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M A R K S P A N E T H
ACCOUNTANTS & ADVISORS

September 29, 2015

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

In planning and performing our audit of the financial statements of Governors Island Corporation (d/b/a The Trust for Governors Island) ("TGI") as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered TGI's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TGI's internal control. Accordingly, we do not express an opinion on the effectiveness of TGI's internal control.

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

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

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

Sincerely,



MARKS PANETH LLP

**THE TRUST FOR GOVERNORS ISLAND
MANAGEMENT LETTER RECOMMENDATIONS
RESULTING FROM THE JUNE 30, 2015 AUDIT**

Included in Exhibit I is an observation and recommendation that we noted during our audit of TGI's June 30, 2015 financial statements. Included in Exhibit II is the observation and recommendation from the prior year's audit that appears not to require further attention.

EXHIBIT I – CURRENT YEAR NEW OBSERVATION AND RECOMMENDATION

1. OBTAIN CONFLICT OF INTEREST DISCLOSURE STATEMENTS

Observation: The Nonprofit Revitalization Act of 2013 (the "Act") went into effect on July 1, 2014 and the Act requires that a nonprofit's procedures for disclosing and resolving conflicts of interest be set forth in a Conflict of Interest Policy adopted by the board. The Policy must require that each director submit to the Secretary prior to initial election to the board, and annually thereafter, a written statement identifying, to the best of the director's knowledge, any entity of which the director is an officer, director, trustee, member, owner, or employee and with which the corporation has a relationship, and any transaction in which the corporation is a participant and in which the director might have a conflicting interest. Likewise, officers and key employees must submit an annual conflicts statement to the Secretary. While TGI has adopted a formal conflict of interest policy, we noted that TGI did not obtain signed conflict of interest disclosure statements from its board members and officers in the current year.

Recommendation: It is recommended that TGI ensures that annual conflict of interest disclosure statements are obtained from all board members (and prospective board members), officers and key employees on an annual basis to maintain compliance with the Act and to ensure that all business relationships and other dealings are disclosed to note potential conflicts of interest.

Management's Response: TGI intends to collect conflict of interest disclosure statements from members of the Board of Directors at the first full board meeting of this fiscal year on October 15, 2015. Please also note that on October 28, 2014, the board ratified a number of policies in conformance with the Public Authorities Reform Act, including the Trust Code of Ethics for Members, Directors and Officers. In ratifying this policy, the board moved that its members as well as Trust staff shall be bound by the Code of Ethics. In addition, all members of the board and all designated Trust staff complied with the City of New York's Conflict of Interest Board ("COIB") in filing the required Annual Disclosure Report with the COIB last year.

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

**THE TRUST FOR GOVERNORS ISLAND
MANAGEMENT LETTER RECOMMENDATIONS
RESULTING FROM THE JUNE 30, 2015 AUDIT**

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

2. CONTROLS OVER CASH RECIPITS FOR FERRY TICKET SALES

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