 788,200

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

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 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 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 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. The principal operating revenues include permits and other fees, rental income, and operating grants and contributions from the City. Major operating expenses include facilities management costs, personnel costs, and professional fees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. ***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.

D. ***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.

E. ***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.

F. ***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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. ***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
Software	3 years
Vehicles and equipment	3 to 5 years

H. ***Net Position***

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

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

Restricted net position represents restricted assets reduced by the liabilities related to those assets. A liability is related to a restricted asset when the asset results from incurring that liability or if the liability will be liquidated with the restricted asset. If the liabilities relating to the restricted assets are greater than those assets, then no balance is reported as restricted net position. Such negative amount would be reported as a reduction to unrestricted net position.

I. ***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.

J. ***Recent Accounting Pronouncements and Prior Period Adjustments***

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. ***Recent Accounting Pronouncements and Prior Period Adjustments***

- TGI implemented GASB Statement No. 87, *Leases* ("GASB 87"). GASB 87 enhances the relevancy and consistency of information about TGI's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated into TGI's 2022 financial statements retrospectively and had no effect on the beginning net position as reported for the year ended June 30, 2021. The adoption of GASB 87 required the recognition of the following components as of July 1, 2020 (the adoption date):

Lease receivable	$ 36,905,157
Deferred inflow of resources	(36,905,157)
Net effect on July 1, 2020 Net Position	$ -

GASB 87 requires TGI's financial statements to be adjusted retrospectively for the earliest period presented. Certain balances reported as of and for the year ended June 30, 2021, have been restated to conform to the requirements of GASB 87 and the following line items in the Statements of Net Position, Cash Flows and Revenues, Expenses and Changes in Net Position had been restated:

	As Previously Reported	As Restated	Adjustment
Rental income	$ 1,419,594	$ 961,389	$ (458,205)
Interest income - leases	$ -	$ 2,099,939	$ 2,099,939
Change in net position	$ (13,489,161)	$ (11,847,427)	$ 1,641,734
Accounts receivable	$ 715,007	$ 877,425	$ 162,418
Lease receivable	$ -	$ 37,582,493	$ 37,582,493
Deferred inflows of resources	$ -	$ (36,103,177)	$ (36,103,177)
Net position	$ 313,347,185	$ 314,988,919	$ 1,641,734
Adjustments to reconcile operating loss to cash flows used in operating activities:			
Operating Loss	$ (24,375,360)	$ (22,733,626)	$ 1,641,734
Accounts receivable	$ (664,207)	$ (826,625)	$ (162,418)
Lease receivable	$ -	$ (677,336)	$ (677,336)
Deferred inflows of resources	$ -	$ (801,980)	$ (801,980)

- GASB Statement No. 91, *Conduit Debt Obligations*, ("GASB 91") is effective for reporting periods beginning after December 15, 2021, as amended. GASB 91 provides a single method of reporting conduit debt obligations by issuers and aims to eliminate diversity in practice. GASB 91 clarifies the existing definition of a conduit debt obligation, establishing that it is not a liability of the issuer; and establishes accounting and financial reporting standards for additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, as well as improves note disclosures. GASB 91 is not expected to have an impact on TGI's financial statements.

- GASB Statement No. 92, *Omnibus*, ("GASB 92") is effective for fiscal years beginning after June 15, 2021, as amended. This standard addresses comparability and consistency in accounting and financial reporting related to a variety of GASB Statements including: *Leases, Other Postemployment Benefit Plans, Pensions, Fiduciary Activities, Asset Retirement Obligations, Public Entity Risk Pools, Fair Value Measurements,* and *Derivative Instruments*. The adoption of GASB 92 did not have a significant impact on TGI's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. ***Recent Accounting Pronouncements and Prior Period Adjustments (continued)***

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, ("GASB 93") is effective for fiscal years beginning after June 15, 2021, as amended. The objective of this statement is to address those and other accounting and financial reporting implications from the replacement of the interbank offered rate ("IBOR"). The adoption of GASB 93 had no impact on TGI's financial statements.

- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, ("GASB 94") is effective for reporting periods beginning after June 15, 2022. GASB 94 is designed to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. A public-private or public-public partnership is an arrangement where the government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset (i.e. infrastructure or other capital asset), for a period of time in an exchange or exchange-like transaction. GASB 94 also gives guidance for accounting and financial reporting for availability payment arrangements ("APAs"), which is an arrangement where the government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. TGI has not completed the evaluation of GASB 94.

- GASB Statement No. 96, Subscription-Based Information Technology Arrangements, ("GASB 96"), is effective for reporting periods beginning after June 15, 2022. The statement provides guidance for accounting and financial reporting for subscription-based information technology arrangements ("SBITAs"), for government end users, and defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset), and a corresponding subscription liability. GASB 96 also provides the capitalization criteria for outlays other than subscription payments, including implementation costs. The standards for SBITAs are largely based on the standards established in GASB 87 for leases. TGI has not completed the evaluation of GASB 96.

- GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, ("GASB 97"). GASB 97 has multiple effective dates depending on specific paragraphs of the standard. Paragraph 4 of the Statement, which pertains to defined contribution pension and OPEB plans, is effective immediately. Paragraphs 6 through 9 of the Statement, which pertain to the supersession of GASB 32, are effective for fiscal years beginning after June 15, 2021, and the remaining requirements of the Statement are effective for reporting periods beginning after June 15, 2021. Paragraph 4 of the Statement requires that when determining whether the primary government is financially accountable as a potential component unit the absence of a governing board should be treated the same as appointing the voting majority if the primary government performed the duties a governing board would typically perform, except when considering a defined contribution pension or OPEB plans. Paragraphs 6 through 9 define the reporting rules for a Section 457 plan requiring that GASB 84 be applied to determine if the plan is a fiduciary activity, and then further if the plan meets the definition of a pension plan, then reporting requirements of GASB 68 or 73 should be applied (instead of those in GASB 84). GASB 97 also explains that the financial burden criteria in GASB 84 is applicable only to defined benefit pension plans and defined benefit OPEB plans administered through a trust. TGI has not completed its evaluation of GASB 97 but does not anticipate any material impact.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. ***Recent Accounting Pronouncements(continued)***

- GASB Statement No. 99, Omnibus 2022, has multiple effective dates depending on the Statement of the standard. This Statement addresses numerous accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. TGI has not completed its evaluation of GASB 99 but does not anticipate any material impact.
- GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62 (“GASB 100”), has been issued to help enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. GASB 100 defines accounting changes, addresses corrections of errors in previously issued financial statements, and prescribes accounting and financial reporting for both. GASB 100 also addresses how information that is affected by a change in accounting or error correction should be presented in the required supplementary information explaining that the information should be restated for error corrections but not for changes in accounting principles. The requirements of GASB 100 are effective for fiscal years beginning after June 15, 2023. TGI has not completed its evaluation of GASB 100 but does not anticipate any material impact.
- GASB Statement No. 101, Compensated Absences (“GASB 101”), has been issued to align the recognition and measurement guidance of compensated absences. GASB 101 requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled otherwise. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023. TGI has not completed its evaluation of GASB 101 but does not anticipate any material impact.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

TGI’s investments consisted of the following at June 30:

	2022	2021
Certificates of Deposit:	$ -	$ 1,325,003
Fixed Income:		
Corporate – U.S.	2,187,720	-
Non-U.S. Bonds - Developed	56,219	-
U.S. Government	1,723,890	1,342,187
Mutual Funds	218,129	237,747
	$ 4,185,958	$ 2,904,937

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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 more than $50 million.
- Certificates of deposit with New York banks. Such certificates of deposit must be Federal Deposit Insurance Corporation ("FDIC") insured, except when otherwise collateralized.
- High quality equity securities traded on the New York, NASDAQ, or American 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 money market funds, certificates of deposit, fixed income, and mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 valuations are obtained from readily-available pricing sources for comparable instruments (credit risk/grade, maturities, etc.)

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, 2022, are invested in foreign, domestic corporate and U.S. Government Bonds, and fixed-income mutual funds. The Bonds have various expiration dates through 2027. Average duration for the two fixed-income mutual funds is less than two years.

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.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of TGI's investments in a single issuer (5% or more). TGI's investment policy places no limits on the amount TGI may invest in any one issuer of eligible investments as defined in the investment policy. As of June 30, 2022, 5% consist of fixed-income mutual funds, and 95% consist of fixed income bonds.

Financial assets carried at fair value at June 30, 2022 are classified in the fair value hierarchy as follows:

	Level 1	Level 2	Total
Investments:			
Fixed Income	$ 1,723,890	$ 2,243,939	$ 3,967,829
Mutual Funds	218,129	-	218,129
Total investments	$ 1,942,019	$ 2,243,939	$ 4,185,958

Financial assets carried at fair value at June 30, 2021 are classified in the fair value hierarchy as follows:

	Level 1	Level 2	Total
Investments:			
Certificates of deposit	$ 1,325,003	$ -	$ 1,325,003
Fixed Income	1,342,187	-	1,342,187
Mutual Funds	237,747	-	237,747
Total investments	$ 2,904,937	$ -	$ 2,904,937

NOTE 4 – CAPITAL ASSETS

The changes in capital assets for the years ended June 30, 2022 and 2021 reflect the transition from a high point of construction activity on the Island. Projects completed and put in service, or opened to the public, have been added to the asset list.

NOTE 4 – CAPITAL ASSETS (Continued)

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

	Balance on June 30, 2021	Additions	Deductions	Balance on June 30, 2022
Land	$ 1	$ -	$ -	$ 1
Site Improvements	370,918,845	6,261,872	-	377,180,717
Vessels	16,729,607	-	-	16,729,607
Equipment	2,440,636	232,825	-	2,673,461
Vehicles	686,413	-	-	686,413
Software	6,230	-	-	6,230
Total Project Assets	390,781,732	6,494,697	-	397,276,429
Less: Accumulated Depreciation				
Site Improvements	(118,678,913)	(20,823,545)	-	(139,502,458)
Vessels	(6,241,467)	(1,522,961)	-	(7,764,428)
Equipment	(1,756,898)	(255,581)	-	(2,012,479)
Vehicles	(512,129)	(45,159)	-	(557,288)
Software	(6,230)	-	-	(6,230)
Total Accumulated Depreciation	(127,195,637)	(22,647,246)	-	(149,842,883)
Construction-in-Progress	43,747,809	17,948,859	(6,250,171)	55,446,497
Net Project Assets	$ 307,333,904	$ 1,796,310	$ (6,250,171)	$ 302,880,043

The changes in capital assets for the year ended June 30, 2021, were as follows:

	Balance on June 30, 2020	Additions	Deductions	Balance on June 30, 2021
Land	$ 1	$ -	$ -	$ 1
Site Improvements	370,293,429	625,416	-	370,918,845
Vessels	16,729,607	-	-	16,729,607
Equipment	2,238,341	202,295	-	2,440,636
Vehicles	622,592	63,821	-	686,413
Software	6,230	-	-	6,230
Total Project Assets	389,890,200	891,532	-	390,781,732
Less: Accumulated Depreciation				
Site Improvements	(98,267,050)	(20,411,863)	-	(118,678,913)
Vessels	(4,718,506)	(1,522,961)	-	(6,241,467)
Equipment	(1,502,600)	(254,298)	-	(1,756,898)
Vehicles	(450,723)	(61,406)	-	(512,129)
Software	(6,230)	-	-	(6,230)
Total Accumulated Depreciation	(104,945,109)	(22,250,528)	-	(127,195,637)
Construction-in-Progress	35,188,017	9,113,166	(553,374)	43,747,809
Net Project Assets	$ 320,133,108	$ (12,245,830)	$ (553,374)	$ 307,333,904

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 $4,902,922 and $3,275,826 were accrued as of June 30, 2022 and 2021, respectively, which will be paid upon receipt and review of the contractor invoices.

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.

NOTE 5 – LOAN PAYABLE

In March 2021, TGI applied for and received a Paycheck Protection Program loan in the amount of $810,817. The loan was funded by the Coronavirus Aid, Relief and Economic Security (CARES) Act through New York Business Development Corporation (the Lender) to assist TGI in paying eligible payroll costs resulting from revenue losses due to COVID-19. The loan accrued interest at 1%, due in full within five years of the funding date, March 2, 2021. TGI met the requirements under the CARES Act for forgiveness and was approved for forgiveness; no payments were required on the loan. If TGI had not met the requirements for forgiveness, loan repayments would have begun on July 1, 2023, with equal monthly installments of $18,759 and $750 due in the final month in accordance with a 45-month amortization schedule.

On April 11, 2021 and February 17, 2022, TGI received notification of forgiveness from the Small Business Administration for its first and second Paycheck Protection Program loans received on April 18, 2020 and March 2, 2021, respectively. For the years ended June 30, 2022 and 2021, TGI recorded a forgiveness of the loan within nonoperating activities of $810,817 and $788,200, respectively.

NOTE 6 – CONTRIBUTIONS

During the years ended June 30, 2022 and 2021, TGI recognized the amount spent for eligible project costs totaling $16,649,814 and $8,626,207, respectively, as capital grants and contributions in the accompanying statements 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 $34,516,930 and $24,374,791 for the years ended June 30, 2022 and 2021, respectively. Such amounts represented approximately 78% and 76% of total revenues for each of the years ended June 30, 2022 and 2021, respectively.

NOTE 7 – RETIREMENT PLANS

TGI's employees previously participated in a multiple employer retirement plan through Extensis Holdings, LLC, a professional employer organization. The plan sponsor and plan administrator was Extensis Holdings, LLC, which had ultimate authorization over the plan and any amendments, plan terminations, vesting, distributions, and all plan activity as it is a Multiple Employer Plan. The employer-funded plan was a defined contribution plan that covered substantially all TGI's employees. It provided for variable contribution rates by TGI ranging from 3% to 14% of employees' eligible wages as defined in the plan document. Retirement Plan expense for the years ended June 30, 2022 and 2021 amounted to $1,495 and $154,236, respectively, and is included in personnel costs in the accompanying statements of revenues, expenses and changes in net position.

NOTE 7 – RETIREMENT PLANS (continued)

Effective February 1, 2021, TGI transferred to a single employer retirement plan through Voya Institutional Trust Company, a retirement insurance and annuity company. All 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 14% of employees' eligible wages as defined in the plan document. Retirement plan expense for the years ended June 30, 2022 and 2021 amounted to $365,253 and $176,650, respectively, and is included in personnel costs in the accompanying statements of revenues, expenses and changes in net position.

Joint Industry Engineers Union Local 30 Pension Fund Plan

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, 2021 which expires June 30, 2024. The Fund is administered by the Board of Trustees of the IUOE Local Pension Fund. The Local 30 Pension Fund is a cost-sharing multiemployer defined benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Participation begins after the completion of twelve (12) consecutive months' continuous union service. Voluntary employee contributions to this plan are not permitted. Participants earn pension credits throughout their career and are generally vested after they have earned 1,000 hours of work, 100 days of work, 22 weeks of work or five months of work or more in covered employment. For the Year ended June 30, 2022, pension contributions of $1.97-$3.93 per hour were made to the Local 30 Pension Fund. Pension expense for the years ended June 30, 2022 and 2021 amounted to $53,658 and $0, respectively. As of June 30, 2022, there were 13 employees covered under this plan.

Consistent with the provisions of GASB Statement No. 78, which provides an exception for non-governmental sponsored plans, no determination of the proportionate share of the net pension liability, pension expense, or deferred outflows or inflows of resources, if any, is made for this cost-sharing defined benefit pension plan. Information regarding the Local 30 Pension Fund and the Local 30 Annuity Fund can be obtained by contacting the IUOE at 16-16 Whitestone Expressway, Whitestone, New York 11357 or visiting their website at 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.

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, 2021 which expires June 30, 2024. The Local 30 Annuity Fund is a defined contribution profit sharing plan subject to the provisions of the ERISA, as amended. The Fund is administered by the Board of Trustees IUOE Local Annuity Fund. Participation begins when the employee becomes a member of the IUOE Local 30. For the Year ended June 30, 2022, annuity contributions of $2.27-$4.43 per hour were made to the Local 30 Annuity Fund. Annuity expense for the years ended June 30, 2022 and 2021 amounted to $60,501 and $0, respectively. As of June 30, 2022, there were 13 employees covered under this plan.

NOTE 8 – CONCENTRATION OF CUSTODIAL CREDIT RISK - DEPOSITS

Financial instruments that potentially subject TGI to a concentration of custodial credit risk include cash accounts with First Republic Bank (the "Bank") that may exceed the FDIC insurance limits. As of June 30, 2022 and 2021, TGI had cash accounts with the Bank that exceeded the FDIC insurance limits by approximately $6.4 million and $7.3 million, respectively. First Republic 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 beneficiary. The amount of the LoC was $8.8 million and $8 million as of June 30, 2022 and 2021, respectively.

NOTE 9 – LEASE RECEIVABLE

TGI is reporting lease receivables of $38,252,045 and $37,582,493 as of June 30, 2022 and 2021, respectively. Lease revenue of $1,013,628 and $961,389 and interest revenue of $1,985,715 and $2,099,939 related to lease payments received for the years ended June 30, 2022 and 2021, respectively. All TGI's leases relate to properties on Governors Island primarily for the purposes of the operation of a day spa and office space. The lease terms vary and are specific to each individual tenant.

No leases had variable payments.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ (479,598)	$2,008,232	$ 1,528,634
2024	(461,657)	2,033,411	1,571,754
2025	(439,099)	2,057,648	1,618,549
2026	(416,412)	2,080,701	1,664,289
2027	(391,110)	2,102,563	1,711,453
2028-2032	(1,542,378)	10,788,666	9,246,288
2033-2037	(912,092)	11,137,019	10,224,927
2038-2042	310,551	11,258,016	11,568,567
2043-2047	2,085,261	11,003,510	13,088,771
2048-2052	4,598,698	10,210,045	14,808,743
2053-2057	8,095,319	8,659,415	16,754,734
2058-2062	12,894,672	6,061,772	18,956,444
2063-2066	14,909,890	2,033,681	16,943,571
	$ 38,252,045	$ 81,434,679	$ 119,686,724

NOTE 10 – 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 permits 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.

C. *Facilities Management and Construction Management Services Contract*

As of July 1, 2016, TGI entered into an agreement with LiRo Program and Construction Management (“LiRo”) to provide facilities management and construction management services to assist TGI in the operation, maintenance, and redevelopment of the Island. The term of the agreement is for five years expiring on June 30, 2021. There are two two-year options to renew the contract at TGI’s discretion. TGI has exercised the first option through June 30, 2023. If TGI were to exercise both options, the contract will expire on June 30, 2025.

GOVERNORS ISLAND CORPORATION
(d/b/a THE TRUST FOR GOVERNORS ISLAND)
(A Component Unit of The City of New York)

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

Local 30 - International Union of Operating Engineers:

		2022
Employer's required contribution	$	53,658
Actual contribution	$	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 most current year is presented as TGI only began employing Local 30 Union employees during the fiscal year ended June 30, 2022.