Please refer to page 17 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, 2022 and 2021
With Reports of Independent Auditors

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, 2022 and 2021

Contents

I. Financial Section

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Report of Independent Auditors

The Management and the Board of Directors
Build NYC Resource Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Build NYC Resource Corporation (the Corporation), a component unit of the City of New York, which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2022 and 2021, and the respective changes in financial position, and 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) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's 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 of 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022 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 the 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 29, 2022

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

Management's Discussion and Analysis

June 30, 2022 and 2021

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, 2022 and 2021. Please read it in conjunction with the financial statements and accompanying notes, which follow this section.

Fiscal Year 2022 Financial Highlights

- Current assets increased by $2,341,334 (or 49%)
- Non-current assets decreased by $1,253,115 (or 42%)
- Current liabilities increased by $277,797 (or 52%)
- Net position increased by $810,422 (or 11%)
- Operating revenues increased by $374,128 (or 14%)
- Operating expenses increased by $37,936 (or 2%)
- Non-operating expenses, net decreased by $1,998,840 (or 100%)

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.

Financial Analysis of the Corporation

Net Position – The following table summarizes the Corporation's financial position at June 30, 2022, 2021, and 2020 and the percentage change between June 30, 2022, 2021, and 2020:

	2022	2021	2020	% Change 2022–2021	% Change 2021–2020
Current assets	**$ 7,163,284**	$ 4,821,950	$ 9,731,872	**49%**	(50)%
Non-current assets	**1,743,494**	2,996,609	–	**(42)**	100
Total assets	**8,906,778**	7,818,559	9,731,872	**14**	(20)
Current liabilities	**815,026**	537,229	925,932	**52**	(42)
Total unrestricted net position	**$ 8,091,752**	$ 7,281,330	$ 8,805,940	**11**	(17)

Fiscal Year 2022 Activities

In fiscal year 2022, total assets increased by $1,088,219 or 14%, primarily due to approximately $1,100,000 of cash provided by current year operations. Non-current assets decreased by $1,253,115 or 42% due to investments previously classified as long-term becoming current.

Current liabilities increased by $277,797 or 52% due to down payments received of $219,000 and $69,495 for future closings related to Aero JFK II, LLC and Aero JFK, LLC, respectively.

As a result of an increase in the Corporation's operating and non-operating activities, net position increased by $810,422 or 11% in fiscal year 2022, as compared to a decrease of 17% in fiscal year 2021.

Fiscal Year 2021 Activities

In fiscal year 2021, total assets decreased by $1,913,313 or 20%, primarily due to $2,449,628 in special project 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.

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, post closing fees, and compliance monitoring fees.

The following table summarizes changes in Build NYC's net position for fiscal years 2022, 2021, and 2020 and the percentage change between June 30, 2022, 2021, and 2020:

				% Change	
	2022	**2021**	**2020**	**2022-2021**	**2021-2020**
Operating revenues	**$ 3,122,141**	$ 2,748,013	$ 1,213,675	**14%**	126%
Operating expenses	**2,306,142**	2,268,206	2,257,645	**2**	–
Operating income (loss)	**815,999**	479,807	(1,043,970)	**70**	146
Non-operating (expenses) revenues, net	**(5,577)**	(2,004,417)	(704,565)	**(100)**	184
Change in net position	**$ 810,422**	$ (1,524,610)	$ (1,748,535)	**153**	(13)

Fiscal Year 2022 Activities

In fiscal year 2022, operating revenues increased by $374,128 or 14%. This is a direct result of an increase in project finance fee revenue, most notably, the transactional closings of The Shefa School, Inc., and Marymount School of New York. The uptick in fee revenue is due to the generation of fifteen bond transactions in 2022 as compared to twelve bond transactions in 2021.

Total operating expenses increased by $37,936 in fiscal year 2022 or 2%, as a result of bad debt expense of $25,174 recognized for one project and an increase in public hearing notices directly correlated to an increase in financing activity.

Fiscal Year 2022 Activities (continued)

The net non-operating (expenses) revenues category had a total decrease of $1,998,840 in fiscal year 2022, a 100% decrease over the prior year, primarily due to a lack of special project activity during FY2022.

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. These closings 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.

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.

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	
	2022	**2021**
Assets		
Current assets:		
Cash and cash equivalents *(Note 3)*	**$ 4,174,379**	$ 2,794,500
Investments *(Note 3)*	**2,985,959**	1,998,700
Fees receivable, net of allowance for doubtful accounts of $25,174 and $0, respectively	**2,946**	28,750
Total current assets	**7,163,284**	4,821,950
Non-current assets:		
Investments *(Note 3)*	**1,743,494**	2,996,609
Total non-current assets	**1,743,494**	2,996,609
Total assets	**8,906,778**	7,818,559
Liabilities and net position		
Current liabilities:		
Accounts payable and accrued expenses	**40,000**	36,500
Due to New York City Economic Development Corporation	**422,679**	422,771
Unearned revenue and other liabilities	**352,347**	77,958
Total current liabilities	**815,026**	537,229
Net position – unrestricted	**$ 8,091,752**	$ 7,281,330

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

	Year Ended June 30	
	2022	**2021**
Operating revenues		
Fee income *(Note 2)*	**$ 3,122,141**	$ 2,748,013
Total operating revenues	**3,122,141**	2,748,013
Operating expenses		
Management fees *(Note 4)*	**2,200,000**	2,200,000
Public hearing expenses	**40,289**	31,197
Auditing expenses	**40,000**	36,500
Bad debt expense	**25,174**	–
Other expenses	**679**	509
Total operating expenses	**2,306,142**	2,268,206
Operating income	**815,999**	479,807
Non-operating (expenses) revenues		
Investment (loss) income	**(5,577)**	5,404
Special project costs *(Note 5)*	–	(2,009,821)
Total non-operating expenses, net	**(5,577)**	(2,004,417)
Change in net position	**810,422**	(1,524,610)
Unrestricted net position, beginning of year	**7,281,330**	8,805,940
Unrestricted net position, end of year	**$ 8,091,752**	$ 7,281,330

See accompanying notes.

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

Statements of Cash Flows

	Year Ended June 30	
	2022	**2021**
Cash flows from operating activities		
Financing and other fees	**$ 3,397,657**	$ 2,786,723
Management fees paid	**(2,200,000)**	(2,200,000)
Audit expenses paid	**(36,500)**	(35,500)
Public hearing expenses paid	**(40,289)**	(31,197)
Miscellaneous expenses paid	**(1,268)**	(265)
Net cash provided by operating activities	**1,119,600**	519,761
Cash flows from investing activities		
Interest income	**10,279**	945
Sale of investments	**2,000,000**	11,499,993
Purchase of investments	**(1,750,000)**	(7,996,963)
Net cash provided by investing activities	**260,279**	3,503,975
Cash flows from non-capital financing activities		
Special project	**–**	(2,449,628)
Net cash used in non-capital financing activities	**–**	(2,449,628)
Net increase in cash and cash equivalents	**1,379,879**	1,574,108
Cash and cash equivalents at beginning of year	**2,794,500**	1,220,392
Cash and cash equivalents at end of year	**$ 4,174,379**	$ 2,794,500
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 815,999**	$ 479,807
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for bad debt	**25,174**	–
Changes in operating assets and liabilities:		
Fees receivable	**630**	(11,150)
Accounts payable and accrued expenses	**3,500**	1,000
Due to NYC Economic Development Corp.	**(92)**	245
Unearned revenue and other liabilities	**274,389**	49,859
Net cash provided by operating activities	**$ 1,119,600**	$ 519,761

See accompanying notes.

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 $3,541,340,212 and $3,437,276,472 for the years ended June 30, 2022 and 2021, respectively. The early adoption of GASB Statement No. 91 *Conduit Debt Obligations* by the Corporation, as of July 1, 2019, did not have a significant impact on its financial statements.

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.

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.

Upcoming Accounting Pronouncements

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain paragraphs of this statement were effective immediately and did not have a significant impact on the Corporation's financial statements. The remaining requirements of this statement are effective for fiscal years beginning after June 15, 2022 and beyond. The Corporation is evaluating the impact this statement will have on its financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primarily objective of this statement is to 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. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The Corporation is evaluating the impact this statement will have on its financial statements.

Cash Equivalents

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

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 and Expense 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 $4,174,379. Of this amount, $250,000 was insured by the Federal Depository Insurance Corporation. Of the remaining balance, $3,149,656 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.

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, 2022 and 2021, the Corporation had the following investments (in thousands). Investment maturities are shown only for June 30, 2022.

	Fair Value		2022 Investment Maturities (in Years)	
	2022	**2021**	**Less Than 1**	**1 to 2**
Money market funds	**$ 3,150**	$ 1,794	**$ 3,150**	**$ –**
Federal Farm Credit Bank	**2,986**	2,997	**2,986**	**–**
Federal Home Loan Bank	**1,743**	–	**–**	**1,743**
Commercial paper	**–**	1,999	**–**	**–**
Total	**7,879**	6,790		
Less: investments classified as cash equivalents	**(3,150)**	(1,794)		
Total investments	**$ 4,729**	$ 4,996		

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, 2022, the Corporation's investments in Federal Farm Credit Bank (FFCB) and Federal Home Loan Bank (FHLB) were rated AA+ by Standard & Poor's (S&P), Aaa by Moody's Investor Services, Inc. (Moody's) and AAA 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.

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, 2022 and 2021 (dollars in thousands):

	Dollar Amount and Percentage of Total Investments			
Issuer	**June 30, 2022**		**June 30, 2021**	
Federal Farm Credit Bank	**$ 2,986**	**63%**	$ 2,997	60%
Federal Home Loan Bank	**1,743**	**37%**	–	–
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, 2022 and 2021.

5. Commitments

Pursuant to board approved agreements between Build NYC and NYCEDC, Build NYC committed to fund projects being administered by NYCEDC relating to The City's community and economic development initiatives. Total special project commitments under these agreements amounted to $3,700,000 with an outstanding obligation of $3,700,000 at June 30, 2022. The special project commitment, approval date, total and outstanding commitment balances are as follows as of June 30, 2022:

Project	Approval Date	Total Commitment	Life To-Date Expenses	Current Total De-Obligate	Outstanding Commitment
We Venture Investment Fund	9/21/2001	$ 700,000	$ –	$ –	$ 700,000
Industrial Development Loan Fund	9/21/2001	3,000,000	–	–	3,000,000
		$ 3,700,000	$ –	$ –	$ 3,700,000

For the years ended June 30, 2022 and 2021, $0 and $2,009,821, respectively, have been incurred by the Corporation relating to the above projects. 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, 2022, there were no reported pending personal injury claims or litigation against Build NYC.

II. *Government Auditing Standards* Section

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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*

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the 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, 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2022.

Report on 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 a 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 or significant deficiencies may exist that were not identified.

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Report on 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 29, 2022