BROOKLYN NAVY YARD DEVELOPMENT CORPORATION

A COMPONENT UNIT OF THE CITY OF NEW YORK

Financial Statements and Supplementary Information (Together with Independent Auditors' Report)

June 30, 2024 and 2023

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION

A COMPONENT UNIT OF THE CITY OF NEW YORK

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

JUNE 30, 2024 AND 2023

CONTENTS

CBIZ CPAs

INDEPENDENT AUDITORS' REPORT

Board of Directors of
Brooklyn Navy Yard Development Corporation
Brooklyn, New York

Opinion

We have audited the financial statements of Brooklyn Navy Yard Development Corporation (the "Corporation"), a component unit of The City of New York, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 the Corporation 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 opinion.

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 the Corporation'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.

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[1]*In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.*

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism through the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 the Corporation'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The schedules of property management revenue and expenses and general and administrative expenses for the years ended June 30, 2024 and 2023 (shown on pages 33 and 34) are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

CBIZ CPAs P.C.[1]

New York, NY
September 25, 2024

[1]In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

OVERVIEW OF THE ORGANIZATION

The following is an overview of the financial activities of Brooklyn Navy Yard Development Corporation (the "Corporation" or "BNYDC") for the fiscal years ended June 30, 2024 and 2023. The Corporation is a component unit of The City of New York (the "City").

The mission of the Corporation is to fuel the City's economic vitality by creating and preserving quality jobs, growing the City's modern industrial sector and its businesses, and connecting the local community with the economic opportunity and resources of the Brooklyn Navy Yard (the "Navy Yard"). It serves as a real estate developer and property manager of the Navy Yard on behalf of the City and strives to provide an environment in which businesses and careers can take root and grow.

The Corporation is responsible for the leasing, management, and development of the Navy Yard for industrial, maritime, and commercial uses. The Corporation operates under a lease with the City that, after exercising all renewal periods, expires in 2111 and also under an annual management contract. The Corporation has the dual responsibility of generating revenues to cover all of its operating expenses while simultaneously implementing strategies to retain and increase employment. The Corporation is also responsible for the maintenance of the Navy Yard's buildings, roadways, utility distribution systems, fire hydrants, water and sewage, sanitation, snow removal, and street security.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three parts (1) management's discussion and analysis (this section), (2) the basic financial statements and (3) the notes to the financial statements. The basic financial statements of the Corporation, which include the statements of net position, the statements of revenues, expenses and changes in net position and the statements of cash flows, are presented for the purposes of displaying entity-wide information in accordance with Governmental Accounting Standards Board ("GASB") requirements. These financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

FINANCIAL HIGHLIGHTS

Current and Noncurrent Assets

Current assets consisted of the following as of June 30:

	2024	2023	2022	Variance % 2024 vs. 2023	Variance % 2023 vs. 2022
Current assets					
Cash and cash equivalents	$ 14,355,026	$ 21,226,528	$ 19,456,873	-32%	9%
Accounts receivable, net	4,238,628	4,639,018	4,782,958	-9%	-3%
Lease receivables	16,287,156	16,906,784	31,070,875	-4%	-46%
Grants receivable	4,355,804	4,432,600	4,797,005	-2%	-8%
Prepaid expenses and other current assets	5,500,801	2,968,561	2,394,451	85%	24%
Total Current Assets	$ 44,737,415	$ 50,173,491	$ 62,502,162	-11%	-20%

FINANCIAL HIGHLIGHTS (Continued)

As of June 30, 2024, the Corporation reported current assets of $44,737,415 consisting of cash and cash equivalents of $14,355,026, accounts receivable of $4,238,628, lease receivables of $16,287,156, grants receivable of $4,355,804 and prepaid expenses and other current assets of $5,500,801. The cash and cash equivalents decreased by $6,871,502 or 32%, mainly due to a significant increase in operating expenses compared to the previous fiscal year. Grants receivable consist of capital funds due from the City and non-governmental organizations for several projects in the Navy Yard. The decrease of $76,796 or 2% is due to the timely receipt of a significant portion of the outstanding city capital receivables. Prepaid expenses and other current assets increased by $2,532,240 or 85% mainly due to the timing of prepaid insurance payments.

As of June 30, 2023, the Corporation reported current assets of $50,173,491 consisting of cash and cash equivalents of $21,226,528, accounts receivable, net of $4,639,018, lease receivables of $16,906,784, grants receivable of $4,432,600 and prepaid expenses and other current assets of $2,968,561. The cash and cash equivalents increased by $1,769,655 or 9%, mainly due to a significant rise in collection from tenants compared to the previous fiscal year ($2.9 million increase). Grants receivable consist of capital funds due from the City and non-governmental organizations for several projects in the Navy Yard. The decrease of $364,405 or 8% is due to the timely receipt of a significant portion of the outstanding city capital receivables. Prepaid expenses and other current assets increased by $574,110 or 24% mainly due to the capital lease receivable balance from GMC LL.

Noncurrent Assets

Noncurrent assets consisted of the following as of June 30:

	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Noncurrent assets					
Restricted cash and cash equivalents	$ 14,413,237	$ 30,101,183	$ 13,179,679	-52%	128%
Tenants' security deposits - restricted	13,230,642	11,310,914	10,865,382	17%	4%
Lease receivables	441,357,189	437,622,403	429,630,915	1%	2%
Community development notes receivable	24,953,000	24,953,000	24,953,000	0%	0%
Capital assets, net	762,410,883	738,575,657	741,352,192	3%	0%
Total Noncurrent Assets	$ 1,256,364,951	$ 1,242,563,157	$ 1,219,981,168	1%	2%

As of June 30, 2024, the Corporation had noncurrent assets of $1,256,364,951 consisting of restricted cash and cash equivalents of $14,413,237, tenants' security deposits of $13,230,642, lease receivables of $441,357,189, community development notes receivable of $24,953,000, right-of-use asset of $182,333,335, and capital assets of $580,077,548. Capital assets are net of accumulated depreciation and amortization. The Corporation's restricted cash and cash equivalents are comprised of the cash reserved for the construction projects. The decrease in restricted cash and cash equivalents at June 30, 2024 is due to the investment in capital projects throughout the year. The capital assets are comprised of improvements to the land and buildings, office equipment, and automobiles, trucks and machinery. The capital assets at June 30, 2024 increased by $23,835,226 due to new construction projects. The right-of-use asset increased due to new leases in the current year. Assets leased by the Navy Yard are amortized over the shorter of their useful life or the lease term.

FINANCIAL HIGHLIGHTS (Continued)

As of June 30, 2023, the Corporation had noncurrent assets of $1,242,563,157 consisting of restricted cash and cash equivalents of $30,101,183, tenants' security deposits of $11,310,914, lease receivables of $437,622,403, community development notes receivable of $24,953,000, right-of-use asset of $181,044,968, and capital assets of $557,530,689. Capital assets are net of accumulated depreciation and amortization. The increase in restricted cash equivalents at June 30, 2024 is attributed to a greater influx of city capital receipts throughout the year. The capital assets decreased by $2,776,535 at June 30, 2024 due to deprecation offset by new construction projects. The right-of-use asset decreased due to the amortization of the Navy Yard's leased assets. Assets leased by the Navy Yard are amortized over the shorter of their useful life or the lease term.

Current and Noncurrent Liabilities

Current liabilities consisted of the following as of June 30:

	2024	2023	2022	Variance % 2024 vs. 2023	Variance % 2023 vs. 2022
Current liabilities					
Accounts payable and accrued expenses	$ 15,663,028	$ 11,783,839	$ 12,019,690	33%	-2%
Unearned revenues	14,003,476	28,995,552	11,724,492	-52%	147%
Development loans payable	3,673,032	3,480,119	3,064,873	6%	14%
Construction loan payable	90,198	1,527,852	1,491,060	-94%	2%
Total Current Liabilities	$ 33,429,734	$ 45,787,362	$ 28,300,115	-27%	62%

Current liabilities of $33,429,734 were recorded as of June 30, 2024, a decrease of $12 million or 27%. This resulted from a significant reduction in city capital unearned revenues and investment in various city capital projects including Berth 9, 10 and SBB structural project. Current liabilities of $45,787,362 were recorded as of June 30, 2023, an increase of $17 million or 62%. This resulted from city capital receipt of $16.4 million for Berth 9, 10 and SBB structural project.

Noncurrent liabilities consisted of the following as of June 30:

	2024	2023	2022	Variance % 2024 vs. 2023	Variance % 2023 vs. 2022
Noncurrent liabilities					
Tenants' security deposits - restricted	$ 13,351,980	$ 11,452,351	$ 10,880,756	17%	5%
Development loans payable	156,520,713	159,824,359	162,171,140	-2%	-1%
Community development notes payable	35,330,000	35,330,000	35,330,000	0%	0%
Construction loan payable	-	90,198	1,618,050	-100%	-94%
Lease liability	207,512,655	199,513,697	197,730,484	4%	1%
Other long-term liabilities	-	-	720,917	0%	-100%
Total Noncurrent Liabilities	$ 412,715,348	$ 406,210,605	$ 408,451,347	2%	-1%
Total Liabilities	$ 446,145,082	$ 451,997,967	$ 436,751,462	-1%	3%

Noncurrent liabilities of $412,715,348 were recorded as of June 30, 2024, an increase of $6.5 million or 2%, the result of an increase to the lease liability. Noncurrent liabilities of $406,210,605 were recorded as of June 30, 2023, a decrease of $2.2 million, the result of repayment of development and construction loans.

FINANCIAL HIGHLIGHTS (Continued)

Deferred Inflows of Resources

Deferred inflows of resources consisted of the following as of June 30:

	2024	2023	2022	Variance % 2024 vs. 2023	Variance % 2023 vs. 2022
Deferred inflow of resources leases	$ 387,594,747	$ 394,774,886	$ 414,050,846	-2%	-5%

Deferred inflows of resources of $387,594,747 were recorded as of June 30, 2024, a decrease of $7.1 million or 2%, the result of revenue recognized. Deferred inflows of resources of $394,774,886 were recorded as of June 30, 2023, a decrease of $19.3 million or 5%, the result of revenue recognized.

Statements of Revenues, Expenses and Changes in Net Position

The following summarizes the Corporation's changes in net position for the years ended June 30:

	2024	2023	2022	Variance % 2024 vs. 2023	Variance % 2023 vs. 2022
Operating revenues	$ 96,697,907	$ 97,374,778	$ 103,675,312	-1%	-6%
Operating expenses	103,500,633	91,472,343	104,842,600	13%	-13%
Operating (loss) income	(6,802,726)	5,902,435	(1,167,288)	-215%	-606%
Non-operating revenue	1,472,627	1,092,240	7,531,366	35%	-85%
Non-operating expense	18,307,241	18,196,703	18,595,611	1%	-2%
Non-operating expense, net	(16,834,614)	(17,104,463)	(11,064,245)	-2%	55%
Loss before capital contributions	(23,637,340)	(11,202,028)	(12,231,533)	111%	-8%
Capital contributions	45,036,082	25,484,801	19,382,213	77%	31%
Change in net position	21,398,742	14,282,773	7,150,680	50%	100%
Net position, beginning of year	445,963,795	431,681,022	424,530,342	3%	2%
Net position, end of year	$ 467,362,537	$ 445,963,795	$ 431,681,022	5%	3%

The Corporation manages and leases over 5,000,000 square feet of industrial and commercial space under roof, as well as six (6) dry docks and four (4) finger piers. By leasing these properties, the Corporation generates revenues to cover its operating costs, as well as surplus monies that are reinvested in the facility. Properties are leased to tenants on both a short-term and long-term basis. In addition, the Corporation facilitates business growth and expansion on the part of its tenants by creating an environment that complements their business and therefore helps create jobs.

Operating Revenues

For fiscal year 2024 the Corporation incurred a decrease in operating revenues of approximately $677,000 or 1% mainly as a result of a decrease in rental income from leases due to unforeseen vacancies. For fiscal year 2023 the Corporation incurred a decrease in operating revenues of $6.3 million or 6% mainly as a result of a reduction in grant revenue.

FINANCIAL HIGHLIGHTS (Continued)

Operating Expenses

For fiscal year 2024 the total operating expenses increased by $12 million or 13% due mainly to an increase in personnel and fringe benefits expenses, property insurance, and provision for doubtful accounts. For fiscal year 2023 the total operating expenses decreased by $13.3 million or 13% due mainly to a reduction in other operating expense, including bad debt and utilities.

Net Position

Net position consisted of the following as of June 30:

	2024	2023	2022	Variance % 2024 vs. 2023	Variance % 2023 vs. 2022
Net investment in capital assets	$ 359,284,285	$ 338,809,432	$ 341,437,645	6%	-1%
Restricted:					
Capital projects	8,362,512	28,543,485	9,271,284	-71%	208%
Debt service and other reserves	1,094,452	439,317	816,782	149%	-46%
Unrestricted	98,621,288	78,171,561	80,155,311	26%	-2%
Total net position	$ 467,362,537	$ 445,963,795	$ 431,681,022	5%	3%

Net position as of June 30, 2024 was $467.3 million, an increase of $21.4 million from the prior year. This increase in total net position is a direct result of increase in city capital revenue recognized due to the investment in capital projects throughout the year. Net position as of June 30, 2023 was $445.9 million, an increase of $14.2 million from the prior year. This increase in total net position is a direct result of reduction in operating expense and increase in city capital revenue recognized due to the investment in capital projects throughout the year.

BNYDC Financial Management

This financial report is designed to provide our customers, clients and the public with a general overview of the Corporation's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to Brooklyn Navy Yard Development Corporation, Building 77, 141 Flushing Avenue, Suite 801, Brooklyn, NY 11205.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents (Notes 2E and 3)	$ 14,355,026	$ 21,226,528
Accounts receivable, net of allowance for doubtful accounts of $5,430,286 in 2024 and $4,640,991 in 2023 (Note 2F)	4,238,628	4,639,018
Lease receivables (Notes 2D and 12)	16,287,156	16,906,784
Grants receivable (Notes 1 and 2D)	4,355,804	4,432,600
Prepaid expenses and other current assets (Note 2G)	5,500,801	2,968,561
Total current assets	44,737,415	50,173,491
Noncurrent assets		
Restricted cash and cash equivalents (Notes 2E and 3)	14,413,237	30,101,183
Tenants' security deposits - restricted	13,230,642	11,310,914
Lease receivables (Note 12)	441,357,189	437,622,403
Community development notes receivable (Notes 2I and 4)	24,953,000	24,953,000
Capital assets (Notes 2J and 5):		
Nondepreciable	92,822,615	46,337,246
Depreciable, net	487,254,933	511,193,443
Lease assets, net	182,333,335	181,044,968
Total noncurrent assets	1,256,364,951	1,242,563,157
TOTAL ASSETS	$ 1,301,102,366	$ 1,292,736,648
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses (Note 8)	$ 15,663,028	$ 11,783,839
Unearned revenues (Notes 2K and 6)	14,003,476	28,995,552
Development loans payable (Note 8)	3,673,032	3,480,119
Construction loan payable (Note 10)	90,198	1,527,852
Total current liabilities	33,429,734	45,787,362
Noncurrent liabilities		
Tenants' security deposits - restricted	13,351,980	11,452,351
Development loans payable (Note 8)	156,520,713	159,824,359
Community development notes payable (Note 9)	35,330,000	35,330,000
Construction loan payable (Note 10)	-	90,198
Lease liability (Note 13)	207,512,655	199,513,697
Total noncurrent liabilities (Note 7)	412,715,348	406,210,605
Total liabilities	446,145,082	451,997,967
Deferred inflow of resources (Note 2D)		
Leases (Notes 2D and 12)	387,594,747	394,774,886
Net position (Note 2L)		
Net investment in capital assets	359,284,285	338,809,432
Restricted:		
Capital projects	8,362,512	28,543,485
Debt service and other reserves	1,094,452	439,317
Unrestricted	98,621,288	78,171,561
Total net position	467,362,537	445,963,795
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 1,301,102,366	$ 1,292,736,648

See accompanying notes to the financial statements.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Revenue from leases (Notes 2D and 12)		
Rents	$ 52,419,140	$ 53,966,496
Interest - leases	24,830,914	24,264,721
Insurance	2,202,002	1,894,382
Utilities	11,768,575	10,965,642
Grants (Note 2D)	1,067,156	1,341,005
Other income	4,410,120	4,942,532
Total operating revenues (Note 2C)	96,697,907	97,374,778
OPERATING EXPENSES		
Property management		
Personnel and fringe benefits (Note 15)	16,632,839	15,365,935
Utilities	12,427,576	10,791,375
Property insurance	5,850,071	3,888,685
Brokerage and leasing	(2,664)	3,266
Provision for doubtful accounts	3,606,048	(161,634)
Transportation	2,077,077	1,804,542
Events, programs and exhibits	301,767	231,813
Operating and maintenance	6,713,677	5,708,742
Depreciation and amortization	33,039,421	33,737,533
Total property management	80,645,812	71,370,257
General and administrative		
Personnel and fringe benefits	14,003,542	11,233,512
Other	8,851,279	8,868,574
Total general and administrative	22,854,821	20,102,086
Total operating expenses (Note 2C)	103,500,633	91,472,343
Operating (loss) income	(6,802,726)	5,902,435
NONOPERATING INCOME (EXPENSE)		
Interest expense (Notes 8, 9, 10 and 13)	(18,248,328)	(18,196,703)
Financing and leasing costs incurred	(58,913)	-
Interest income (Notes 2I and 4)	1,472,627	1,092,240
Loss before capital contributions	(23,637,340)	(11,202,028)
CAPITAL CONTRIBUTIONS		
Funding from The City of New York (Notes 2D and 11)	45,234,125	25,682,844
Investor distributions (Note 11)	(198,043)	(198,043)
Change in net position	21,398,742	14,282,773
Net position, beginning of year	445,963,795	431,681,022
Net position, end of year	$ 467,362,537	$ 445,963,795

See accompanying notes to the financial statements.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tenants	$ 80,017,257	$ 78,250,475
Grants received	1,067,156	1,341,005
Other receipts	4,410,120	4,533,694
Payments to vendors and suppliers	(50,385,609)	(36,995,214)
Payments to employees	(22,277,615)	(19,524,049)
Net Cash Provided by Operating Activities	12,831,309	27,605,911
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	30,117,319	43,120,267
Purchases of capital assets	(52,022,852)	(32,570,257)
Financing and leasing costs incurred	(58,913)	-
Proceeds from notes payable and loans payable	-	3,556,172
Repayments of notes and loans payable	(4,638,585)	(7,699,684)
Change in lease liability	7,998,958	1,783,213
Interest expense	(18,259,311)	(18,196,703)
Net Cash Used in Capital and Related Financing Activities	(36,863,384)	(10,006,992)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,472,627	1,092,240
Net Cash Provided by Investing Activities	1,472,627	1,092,240
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(22,559,448)	18,691,159
Cash and cash equivalents, beginning of year	51,327,711	32,636,552
Cash and cash equivalents, end of year	$ 28,768,263	$ 51,327,711
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating (loss) income	$ (6,802,726)	$ 5,902,435
Adjustments to reconcile operating (loss) income to net cash provided by operating activities		
Depreciation and amortization	33,039,421	33,737,533
Changes in operating assets and liabilities:		
Accounts receivable	400,390	143,940
Lease receivables	(3,115,158)	6,172,603
Prepaid expenses and other current assets	(2,532,240)	(574,110)
Deferred inflows of resources - rental income	(7,180,139)	(19,275,960)
Accounts payable and accrued expenses	330,227	(3,383,522)
Change in tenant security deposits payable	(20,099)	126,063
Unearned revenue	(1,288,367)	4,756,929
Net Cash Provided by Operating Activities	$ 12,831,309	$ 27,605,911
RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:		
Unrestricted cash and cash equivalents	$ 14,355,026	$ 21,226,528
Restricted cash and cash equivalents	14,413,237	30,101,183
	$ 28,768,263	$ 51,327,711
Supplemental Disclosure of Cash Flow Information:		
Noncash capital and related financing transactions:		
Accrued capital asset expenditures	$ 9,312,077	$ 5,748,649

See accompanying notes to the financial statements.

NOTE 1 – BACKGROUND AND ORGANIZATION

Brooklyn Navy Yard Development Corporation (the "Corporation") is a not-for-profit corporation formed pursuant to the not-for-profit 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 (the "Code"). The members of the Board of Directors (the "Board") serve at the pleasure of the Mayor of The City of New York (the "City").

Although legally separate from the City, the City is financially accountable for the Corporation and the Corporation is included in the City's financial statements as a discretely presented component unit in accordance with Governmental Accounting Standards Board ("GASB") standards.

The mission of the Corporation is to fuel the City's economic vitality by creating and preserving quality jobs, growing the City's modern industrial sector and its businesses, and connecting the local community with the economic opportunity and resources of the Brooklyn Navy Yard (the "Navy Yard"). The Corporation serves as a real estate developer and property manager of the Navy Yard on behalf of the City and strives to provide an environment in which businesses and careers can take root and grow.

Lease and Management Contract with The City

The Corporation's predecessor-in-interest was organized in 1966. In 1971, it leased the Navy Yard from the City for the purpose of rehabilitating it and attracting new businesses and industry to the area (the "Lease").

The Lease was amended effective June 1, 1996, to require, among other things, payment of annual base rent by the Corporation in the amount of either (i) 100% of net operating income, or (ii) in such other amount as may be agreed to in writing by the parties with respect to a specific lease year (capitalized terms as defined in the Lease). Under the existing lease agreement between the City and the Corporation, the Lease has a term of 49 years commencing July 1, 2012, with five 10-year extension periods.

The City and the Corporation also entered into annual management contracts whereby, among other provisions, the City funded the improvement, replacement and rehabilitation of the infrastructure in the Navy Yard. The Corporation advanced the funds for capital expenditures, resulting in a grant receivable from the City, which amounted to $3,405,804 and $3,482,600 at June 30 2024 and 2023, respectively. The Corporation continues to operate under the terms of the management contract for fiscal year 2018 which provides that, if the Corporation maintains a balance of $5,000,000 in its reserve funds (the "City Reserve Fund"), then the annual base rent under the lease for the fiscal year is zero. The City subsequently approved the reduction in the City Reserve Fund to $500,000 and allowed the annual base rent to remain at zero. At June 30 2024 and 2023, the reserves have a balance of approximately $586,000 and $556,000, respectively.

Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Corporation, b) organizations for which the Corporation is financially accountable and c) other organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the Corporation for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Corporation's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability.

NOTE 1 – BACKGROUND AND ORGANIZATION (Continued)

The below organizations are included in the Corporation's reporting entity as component units. These organizations have been reported as component units because the Corporation owns a controlling interest in the organizations and is financially accountable for these organizations. The organizations meet the criteria for blending since their governing bodies are substantively the same, and the Corporation holds operational responsibility for the organizations.

Building 128 Project ("Building 128")

- On June 19, 2012, the Corporation created the following for-profit companies, under the laws of the State, to rehabilitate a building in the Navy Yard, known as Building 128. Building 128 is a certified historic structure that is eligible for investment tax credits for qualifying rehabilitation expenditures pursuant to Section 47 of the Code.

  GMC Brooklyn, Inc. ("GMC BK") - GMC BK is wholly owned by the Corporation and serves as the managing member of GMC Landlord, LLC and GMC Master Tenant, LLC.

  GMC Landlord, LLC ("GMC Landlord") - GMC Landlord holds a 55-year sublease of Building 128 from the Corporation. GMC Landlord is owned 90% by GMC BK, and 10% by GMC Master Tenant, LLC.

  GMC Master Tenant, LLC ("GMC Master Tenant") - GMC Master Tenant holds a 39-year sublease of the property from GMC Landlord. On August 8, 2013, Brooklyn Navy Yard HTC Investor, LLC ("BNY HTC") was admitted to GMC Master Tenant as a 99% member with the Corporation owning the remaining 1% as managing member. On June 21, 2022, the Corporation purchased the membership interest owned by BNY HTC and now owns 100% of GMC Master Tenant.

Building 77 Project ("Building 77")

- Building 77 QALICB, Inc. ("Building 77 QALICB") – Building 77 QALICB was formed in 2014 with the Corporation as the sole member. Building 77 QALICB was formed for the purpose of rehabilitating and operating Building 77. Building 77 is owned by the City and leased by the Corporation, which in turn has leased the property to Building 77 QALICB. Building 77 QALICB subleases the property to commercial tenants. Building 77 QALICB is exempt from income tax under Section 501(c)(3) of the Code.

Building 127 Project ("Building 127")

- Building 127 LL, Inc. ("127 LL") – 127 LL was formed on August 15, 2018, as a New York nonprofit corporation and the Corporation is the sole member of 127 LL. 127 LL has applied to be exempt from tax under Section 501(c)(3) of the Code. 127 LL was formed as part of the Corporation's efforts to renovate Building 127, an industrial facility, that is a certified historic structure and is eligible for investment tax credits for qualifying rehabilitation expenditures pursuant to Section 47 of the Code. 127 LL will engage solely in the facilitation of financing for redevelopment and subsequent leasing of Building 127.

- 127 Manager, Inc. ("127 Manager") – 127 Manager was formed on December 15, 2017 in connection with the Building 127 tax credit financing structure. The Corporation is the sole shareholder of 127 Manager.

NOTE 1 – BACKGROUND AND ORGANIZATION (Continued)

- Building 127 Master Tenant, LLC ("127 MT") – 127 MT was formed as a limited liability company under the laws of the State on December 15, 2017. 127 Manager is the managing member of, and owns a 1% interest in, 127 MT. 127 MT's operating agreement was amended and restated on December 29, 2017 to admit Chase Community Equity LLC as the investor member which owns a 99% interest in 127 MT.

- Building 127 QALICB, LLC ("127 QALICB") – 127 QALICB was formed as a limited liability company under the laws of the State on December 29, 2017. 127 Manager is the sole member of 127 QALICB.

Single Member LLCs

- On November 3, 2016, the Corporation created the following limited liability companies under the laws of the State for the purposes of subleasing to those companies certain Corporation leases with commercial tenants: BNY 10 LLC ("BNY10"), BNY 121/Gatehouse LLC ("BNY21/Gatehouse"), BNY 25/268 LLC ("BNY 25/268"), BNY 500 LLC ("BNY 500") and BNY Waterfront LLC ("BNY Waterfront"). On December 22, 2016, BNY 10, BNY 121/Gatehouse, BNY 25/268, and BNY 500 entered into a $30,750,000 loan agreement with Webster Bank ("Webster"), formerly known as Sterling National Bank, and BNY Waterfront entered into a $31,680,000 loan agreement with Symetra Life Insurance Company ("Symetra"). The companies' respective interests in the sublessees with the Corporation collateralize, among other security instruments, the loan agreements.

- On August 4, 2020, the Corporation formed the following limited liability companies organized under the law of the State for purposes of subleasing to those companies certain Corporation leases with certain commercial tenants: BNY 72, LLC, BNY S 1/6, LLC, and BNY S 25/30 LLC. On September 4, 2020, BNY 72, LLC, BNY S 1/6, LLC, BNY S 25/30 LLC, each as a borrower, entered into a $58,000,000 loan agreement with The Variable Annuity Life Insurance Company, as lender. The respective interests of BNY 72, LLC, BNY S 1/6, LLC, and BNY S 25/30 LLC in those subleases collateralize, among other security instruments, the loan agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Measurement Focus and Basis of Accounting*

The Corporation'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. In its accounting and financial reporting, the Corporation follows the pronouncements of the GASB.

B. *Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Revenue and Expense Classification*

The Corporation distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from its real estate and related activities. The principal operating revenues consist of rents, lease-related charges for insurance and utilities, and grants and contributions received and available for operating activities. The Corporation's operating expenses include property management and general and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. *Revenue Recognition*

Rent

As required by U.S. GAAP, the Corporation recognizes lease receivables and a deferred inflow of resources. Lease receivables are amortized over the life of the lease and interest revenue is recognized over the term of the lease. Rental revenue is recognized in a systematic and rational manner (typically straight-line) over the term of the lease and the deferred inflow of resources is reduced in the same manner.

Grants and Contributions

Grants and contributions are recorded when received at their fair value. Contributions received without donor-imposed restrictions are reported under operating revenues.

Capital contributions from investors are recorded as non-operating revenue in the period received. City capital contributions for Navy Yard capital infrastructure replacement and rehabilitation, and grants received for restricted purposes, such as improvements and rehabilitation of Navy Yard facilities, are deferred and recognized as non-operating revenue when the related expenditures are incurred.

E. *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and in banks, money market funds, money market deposit accounts and highly liquid debt instruments with maturities of three months or less from date of acquisition.

F. *Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for doubtful accounts based on its assessment of the collectability of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the respective accounts receivable account.

G. *Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the accompanying statements of net position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Fair Value Measurements*

The Corporation categorizes its fair value measurements within the fair value hierarchy established under U.S. GAAP. The hierarchy is based on valuation inputs used to measure fair value of assets and liabilities as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level II inputs are significant other observable inputs, either directly or indirectly, for the asset or liability.
- Level III inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The Corporation's assets reported at fair value are disclosed in Note 3.

I. *Community Development Notes Receivable*

Notes receivable are carried at their uncollected principal balance. Interest income on the notes is accrued at the contractual rate on the principal amount outstanding. The Corporation routinely evaluates the creditworthiness of its borrowers and establishes reserves where the Corporation believes collectability is no longer reasonably assumed. Notes receivable are written down once management determines that the specific borrower does not have the ability to repay the note in full. Allowances for credit losses and doubtful accounts are maintained in amounts considered to be appropriate in relation to the notes receivable outstanding based on collection experience, economic conditions and credit risk quality. Delinquency is the primary indicator of credit quality. As of June 30, 2024 and 2023, no allowance for loan losses was recorded for the Corporation's notes receivable.

J. *Capital Assets and Lease Assets*

Machinery, office equipment, leasehold improvements/buildings and water/sewer systems are recorded at cost. Maintenance and repairs are charged to operations as incurred.

Depreciation and amortization is computed using the straight-line method based upon estimated useful lives as follows:

Asset	Years
Machinery and vehicles	3
Office equipment	2-5
Leasehold improvements/buildings	21-50
Tenant improvements	Life of lease
Water/sewer systems	21-75
Lease assets	Life of lease

K. *Unearned Revenues*

Unearned revenues arise when assets are received before a revenue recognition criterion has been satisfied. Unearned revenues include amounts received in advance and/or amounts from grants received before the eligibility requirements have been met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *Net Position*

The Corporation's net position is classified in the following categories: net investment in capital assets; restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of amounts restricted for specific purposes by law or by parties external to the Corporation. Unrestricted net position consists of amounts that are not classified as net investment in capital assets or restricted. When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, consistent with any respective restrictions, and then to use unrestricted resources as they are needed.

M. *Reclassifications*

Certain line items in the June 30, 2023 financial statements have been reclassified to conform to the June 30, 2024 presentation.

N. *New Accounting Pronouncements*

During the year ended June 30, 2024, the Corporation adopted the following GASB statements:

- 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. GASB 99 did not have an impact on the Corporation's financial statements.

- 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. GASB 100 did not have an impact on the Corporation's financial statements.

Other accounting pronouncements which may impact the Corporation in future years are as follows:

- 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. The Corporation has not completed their evaluation of GASB 101 but does not anticipate any material impact.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 102, *Certain Risk Disclosures* ("GASB 102"), has been issued to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 101 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of GASB 102 are effective for fiscal years beginning after June 15, 2024. The Corporation has not completed their evaluation of GASB 102 but does not anticipate any material impact.

- 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. The requirements of GASB 103 are effective for fiscal years beginning after June 15, 2025. The Corporation has not completed their evaluation of the potential impact of adopting GASB 103.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of June 30:

	2024	2023
Current Assets		
Unrestricted Cash and Cash Equivalents		
Cash	$ 14,082,193	$ 14,139,435
Cash Equivalents (U.S. Government Money Market Fund)	272,833	7,087,093
	14,355,026	21,226,528
Noncurrent Assets		
Restricted Cash and Cash Equivalents		
Cash	1,149,135	549,246
Cash Equivalents (U.S. Government Money Market Fund)	13,264,102	29,551,937
	14,413,237	30,101,183
Total Cash and Cash Equivalents		
Cash	15,231,328	14,688,681
Cash Equivalents (U.S. Government Money Market Fund)	13,536,935	36,639,030
	$ 28,768,263	$ 51,327,711

Fair Value Hierarchy

The Corporation had the following recurring fair value measurements (see Note 2H) as of June 30:

U.S. Government money market funds of $13,536,935 and $36,639,030 as of June 30, 2024 and 2023, respectively, are valued based upon quoted prices in active markets (Level 1).

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Investment Policy

Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, certificates of deposit and bank deposits with financial institutions that are covered by federal depository insurance, money market mutual funds, corporate and bank issued securities and commercial paper. The objective of these investments is to preserve capital, maintain liquidity and mitigate credit and interest rate risk. As of June 30, 2024 and 2023, cash and cash equivalents consisted of bank deposits and U.S. government money market mutual funds and, accordingly, the Corporation was not exposed to any interest rate or credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Corporation may not be able to recover its deposits that are in the possession of an outside party.

The Corporation has entered into a custodial agreement (the “Agreement”) with JP Morgan Chase Bank, N.A. (the “Bank”), in which the Bank will hold eligible securities consisting of U.S. Treasury Notes, pledged by the Bank as collateral for the benefit of the Corporation, pursuant to the Agreement for any uninsured deposits of the Corporation.

As of June 30, 2024, the bank deposit balances were held with four banks and amounted to $14,446,839, of which $1,449,200 was covered by federal depository insurance and $13,160,698 was collateralized. The remaining balance of $95,022 was uninsured and uncollateralized and exposed to custodial credit risk.

Restricted cash and cash equivalents consisted of the following as of June 30:

		2024	2023
BNYDC			
City capital funds	**A**	$ 12,678,560	$ 28,995,552
City reserve		585,542	556,385
		13,264,102	29,551,937
Building 127			
Construction reserve	**C**	86,655	101,179
Fee and expense reserves	**B**	1,062,480	448,067
		1,149,135	549,246
		$ 14,413,237	$ 30,101,183

A. The City capital funds as of June 30, 2024 and 2023 primarily consist of capital funds advanced by the City for various reconstruction projects amounting to $12.7 million and $28.9 million and for the multiple other infrastructure projects throughout the Navy Yard.

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

B. In accordance with the loan agreements, the Corporation was required to establish interest reserves and fee and expense reserve accounts prior to the initial release of the loans. The reserves are to be used for the payments of quarterly interest, fees and other expenses related to the loans.

C. The proceeds of the loans were deposited into a construction reserve for the purpose of funding development costs for the project.

NOTE 4 – COMMUNITY DEVELOPMENT NOTES RECEIVABLE

Community development notes receivable consisted of promissory notes for loans extended to the following entity as of June 30:

Borrower	2024	2023
Building 127 NMTC Investment Fund LLC ("127 NMTC")	$ 24,953,000	$ 24,953,000

127 NMTC

On September 21, 2018, the Corporation extended a loan to 127 NMTC in the amount of $24,953,000. The loan bears interest at the rate of 1.00% per annum. The loan is secured by 127 NMTC's bank account pledge agreement. Commencing December 25, 2018, payments of interest only are due and payable quarterly. Commencing June 25, 2026, payments of principal and interest are due and payable quarterly in an amount to fully repay the loan by the maturity date of March 25, 2043.

Interest income on the loan, which is included in interest income in the accompanying statements of revenues, expenses and changes in net position, amounted to $249,530 during each of the years ended June 30, 2024 and 2023.

Maturities of Notes Receivable

The aggregate annual maturities of the notes receivable for the fiscal years ended June 30 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	$ -	$ 249,530	$ 249,530
2026	15,801,756	132,956	15,934,712
2027	521,289	89,562	610,851
2028	526,521	84,329	610,850
2029	531,806	79,044	610,850
2030-2034	2,740,182	314,071	3,054,253
2035-2039	2,880,494	173,758	3,054,252
2040-2043	1,950,952	34,312	1,985,264
	$ 24,953,000	$ 1,157,562	$ 26,110,562

NOTE 5 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2024:

	Balance 6/30/23	Additions	Deductions/ Reclassifications	Balance 6/30/24
Nondepreciable:				
Construction in progress	$ 46,337,246	$ 53,516,764	$ (7,031,395)	$ 92,822,615
Total nondepreciable capital assets	46,337,246	53,516,764	(7,031,395)	92,822,615
Depreciable:				
Leasehold improvements, including buildings and water and sewer systems	849,681,279	4,937,852	(568,234)	854,050,897
Machinery and vehicles	4,383,998	56,517	(1,134)	4,439,381
Office equipment	2,700,500	-	-	2,700,500
Total depreciable capital assets	856,765,777	4,994,369	(569,368)	861,190,778
Less: accumulated depreciation and amortization:				
Leasehold improvements, including buildings and water and sewer systems	339,101,465	28,126,106	-	367,227,571
Machinery and vehicles	4,031,136	150,936	-	4,182,072
Office equipment	2,439,733	86,469	-	2,526,202
Total accumulated depreciation and amortization	345,572,334	28,363,511	-	373,935,845
Lease assets being amortized, net	181,044,968	1,288,367	-	182,333,335
Total net depreciable capital assets	692,238,411	(22,080,775)	(569,368)	669,588,268
Total net capital assets	$ 738,575,657	$ 31,435,989	$ (7,600,763)	$ 762,410,883

Construction in progress consists of over sixty capital projects for the improvement, replacement and rehabilitation of the infrastructure of the Navy Yard. The projects have various completion dates through June 2029 and the estimated cost to complete the project is approximately $245 million.

NOTE 5 – CAPITAL ASSETS (Continued)

The following is a summary of capital asset activity for the year ended June 30, 2023:

	Balance 6/30/22	Additions	Deductions/ Reclassifications	Balance 6/30/23
Nondepreciable:				
Construction in progress	$ 16,110,639	$ 30,247,145	$ (20,538)	$ 46,337,246
Total nondepreciable capital assets	16,110,639	30,247,145	(20,538)	46,337,246
Depreciable:				
Leasehold improvements, including buildings and water and sewer systems	849,151,829	550,377	(20,927)	849,681,279
Machinery and vehicles	4,447,984	154,815	(218,801)	4,383,998
Office equipment	2,451,774	250,226	(1,500)	2,700,500
Total depreciable capital assets	856,051,587	955,418	(241,228)	856,765,777
Less: accumulated depreciation: and amortization:				
Leasehold improvements, including buildings and water and sewer systems	310,372,943	28,749,133	(20,611)	339,101,465
Machinery and vehicles	3,871,527	159,609	-	4,031,136
Office equipment	2,374,873	64,860	-	2,439,733
Total accumulated depreciation and amortization	316,619,343	28,973,602	(20,611)	345,572,334
Lease assets being amortized, net	185,809,309	-	(4,764,341)	181,044,968
Total net depreciable capital assets	725,241,553	(28,018,184)	(4,984,958)	692,238,411
Total net capital assets	$ 741,352,192	$ 2,228,961	$ (5,005,496)	$ 738,575,657

NOTE 6 – UNEARNED REVENUES

Unearned revenues consisted of the following at June 30:

	2024	2023
Currently with the City for the rehabilitation of capital assets	$ 13,992,364	$ 28,984,440
Cogeneration Partners	11,112	11,112
Total	$ 14,003,476	$ 28,995,552

NOTE 7 – LONG-TERM LIABILITIES

The following summarizes the changes in the Corporation's long-term liabilities for the year ended June 30, 2024:

	Balance 7/1/2023	Increases	Reductions	Balance 6/30/2024	Due Within One Year	Due After One Year
Tenant's security deposits	$ 11,452,351	$ 1,899,629	$ -	$ 13,351,980	$ -	$ 13,351,980
Unearned revenues	28,995,552	29,151,189	44,143,265	14,003,476	14,003,476	-
Development loans payable	163,304,478	-	3,110,733	160,193,745	3,673,032	156,520,713
Community development notes payable	35,330,000	-	-	35,330,000	-	35,330,000
Construction loan payable	1,618,050	-	1,527,852	90,198	90,198	-
Lease liability	199,513,697	7,998,958	-	207,512,655	-	207,512,655
Total long-term liabilities	$ 440,214,128	$ 39,049,776	$ 48,781,850	$ 430,482,054	$ 17,766,706	$ 412,715,348

The following summarizes the changes in the Corporation's long-term liabilities for the year ended June 30, 2023:

	Balance 7/1/2022	Increases	Reductions	Balance 6/30/2023	Due Within One Year	Due After One Year
Tenant's security deposits	$ 10,880,756	$ 571,595	$ -	$ 11,452,351	$ -	$ 11,452,351
Unearned revenues	11,724,492	44,520,390	27,249,330	28,995,552	28,995,552	-
Development loans payable	165,236,013	-	1,931,535	163,304,478	3,480,119	159,824,359
Community development notes payable	35,330,000	-	-	35,330,000	-	35,330,000
Construction loan payable	3,109,110	-	1,491,060	1,618,050	1,527,852	90,198
Lease liability	197,730,484	1,783,213	-	199,513,697	-	199,513,697
Other long-term liabilities	720,917	-	720,917	-	-	-
Total long-term liabilities	$ 424,731,772	$ 46,875,198	$ 31,392,842	$ 440,214,128	$ 34,003,523	$ 406,210,605

NOTE 8 – DEVELOPMENT LOANS PAYABLE

Development loans payable consisted of the following as of June 30:

Lender	2024	2023
The Variable Annuity Life Insurance Company ("VALIC $58,000,000 Loan")	$ 57,305,637	$ 58,000,000
NYCRC Brooklyn Navy Yard Development Fund, IV, LLC ("NYCRC $30,000,000 Loan")	30,000,000	30,000,000
Webster Bank (formerly Sterling National Bank) ("Webster Loan")	27,730,432	28,334,142
Symetra Life Insurance Company ("Symetra Loan")	24,858,630	26,132,043
Building 127:		
GSUIG Real Estate Member LLC	17,275,258	17,734,158
GSUIG Real Estate Member LLC Line of Credit	3,023,788	3,104,135
	$ 160,193,745	$ 163,304,478

VALIC $58,000,000 Loan

On September 4, 2020, BNY S 1/6, LLC, BNY S 25/30 LLC and BNY 72, LLC, individually and collectively as Borrowers, entered into a loan agreement with The Variable Annuity Life Insurance Company, as lender, for a total loan amount of $58,000,000, the proceeds of which have been used to refinance an existing loan made by NYCRC Brooklyn Navy Yard Development Fund, LLC and will provide additional working capital for other Corporation uses.

Borrowers shall be deemed to refer to each as Stages 1-6 Borrower, Stages 25-30 Borrower and Dock 72 Borrower. Of the $58,000,000, BNY S 1/6, LLC (“Stages 1-6 Borrower”) obtained a principal loan of $11,895,713, BNY S 25/30 LLC (“Stages 25-30 Borrower”) obtained a principal loan of $6,115,875 and BNY 72, LLC (“Dock 72 Borrower”) obtained a principal loan of $39,988,412.

The loan agreement provides for interest at a fixed rate of 3.85% per annum with a maturity date of September 4, 2040. Interest only on the principal loan is payable during (a) the stub interest period, which is the closing date through and including September 30, 2020, and (b) interest only period, which begins November 1, 2020, and ends on the payment date that is 36 calendar months following the expiration of the stub interest period.

Payments on the loan will be as follows:

- On each payment date during the interest only period, payments of interest only on the principal shall be payable in arrears, in the amount of (i) $38,165 each under the Stages 1-6 Borrower note; (ii) $19,622 each under the Stages 25-30 Borrower note and (iii) $128,296 each under the Dock 72 Borrower note.

- Commencing on the first payment date immediately succeeding the expiration of the interest only period and on each payment date thereafter, combined payments of principal and interest shall be payable in arrears, in the amount of (i) $55,768 each under the Stages 1-6 Borrower note; (ii) $28,672 each under the Stages 25-30 Borrower note; and (iii) $187,469 each under the Dock 72 Borrower note.

NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

VALIC $58,000,000 Loan (Continued)

The Borrowers shall have no right to prepay all or any part of the principal during the lockout expiration date, which is the payment date that is 24 calendar months from and after the first day immediately following the stub interest period. At any time after the lockout expiration date, the Borrowers shall have the right to prepay the principal, in whole, but not in part, and all other amounts due under the agreement, together with all accrued but unpaid interest thereon as of the date of prepayment, subject to terms of the agreement.

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $2,223,013 and $2,233,000 for the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, accrued interest amounted to $183,856 and $186,083, respectively.

The loan is collateralized by Stages 1-6 Borrower, Stages 25-30 Borrower and Dock 72 Borrower's (i) leasehold interests in properties leased from the Corporation and assignment of all gross revenue due or payable for the occupancy of use of the properties, and all leases, whether oral or written, with all security therefor, including all guaranties thereof.

NYCRC $30,000,000 Loan

On July 15, 2015, the Corporation entered into a credit agreement with the NYCRC Brooklyn Navy Yard Development Fund IV, LLC to borrow $30,000,000 to finance improvements to Building 77 in the Navy Yard. The credit agreement provides for interest at a fixed rate of 4.20% per annum. Except as provided in the agreement, the loan is due on the later of (i) the fifth anniversary date of the first loan draw, which occurred on May 10, 2017 and (ii) thirty days following the date that all investors who have made an investment in the Corporation pursuant to the EB-5 Program have become cleared investors. As of June 30, 2024, NYCRC has advised that all investors have not yet become cleared investors. The loan may not be prepaid, in whole or in part, prior to the maturity date. The maturity date may be extended from time to time up to an additional five years (the "Outside Payment Date"), subject to certain terms and conditions, including the interest rate of 4.2% per annum and an ability to prepay the loan during the period between the maturity date and the Outside Payment Date. Payments due during the term of the loan consist of interest only, payable quarterly, on the outstanding balance until the maturity date at which time principal is payable.

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $1,281,000 and $1,277,500 during the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, there was no accrued interest.

The loans are collateralized by an assignment of certain deposit account with a bank, the Corporation's interest in a contribution agreement with Building 77 QALICB, and, subject to certain subordination and inter-creditor agreements, the Corporation's security interest in deposit accounts, current and future accounts, receivables and contract rights, personal and fixture property of every kind and nature, whether currently owned or existing or subsequently acquired or arising and regardless of where located and all products, proceeds, substitutions, accessions and replacements thereof with respect to Building 77.

NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

Webster Loan

On December 22, 2016, BNY 10, BNY 121/Gatehouse, BNY 25/268 and BNY 500 (collectively, the "Webster Borrowers") entered into a loan agreement with Webster, formerly known as Sterling National Bank to finance the payment of $30,000,000 of the Corporation's NYCRC $60,000,000 Loan and pay for the closing costs.

The loan bears interest at the rate of 4.448% per annum and is payable as follows:

- Interest only beginning January 15, 2017 and on the 15th of each succeeding month through December 15, 2018
- Principal and interest of $156,041 beginning on January 15, 2019 and on the 15th of each succeeding month through December 15, 2031

The loan may be prepaid, subject to prepayment premium ranging from 1% to 5% if the prepayment occurs during the first 10 years of the loan.

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $1,268,910 and $1,292,186 during the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, there was no accrued interest.

The loan is collateralized by, among other security, the following: (i) grant to Webster by the Webster Borrowers of an ongoing security interests in various assets pursuant to security agreement between Webster and the Webster Borrowers; (ii) assignment to Webster of the Corporation's membership interests in the Webster Borrowers; (iii) assignment to Webster of all of the Webster Borrowers' right, title and interest in and to all leases, rents, income and profits arising from all current and future leases, subleases, tenancies, occupancy agreements and licenses with respect to certain premises pursuant to an assignment of leases and rents agreements among Webster, the Webster Borrowers and the Corporation; and (iv) and mortgage of such premises to Webster.

Symetra Loan

On December 22, 2016, BNY Waterfront received a loan under a real estate note (the "Note") in the amount of $31,680,000 to refinance $30,000,000 of the NYCRC $60,000,000 Loan and pay for the loan costs. The note bears interest at 4.15% per annum and is payable as follows:

- At closing, interest from the date of loan through January 15, 2017
- Monthly interest only payments of $109,560 beginning February 15, 2017 and on the 15th of each succeeding month through July 15, 2018
- 239 monthly payments of principal and interest of $194,488 beginning on August 15, 2018 and on the 15th of each succeeding month through July 15, 2038

The loan may be prepaid in full (but not in part), subject to prepayment premium calculated at the greater of (a) 1% of the principal prepaid or (b) the excess over the prepaid principal amount of the present value of the remaining principal and interest payments calculated using a discount rate as defined in the Note.

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $1,060,440 and $1,112,117 during the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, there was no accrued interest.

The loan is collateralized by a security instrument executed by BNY Waterfront and the Corporation, collectively, as mortgagor, in favor of Symetra, irrevocably mortgaging to Symetra the mortgagor's ongoing interest under a certain lease dated December 22, 2016 between the Corporation (as ground lessor) and BNY Waterfront with respect to certain premises described in the security agreement.

NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

GSUIG Real Estate Member LLC

On September 21, 2018, the Corporation entered into a promissory note with GSUIG Real Estate Member LLC in the amount of $17,844,500. The loan is secured by the assets of the Corporation. The note bears interest at a rate of 6.5% per annum. Quarterly payments of interest only are due commencing on December 31, 2018. Beginning March 21, 2021, quarterly payments of principal and interest of $400,181 were due through maturity on March 31, 2026. Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $1,141,690 and $1,159,892 during the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, there was no accrued interest.

GSUIG Real Estate Member LLC (Line of Credit)

On September 21, 2018, the Corporation entered into a line of credit note with GSUIG Real Estate Member LLC. The loan agreement provides for up to $5,000,000 and is secured by the assets of the Corporation. The loan bears an interest rate of 6.50% per annum. In addition, the note bears interest of 0.75% per annum on the undrawn portion of the loan. The terms of the note provide for quarterly payments of interest only commencing on September 30, 2018. Beginning March 21, 2021 and on every June 30, September 30, December 31, and March 31 thereafter, quarterly payments of principal and interest will be due through maturity on March 31, 2026. Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $178,334 and $217,097 during the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, there was no accrued interest.

Webster Bank (formerly Sterling National Bank) Line of Credit

On May 11, 2023, the Corporation closed on a $10,000,000 line of credit with Webster (formerly Sterling National Bank) for a term of one year, at an interest rate equal to the greater of (i) 4.00% of (ii) lender's prime rate plus 0.25%. This line of credit is secured by an assigned of rents from Building 292. There was no outstanding balance as of June 30, 2024 and 2023.

Maturities of Development Loans Payable

The aggregate annual principal and interest due on the development loans payable, assuming no extensions of maturity dates with respect to the NYCRC $30,000,000 loan, are as follows for the years ended June 30:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	$ 3,673,032	$ 5,669,609	$ 9,342,641
2026	6,718,794	5,423,891	12,142,685
2027	33,983,293	5,079,212	39,062,505
2028	4,191,728	4,870,730	9,062,458
2029	11,372,526	7,025,345	18,397,871
2030-2034	27,263,144	18,049,144	45,312,288
2035-2039	21,395,780	12,441,730	33,837,510
2040-2044	18,673,685	8,420,278	27,093,963
2045-2049	20,345,022	4,463,533	24,808,555
2050-2054	12,576,741	954,777	13,531,518
	$ 160,193,745	$ 72,398,249	$ 232,591,994

The Corporation's loan agreements include provisions, that in the event of payment or other material defaults which are not cured within any applicable cure periods, that the respective lenders may accelerate and declare the remaining unpaid debt to be immediately due and payable.

NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE

Community development notes payable represent promissory notes issued by Building 77 QALICB and 127 QALICB to the following community development entities ("CDE Lenders") and consisted of the following as of June 30:

BNYDC Entity/CDE Lender	2024	2023
127 QALICB promissory notes dated September 21, 2018 ("127 2018 Notes")		
GSNMF Sub-CDE 29 LLC ("GSNMF-29")		
GSNMF-29 Loan A	$ 3,364,306	$ 3,364,306
GSNMF-29 Loan B	1,635,694	1,635,694
CDE 41 LLC ("MBS")		
MBS Loan A	4,780,028	4,780,028
MBS Loan B	2,079,972	2,079,972
NYCR SUB-CDE 1, LLC ("NYCR")		
NYCR Loan A	8,524,333	8,524,333
NYCR Loan B	3,235,667	3,235,667
NYCNCC Sub-CDE 5, LLC ("NYCNCC")		
NYCNCC Loan A	4,920,028	4,920,028
NYCNCC Loan B	1,939,972	1,939,972
DVCI CDE XLIV, LLC ("DVCI XLIV")		
DVCI XLIV Loan A	3,364,305	3,364,305
DVCI XLIV Loan B	1,485,695	1,485,695
	$ 35,330,000	$ 35,330,000

127 2018 Notes

On September 21, 2018, the 127 QALICB entered into promissory note agreements with GSNMF Sub-CDE 29 LLC ("GSNMF-29"), CDE 41, LLC ("MBS"), NYCR SUB-CDE 1, LLC ("NYCR"), NYCNCC Sub-CDE 5, LLC ("NYCNCC"), DVCI CDE XLIV, LLC ("DVCI XLIV"), totaling $35,330,000. The promissory note agreements comprise ten obligations and are secured by the property.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with GSNMF, referred to as GSNMF-29 Loan A, on September 21, 2018 in the amount of $3,364,306. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on March 15, 2026, a one-time payment of $2,140,860 is due to GSNMF. Beginning June 15, 2026, quarterly principal and interest payments totaling $12,849, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with GSNMF-29, referred to as GSNMF-29 Loan B, on September 21, 2018 in the amount of $1,635,694. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling $17,178, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with MBS, referred to as MBS Loan A, on September 21, 2018 in the amount of $4,780,028. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of $2,997,204 is due to MBS. Beginning on June 15, 2026, quarterly principal and interest payments totaling $18,723, are due until the loan matures on September 20, 2053.

NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

127 2018 Notes (Continued)

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with MBS, referred to as MBS Loan B, on September 21, 2018 in the amount of $2,079,972. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling $21,844, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCR, referred to as NYCR Loan A, on September 21, 2018 in the amount of $8,524,333. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of $5,138,064 is due to MBS. Beginning on June 15, 2026, quarterly principal and interest payments totaling $35,563, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCR, referred to as NYCR Loan B, on September 21, 2018 in the amount of $3,235,667. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling $33,981, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCNCC, referred to as NYCNCC Loan A, on September 21, 2018 in the amount of $4,920,028. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of $2,997,204 is due to NYCNCC. Beginning on June 15, 2026, quarterly principal and interest payments totaling $20,194, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCNCC, referred to as NYCNCC Loan B, on September 21, 2018 in the amount of $1,939,972. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling $20,374, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with DVCI XLIV, referred to as DVCI XLIV Loan A, on September 21, 2018 in the amount of $3,364,305. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of $2,140,860 is due to DVCI XLIV. Beginning on June 15, 2026, quarterly principal and interest payments totaling $12,849, are due until the loan matures on September 20, 2053.

In accordance with the loan agreement 127 QALICB entered into a promissory note agreement with DVCI XLIV, referred to as DVCI XLIV Loan B, on September 21, 2018 in the amount of $1,485,695. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling $15,603 are due until the loan matures on September 20, 2053.

Interest incurred on the 127 2018 Notes amounted to $377,054 for each of the years ended June 30, 2024 and 2023.

NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

127 2018 Notes (Continued)

The aggregate annual principal and interest due on the 127 2018 Notes is as follows for the years ended June 30:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	$ -	$ 377,054	$ 377,054
2026	15,883,504	252,425	16,135,929
2027	631,617	205,018	836,635
2028	638,387	198,250	836,637
2029	645,226	191,409	836,635
2030-2034	3,331,328	851,853	4,183,181
2035-2039	3,513,672	669,508	4,183,180
2040-2044	3,705,994	477,181	4,183,175
2045-2049	3,908,850	274,326	4,183,176
2050-2053	3,071,422	65,906	3,137,328
	$ 35,330,000	$ 3,562,930	$ 38,892,930

The Corporation's loan agreements include provisions that in the event of payment or other material defaults, which are not cured within any applicable cure periods, that the respective lenders may accelerate and declare the remaining unpaid debt to be immediately due and payable.

NOTE 10 – CONSTRUCTION LOAN PAYABLE

On April 2, 2015, GMC Landlord entered into a loan agreement with New Lab, LLC in the amount of $11,884,883. The loan accrues interest at 2.44% from the date of the initial advance through maturity, on the tenth anniversary of the first monthly payment. Monthly payments commenced on the conversion date, March 1, 2017. Interest is compounded monthly from the date of the first advance through the conversion date. On the date of conversion, the loan balance was increased to $13,744,373 including compounded interest. Beginning March 1, 2017, monthly payments of $129,193 are due through maturity. The loan is secured by the tenant fit-out payments portion of the master lease rent payable to GMC Landlord by New Lab under its lease. It is further collateralized by any accounts arising under the master lease, the deposit account, which holds loan advances and master lease rents, and an Assignment of Leases and Rents to GMC Landlord.

The Corporation's loan agreements include provisions that in the event of payment or other material defaults, which are not cured within any applicable cure periods, that the respective lenders may accelerate and declare the remaining unpaid debt to be immediately due and payable.

Interest incurred on the construction loan payable, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to $22,469 and $59,261 during the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, there was no accrued interest.

The aggregate annual principal and interest due on the construction loan payable at June 30:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	$ 90,198	$ 183	$ 90,381

NOTE 11 – CAPITAL CONTRIBUTIONS AND GRANTS

City Capital Contributions

Since 1996, the Corporation receives contributions from the City for the replacement and rehabilitation of capital assets funded from the City's capital budget. For the years ended June 30, 2024 and 2023, the Corporation recognized $45,234,125 and $25,682,844, respectively, as non-operating revenue for rehabilitation work completed with City capital funds.

Other Capital Contributions (Distributions)

During the years ended June 30, 2024 and 2023, the Corporation distributed approximately $198,000 of investor distributions for Building 127.

NOTE 12 – LEASE RECEIVABLES

The Corporation is reporting lease receivables of $457,644,345 and $454,529,187 at June 30, 2024 and 2023. Lease revenue of $52,419,140 and $53,966,496 and interest revenue of $24,830,914 and $24,264,721 relate to lease payments received for the fiscal years ended June 30, 2024 and 2023. All of the Corporation's leases relate to the various properties under management as described in Note 1. The lease terms vary and are specific to each of the individual tenants.

Total rentals related to variable payments, which arise primarily from a percentage of the lessees' gross revenues and parking revenue rents, amounted to $1,687,171 and $2,817,807 for the years ended June 30, 2024 and 2023, respectively.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2025	$ 16,287,156	$ 12,398,938	$ 28,686,094
2026	33,956,486	23,351,499	57,307,985
2027	32,656,535	21,468,833	54,125,368
2028	28,674,728	19,709,176	48,383,904
2029	24,858,898	18,185,085	43,043,983
2030 - 2034	80,955,748	75,383,052	156,338,800
2035 - 2039	64,287,896	56,856,301	121,144,197
2040 - 2044	43,897,045	41,963,799	85,860,844
2045 - 2049	35,508,119	31,293,107	66,801,226
2050 - 2054	32,745,510	22,862,286	55,607,796
2055 - 2059	31,955,600	13,719,700	45,675,300
2060 - 2064	31,132,343	3,302,681	34,435,024
2065 - 2069	728,281	11,139	739,420
	$ 457,644,345	$ 340,505,596	$ 798,149,941

NOTE 13 – LEASE LIABILITY

The Corporation is obligated under two sublease agreements for the rental of premises in the Navy Yard. The subleases expire on June 29, 2061 and August 30, 2065. The Corporation determined the net present value of the lease based on the comparable rates of similar leases using 5.25% and reported a lease liability of $207,512,655 and $199,513,697 at June 30, 2024, and 2023, respectively. Total outflows related to the lease agreements were $9,291,396 and $8,640,140 for the years ended June 30, 2024 and 2023, respectively.

Annual requirements to amortize long-term lease obligations and related interest are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	$ (1,642,646)	$ 10,934,042	$ 9,291,396
2026	(1,638,454)	11,019,706	9,381,252
2027	(1,726,573)	11,107,825	9,381,252
2028	(1,424,400)	11,195,529	9,771,129
2029	(1,211,359)	11,260,971	10,049,612
2030-2034	(2,087,848)	56,771,841	54,683,993
2035-2039	3,487,834	56,638,960	60,126,794
2040-2044	11,385,974	54,753,501	66,139,475
2045-2049	22,334,445	50,418,976	72,753,421
2050-2054	37,315,159	42,713,605	80,028,764
2055-2059	57,605,716	30,421,340	88,027,056
2060-2064	68,965,789	13,309,983	82,275,772
2065-2066	16,149,018	816,696	16,965,714
	$ 207,512,655	$ 361,362,975	$ 568,875,630

The lease liability is amortized using the interest-method, and since the interest expense is greater than the total cash requirements, the principal balance will increase or accrete until such time that the cash payments are greater than the interest expense. Interest expense amounted to $10,677,472 and $10,423,353 for the years ended June 30, 2024 and 2023, respectively.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The Corporation is involved in general liability insurance claims relating to damages suffered by tenants and various other legal matters which are being defended and handled in the ordinary course of business. The liability, if any, associated with each of these matters is capped at $50,000 per occurrence with an annual maximum limit of $1,000,000. Management believes that the ultimate resolution of such claims will not have a materially adverse effect on the Corporation's financial statements.

The Corporation is required to comply with various rules and regulations of the New Markets Tax Credits ("NMTC") program pursuant to Section 45D of the Code. Failure to comply with these or other requirements could result in the recapture of NMTC already taken by the Corporation's mortgage lenders and potential loss of future NMTCs.

NOTE 15 – PENSION PLANS

The Corporation's non-union administrative employees are eligible to participate in the Brooklyn Navy Yard Corp. Pension Plan, a defined contribution pension plan administered by Voya Financial. Participation begins after the completion of six (6) months' continuous employment with the Corporation. Voluntary employee contributions to this plan are not permitted. Participants are fully vested in employer contributions to this plan after three (3) years of service. Plan forfeitures are used to either reduce administrative expenses of the plan or employer contributions to the plan. For the years ended June 30, 2024 and 2023, contributions of 14% of eligible compensation were made to this plan. Pension expense for the years ended June 30, 2024 and 2023 amounted to $1,692,349 and $1,316,318 , respectively.

The Corporation has also established the Brooklyn Navy Yard Security Guards Pension Plan, a defined contribution profit-sharing plan administered by Voya Financial. Only employees that are covered by the Corporation's collective bargaining agreement with its security guards are eligible to participate in this plan. Participation begins after the completion of six (6) months' continuous employment with the Corporation. Voluntary employee contributions to this plan are not permitted. Participants are fully vested in employer contributions to this plan after three (3) years of service. Plan forfeitures are used to either reduce administrative expenses of the plan or employer contributions to the plan. For each of the years ended June 30, 2024 and 2023, discretionary profit-sharing contributions of $1.75 per hour (to a maximum of 80 hours for both years) were made to this plan. Pension expense for the years ended June 30, 2024 and 2023, amounted to $242,640 and $195,987, respectively.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPERTY MANAGEMENT REVENUE AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES	$ 96,697,907	$ 97,374,778
EXPENSES		
Direct expenses		
Utilities		
Electric	8,880,920	7,615,612
Steam	1,307,107	1,632,226
Water	1,866,107	1,031,699
Natural gas	373,442	511,838
Payroll and related fringe benefits		
Protective services and transportation	4,243,434	3,891,548
Maintenance, utilities and engineering	7,591,862	6,850,585
Fringe benefits	4,797,543	4,623,802
Other direct expenses		
Materials, supplies and building maintenance	6,713,677	5,708,742
Events, programs and exhibits	301,767	231,813
Property insurance	5,850,071	3,888,685
Brokerage and leasing	(2,664)	3,266
Provision for doubtful accounts	3,606,048	(161,634)
Transportation	2,077,077	1,804,542
Total direct expenses	47,606,391	37,632,724
Operating income, net of direct expenses	49,091,516	59,742,054
General and administrative expenses		
Personnel and fringe benefits	14,003,542	11,233,512
Other	8,851,279	8,868,574
Total general and administrative expenses	22,854,821	20,102,086
Operating income before depreciation and and amortization and non-operating income (expense)	26,236,695	39,639,968
DEPRECIATION AND AMORTIZATION AND NON-OPERATING INCOME (EXPENSE)		
Depreciation and amortization	(33,039,421)	(33,737,533)
Interest income	1,472,627	1,092,240
Interest expense	(18,248,328)	(18,196,703)
Financing and leasing costs incurred	(58,913)	-
Net depreciation and amortization and non-operating income (expense)	(49,874,035)	(50,841,996)
Loss before capital contributions	$ (23,637,340)	$ (11,202,028)

See independent auditors' report.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
SUPPLEMENTARY INFORMATION
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
PERSONNEL AND FRINGE BENEFIT EXPENSES		
Executive and legal	$ 2,522,979	$ 2,067,448
Finance and leasing	2,266,850	1,931,489
Human resources	721,969	554,160
Development and external affairs	1,617,473	1,557,301
Technology and information	744,627	622,542
Building 92 and employment center	2,042,848	1,152,302
Payroll taxes and fringe benefits	4,086,796	3,348,270
Total personnel and fringe benefits	14,003,542	11,233,512
OTHER EXPENSES		
Legal	970,161	821,108
Audit and tax fees	264,202	222,658
Computer contract and supplies	1,800,560	1,601,749
Mailroom and postage	372,601	378,348
Communication	344,469	288,712
Director's liability insurance	55,268	43,952
Corporate	335,370	266,589
Community employment	590,350	422,716
Advertising and marketing	290,681	521,701
Stationery and office supplies	111,822	235,567
Consultants	1,406,737	1,277,931
Gasoline	68,516	90,700
Vehicle repairs and maintenance	140,417	200,015
Payroll processing	131,092	113,561
Education and training	125,765	173,601
State and local taxes	188,924	250,467
Grant expense	812,356	918,853
Miscellaneous	841,988	1,040,346
Total other expenses	8,851,279	8,868,574
Total general and administrative expenses	$ 22,854,821	$ 20,102,086

See independent auditors' report.