

Please refer to page 16 for the Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

**Build NYC Resource Corporation**  
(a component unit of the City of New York)

**Financial Statements and  
Required Supplementary Information**

**Years Ended June 30, 2021 and 2020  
With Reports of Independent Auditors**



**BUILDNYC**

Build NYC Resource Corporation

Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Financial Statements and Required Supplementary Information

Years Ended June 30, 2021 and 2020

**Contents**

**I. Financial Section**

Report of Independent Auditors.....1  
Management’s Discussion and Analysis .....3

Financial Statements

Statements of Net Position.....7  
Statements of Revenues, Expenses, and Changes in Net Position .....8  
Statements of Cash Flows.....9  
Notes to Financial Statements.....10

**II. *Government Auditing Standards* Section**

Report of Independent Auditors on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of the Financial Statements  
Performed in Accordance With *Government Auditing Standards*.....16

# I. Financial Section



Ernst & Young LLP  
One Manhattan West  
New York, NY 10001-8604

Tel: +1 212 773 3000  
ey.com

## Report of Independent Auditors

The Management and the Board of Directors  
Build NYC Resource Corporation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Build NYC Resource Corporation (the Corporation), a component unit of The City of New York, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

### ***Other Matter***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated September 30, 2021, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Build NYC Resource Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

*Ernst & Young LLP*

September 30, 2021

Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Management's Discussion and Analysis

June 30, 2021 and 2020

This section of the Build NYC Resource Corporation's (Build NYC or the Corporation) annual financial report presents our discussion and analysis of financial performance during the years ended June 30, 2021 and 2020. Please read it in conjunction with the financial statements and accompanying notes, which follow this section.

**Fiscal Year 2021 Financial Highlights**

- Current assets decreased by \$4,909,922 (or 50%)
- Non-current assets increased by \$2,996,609 (or 100%)
- Current liabilities decreased by \$388,703 (or 42%)
- Net position decreased by \$1,524,610 (or 17%)
- Operating revenues increased by \$1,534,339 (or 126%)
- Operating expenses increased by \$10,561 (or 0.5%)
- Non-operating expenses, net increased by \$1,299,852 (or 184%)

**Overview of the Financial Statements**

This annual financial report consists of two parts: *Management's Discussion and Analysis* (this section) and the *Basic Financial Statements*. Build NYC is considered a component unit of the City of New York (the City) for the City's financial reporting purposes. Build NYC is a local development corporation that was organized under the Not-For-Profit Corporation Law of the State of New York to assist entities eligible under the federal tax laws in obtaining tax-exempt and taxable bond financing.

Build NYC is a self-supporting entity and follows enterprise fund reporting. Enterprise fund statements offer short-term and long-term financial information about the Corporation's activities. The Corporation's financial reporting is presented in a manner similar to a private business.

Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Management's Discussion and Analysis (continued)

**Financial Analysis of the Corporation**

**Net Position** – The following table summarizes the Corporation's financial position at June 30, 2021 2020 and 2019 and the percentage change between June 30, 2021 2020 and 2019:

	2021	2020	2019	% Change	
				2021–2020	2020–2019
Current assets	\$ 4,821,950	\$ 9,731,872	\$ 7,766,503	50%	25%
Non-current assets	2,996,609	–	3,010,297	100	(100)
Total assets	7,818,559	9,731,872	10,776,800	(20)	(10)
Current liabilities	537,229	925,932	222,325	(42)	316
Total unrestricted net position	\$ 7,281,330	\$ 8,805,940	\$ 10,554,475	(17)	(17)

In fiscal year 2021, total assets decreased by \$1,913,313 or 20%, primarily due to \$2,449,628 in special projects costs paid during the year for the ongoing renovation of a power station at BerkleenYC. These payments were offset by approximately \$500,000 of cash provided by positive operating activities during the year. Of the Corporation's total assets, non-current assets increased by \$2,996,609 or 100% due to the cash from maturities of current investments being reinvested into long-term securities.

Current liabilities decreased by \$388,703 or 42% due to the timing of payments made to New York City Economic Development Corporation for reimbursement of costs paid on the Corporation's behalf.

In fiscal year 2020, an outbreak of the novel strain of coronavirus (COVID-19) caused disruptions in U.S. markets and businesses. Several of the Corporation's projects that were expected to close during the fiscal year had to delay closings, due to required changes in their business operations or turmoil in the financial and real estate markets. The Corporation's total assets decreased by \$1,044,928 or 10%. The significant reduction in new bond issuances as an effect of COVID-19 resulted in a decrease of fee revenue. This reduction, along with a substantial increase in special project costs year-over-year, contributed to the decline in total assets.

As a result of an increase in the Corporation's operating and non-operating activities; net position decreased by \$1,524,610 or 17% in fiscal year 2021 and by comparison to a decrease of 17% in fiscal year 2020.



Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Management's Discussion and Analysis (continued)

**Operating Activities**

Build NYC was organized to assist entities in obtaining tax-exempt and taxable bond financing. Build NYC's primary goal is to facilitate access to private activity tax-exempt bond financing for entities to acquire, construct, renovate, and/or equip their facilities, as well as refinance previous financing transactions.

The Corporation charges various program fees that include application fees, financing fees, and compliance fees.

The following table summarizes changes in Build NYC's net position for fiscal years 2021, 2020 and 2019 and the percentage change between June 30, 2021, 2020 and 2019:

	2021	2020	2019	% Change	
				2021-2020	2020-2019
Operating revenues	\$ 2,748,013	\$ 1,213,675	\$ 2,819,605	126%	(57)%
Operating expenses	2,268,206	2,257,645	2,228,687	-	1
Operating income (loss)	479,807	(1,043,970)	590,918	146	(277)
Non-operating (expenses) revenues, net	(2,004,417)	(704,565)	105,899	184	(765)
Change in net position	\$ (1,524,610)	\$ (1,748,535)	\$ 696,817	(13)	(351)

**Fiscal Year 2021 Activities**

In fiscal year 2021, operating revenues increased by \$1,534,338 or 126%. This is a direct result of an increase in project finance fee revenue; most notably, the transactional closings of Highbridge Facilities, The Berkeley Carroll School and Friends of New World Prep contributed to the uptick in fee revenue generated from closed bond transactions, as compared to 2020.

Total operating expenses increased by \$10,561 in fiscal year 2021 or less than 1%, as a result of a slight increase in public hearing notices directly correlated to an increase in financing activity.

**Build NYC Resource Corporation**  
(A Component Unit of the City of New York)

**Management's Discussion and Analysis (continued)**

**Fiscal Year 2021 Activities (continued)**

The net non-operating (expenses) revenues category had a total increase of \$1,299,852 in fiscal year 2021, a 184% increase over the prior year, primarily due to an increase in special project expenses for the ongoing renovation of a power station at BerkleeNYC of \$1,147,544, along with a reduction in investment income of \$152,308.

**Fiscal Year 2020 Activities**

In fiscal year 2020, operating revenues decreased by \$1,605,930 or 57%. This is a direct result of a decline in fee revenue generated from a reduced number of bond transactions closed as compared to 2019. The reduction to the number of closings is a direct result of the COVID-19 pandemic.

Total operating expenses increased by \$28,958 in fiscal year 2020 or 1%, as a result of a slight increase in the board-approved contracted management fee paid to New York City Economic Development Corporation (NYCEDC), a not-for-profit corporation which provides Build NYC with all required professional, administrative and technical staff assistance.

The net non-operating (expenses) revenues category had a total decrease of \$810,464 in fiscal year 2020, a 765% decrease over the prior year, primarily due to an increase in special project expenses for the ongoing renovation of a power station at BerkleeNYC; partially offset by investment income.

**Contacting the Corporation's Financial Management**

This financial report is designed to provide our customers, clients, creditors and the public with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer, Build NYC Resource Corporation, One Liberty Plaza, New York, NY 10006.

Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Statements of Net Position

	June 30	
	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents <i>(Note 3)</i>	\$ 2,794,500	\$ 1,220,392
Investments <i>(Note 3)</i>	1,998,700	8,493,880
Fees receivable	28,750	17,600
Total current assets	4,821,950	9,731,872
Non-current assets:		
Investments <i>(Note 3)</i>	2,996,609	–
Total non-current assets	2,996,609	–
Total assets	7,818,559	9,731,872
<b>Liabilities and net position</b>		
Current liabilities:		
Accounts payable and accrued expenses	36,500	35,500
Due to New York City Economic Development Corporation	422,771	862,333
Unearned revenue and other liabilities	77,958	28,099
Total current liabilities	537,229	925,932
Net position – unrestricted	\$ 7,281,330	\$ 8,805,940

*See accompanying notes.*

Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Statements of Revenues, Expenses, and Changes in Net Position

	<b>Year Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating revenues</b>		
Fee income <i>(Note 2)</i>	<b>\$ 2,748,013</b>	\$ 1,213,675
Total operating revenues	<b>2,748,013</b>	1,213,675
<b>Operating expenses</b>		
Management fees <i>(Note 4)</i>	<b>2,200,000</b>	2,200,000
Public hearing expenses	<b>31,197</b>	19,716
Auditing expenses	<b>36,500</b>	35,500
Marketing expenses	–	1,299
Other expenses	<b>509</b>	1,130
Total operating expenses	<b>2,268,206</b>	2,257,645
Operating income (loss)	<b>479,807</b>	(1,043,970)
<b>Non-operating (expenses) revenues</b>		
Investment income	<b>5,404</b>	157,712
Special project costs <i>(Note 5)</i>	<b>(2,009,821)</b>	(862,277)
Total non-operating (expenses) revenues, net	<b>(2,004,417)</b>	(704,565)
Change in net position	<b>(1,524,610)</b>	(1,748,535)
Unrestricted net position, beginning of year	<b>8,805,940</b>	10,554,475
Unrestricted net position, end of year	<b>\$ 7,281,330</b>	\$ 8,805,940

*See accompanying notes.*

Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Statements of Cash Flows

	<b>Year Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Financing and other fees	\$ 2,786,723	\$ 1,214,485
Management fees paid	(2,200,000)	(2,200,000)
Audit expenses paid	(35,500)	(68,000)
Public hearing expenses paid	(31,197)	(21,512)
Miscellaneous expenses paid	(265)	(3,651)
Net cash provided by (used in) operating activities	519,761	(1,078,678)
<b>Cash flows from investing activities</b>		
Interest income	945	21,481
Sale of investments	11,499,993	12,546,686
Purchase of investments	(7,996,963)	(12,494,413)
Net cash provided by investing activities	3,503,975	73,754
<b>Cash flows from non-capital financing activities</b>		
Special project	(2,449,628)	(127,902)
Net cash used in non-capital financing activities	(2,449,628)	(127,902)
Net increase (decrease) in cash and cash equivalents	1,574,108	(1,132,826)
Cash and cash equivalents at beginning of year	1,220,392	2,353,218
Cash and cash equivalents at end of year	\$ 2,794,500	\$ 1,220,392
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>		
Operating income (loss)	\$ 479,807	\$ (1,043,970)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Fees receivable	(11,150)	(3,940)
Accounts payable and accrued expenses	1,000	(795)
Due to NYC Economic Development Corp.	245	(34,723)
Unearned revenue and other liabilities	49,859	4,750
Net cash provided by (used in) operating activities	\$ 519,761	\$ (1,078,678)

*See accompanying notes.*

**Build NYC Resource Corporation**  
(A Component Unit of the City of New York)

**Notes to Financial Statements**

June 30, 2021 and 2020

**1. Background and Organization**

Build NYC Resource Corporation (Build NYC or the Corporation), a component unit of the City of New York (the City), is a local development corporation, organized under section 1411 of the Not-For-Profit Corporation Law of the State of New York that commenced operation in 2011. Build NYC was organized to assist entities in obtaining tax-exempt and taxable bond financing under the federal tax laws. Build NYC's primary goal is to facilitate access to private activity tax-exempt bond financing for eligible entities to acquire, construct, renovate, and/or equip their facilities and to refinance previous financing transactions.

The Corporation is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financial assistance. Its membership is prescribed by the Corporation's Certificate of Incorporation and By-Laws which include a public official and appointees of the Mayor.

Bonds issued by Build NYC are special nonrecourse conduit debt obligations of the Corporation, which are payable solely from the payments and revenues provided for in the loan agreements with participating organizations (beneficiaries). The bonds are secured by collateral interests in the loan agreements and other security provided by the beneficiaries. Both the bonds and certain provisions of the loan agreements are administered by independent bond trustees appointed by the Corporation.

The total conduit debt obligations outstanding totaled \$3,437,276,472 and \$3,245,711,305 for the years ended June 30, 2021 and 2020, respectively.

Due to the fact that: (1) the bonds are nonrecourse conduit debt obligations of the Corporation, (2) the Corporation assigns its interests in the loan agreements as collateral, and (3) the Corporation has no substantive obligations under the loan agreements, the Corporation has, in effect, none of the risks and rewards of the loan agreements and related bond financing. Accordingly, with the exception of certain fees derived from financing transactions, these financing transactions are given no accounting recognition in the accompanying financial statements.

Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

Build NYC has been classified as an “enterprise fund” as defined by the Governmental Accounting Standards Board (GASB) and, as such, the financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. In its accounting and financial reporting, Build NYC follows the pronouncements of the GASB.

### Updated Accounting Pronouncements

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this statement are effective immediately. The Corporation adopted this standard and will delay implementation of certain GASB statements covered by GASB 95 until their new respective effective dates.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the current definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. With the adoption of GASB 95, provisions of this statement are effective for fiscal years beginning after December 15, 2021; early adoption of this statement did not have a significant impact on the Corporation’s financial statements.

### Cash Equivalents

The Corporation considers all highly liquid investments purchased with original maturities of 90 days or less to be cash equivalents.

Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Investments**

Investments held by Build NYC are recorded at fair value based on quoted market prices, except for certificates of deposit, which are valued at cost.

**Revenue Recognition**

Operating revenues consist of income from application fees, financing fees, recaptured benefits, compliance monitoring fees and late fees. Application and financing fees are recognized as earned when paid. Build NYC's recapture of benefits is solely based upon the mortgage recording tax waiver; this benefit eliminates the mortgage recording taxes correlated with mortgages taken for the project. This benefit is recaptured as a result of a violation of the project agreement. Compliance monitoring fees are received annually, in advance, and deferred and amortized into income as earned.

Build NYC's operating expenses include management fees and related administration expenses. All other revenues and expenses are reported as non-operating revenues and expenses.

**3. Deposits and Investments**

At year-end, Build NYC's cash and cash equivalent bank balance was \$2,794,500. Of this amount, \$250,000 was insured by the Federal Depository Insurance Corporation. Of the remaining balance, \$1,794,460 was invested in U.S. government money market funds.

*Fair Value Measurement* – The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into the following levels:

Level 1 – value based on quoted prices in active markets for identical assets.

Level 2 – value based on significant other observable inputs, such as a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Level 3 – value based on inputs that are unobservable and significant to the fair value measurement, such as discounted cash flows.



Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

**3. Deposits and Investments (continued)**

Money market funds, categorized as Level 1 inputs, are valued at the unadjusted prices that are quoted in active principal markets for identical assets. U.S. Treasury and Agency securities, and commercial paper categorized as Level 2, are valued on models using observable inputs.

As of June 30, 2021 and 2020, the Corporation had the following investments (in thousands). Investment maturities are shown only for June 30, 2021.

	Fair Value		2021	
			Investment Maturities (in Years)	
	2021	2020	Less Than 1	1 to 2
Money market funds	\$ 1,794	\$ 220	\$ 1,794	\$ —
Federal Farm Credit Bank	2,997	—	—	2,997
U.S. Treasuries	—	8,494	—	—
Commercial paper	1,999	—	1,999	—
Total	6,790	8,714		
Less: investments classified as cash equivalents	(1,794)	(220)		
Total investments	\$ 4,996	\$ 8,494		

*Interest Rate Risk:* The Corporation has a formal investment policy, which limits investment maturities up to a maximum of two years from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk:* It is the Corporation's policy to limit its investments in debt securities to those rated in the highest rating category by at least two nationally recognized bond rating agencies or other securities guaranteed by the U.S. government. As of June 30, 2021, the Corporation's investments in Federal Farm Credit Bank (FFCB) were rated AA+ by Standard & Poor's (S&P), Aaa by Moody's Investor Services, Inc. (Moody's) and AAA by Fitch Ratings. Investments in commercial paper (CP) were rated in the highest short-term category by at least two major rating agencies (A1+ by S&P, P1 by Moody's and F1+ by Fitch Ratings). Money market funds share the same credit ratings as the Corporation's federally held securities, with the exception of S&P, which does not rate such funds.

Build NYC Resource Corporation  
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

**3. Deposits and Investments (continued)**

*Custodial Credit Risk:* For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the counterparty. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Corporation. The Corporation manages this credit risk by limiting its custodial exposure to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation.

*Concentration of Credit Risk:* The Corporation places no limit on the amount it may invest in any U.S. government backed securities. The following table shows investments that represent 5% or more of total investments as of June 30, 2021 and 2020 (dollars in thousands):

Issuer	<b>Dollar Amount and Percentage of Total Investments</b>			
	June 30, 2021		June 30, 2020	
Federal Farm Credit Bank	\$ 2,997	60%	\$ –	–%
U.S. Treasuries	–	–	8,494	100
CP-KFW	999	20	–	–
CP-LVMH Moet Hennessy	1,000	20	–	–

**4. Management Fee**

To support the activities of Build NYC, the Corporation annually enters into a contract with the New York City Economic Development Corporation (NYCEDC), a not-for-profit corporation and a component unit of the City organized to administer economic development programs which foster business expansion in the City. Under the terms set forth in the contract, NYCEDC provides Build NYC with all the professional, administrative and technical staff assistance it needs to accomplish its objectives. The fixed annual fee for these services under the agreement between NYCEDC and the Corporation is \$2,200,000 for both fiscal years ended June 30, 2021 and 2020.

**Build NYC Resource Corporation**  
(A Component Unit of the City of New York)

Notes to Financial Statements (continued)

**5. Commitments**

Pursuant to board approved agreements between Build NYC and NYCEDC, Build NYC committed to fund a project being administered by NYCEDC relating to the City’s community and economic development initiatives. Total special project commitments under this agreement amounted to \$3,000,000 with no outstanding obligation at June 30, 2021. The special project commitment, approval date, total and outstanding commitment balances are as follows as of June 30, 2021:

Project	Approval Date	Total Commitment	Life To-Date Expenses	Current Total De-Obligate	Outstanding Commitment
Power Station at BerkeleyNYC	11/8/2017	\$ 3,000,000	\$ 3,000,000	\$ –	\$ –
		<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ –</u>	<u>\$ –</u>

For the years ended June 30, 2021 and 2020, \$2,009,821 and \$862,277, respectively, have been incurred by the Corporation relating to the above project. These costs are included in special project costs on the accompanying statements of revenue, expenses, and changes in net position.

**6. Risk Management**

Although there should not be any liability for personal injuries as a result of its lending activities, Build NYC has been named a party to personal injury litigation in the past. Build NYC requires all project companies to purchase and maintain commercial insurance coverage for these risks and to name Build NYC as an additional insured. Build NYC is an additional named insured on NYCEDC’s general liability policy. At June 30, 2021, there were no reported pending personal injury claims or litigation against Build NYC.

## II. *Government Auditing Standards* Section



## Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

The Management and the Board of Directors  
Build NYC Resource Corporation

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Build NYC Resource Corporation (the Corporation), a component unit of The City of New York, which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ernst + Young LLP*

September 30, 2021