

MINUTES OF THE
MEETING OF THE BOARD OF DIRECTORS
OF
BUILD NYC RESOURCE CORPORATION
HELD IN-PERSON AT THE ONE LIBERTY PLAZA OFFICES OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
November 19, 2024

The following directors and alternates were present, constituting a quorum:

Andrew Kimball (Chairperson)
Ellen Baer
HeeWon Brindle-Khym
Francesco Brindisi, alternate for Brad Lander,
Comptroller of The City of New York
Aaron Charlop-Powers, alternate for Maria Torres-Springer,
First Deputy Mayor for Housing, Economic Development and Workforce
Richard W. Eaddy
Adam Friedman
Venetia Lannon
Carolyn Grossman Meagher, alternate for Dan Garodnick,
Chair of the City Planning Commission of The City of New York
Shanel Thomas
Betty Woo, alternate for Hon. Sylvia Hinds-Radix,
Corporation Counsel of The City of New York

The following directors were not present:

Felix A. Ciampa
Janet Mejia-Peguero
Randolph Peers
James Prendamano

Andrew Kimball, President of New York City Economic Development Corporation (“NYCEDC”) and Chairperson of the Build NYC Resource Corporation (“Build NYC” or the “Corporation”), convened the meeting of the Board of Directors of Build NYC at 9:36 a.m., at which point a quorum was present.

1. Adoption of the Minutes of the September 24, 2024 Board Meeting

Mr. Kimball asked if there were any comments or questions relating to the minutes of the September 24, 2024 Board of Directors meeting. There were no comments or questions; a motion to approve such minutes was made, seconded and unanimously approved.

2. Financial Statements for September 30, 2024 (Unaudited)

Wilson Gao, a Senior Accountant for NYCEDC, presented the Corporation's Financial Statements for the three-month period ending September 30, 2024 (Unaudited). Mr. Gao reported that for the three-month period the Corporation recognized revenues from application, compliance fees and post-closing fees totaling \$70,000. Mr. Gao reported that \$570,000 in operating expenses, solely consisting of the monthly management fee, were recorded for the Corporation for the three-month period that ended on September 30, 2024 (Unaudited).

3. Fiscal Year 2024 Annual Report of the Board of Directors

Emily Marcus Falda, a Senior Vice President for NYCEDC and Executive Director of the Corporation, presented for review and approval the Annual Report of the Board of Directors for the 12-month fiscal period ended June 30, 2024. Ms. Marcus Falda stated that this report is required under Section 519 of the Not-for-Profit Corporation Law of the State of New York. Ms. Marcus Falda stated that during the Corporation's annual meeting of the Members, the Members of the Corporation would be asked to acknowledge receipt of the report.

There being no comments or questions, a motion to approve the Annual Report attached hereto as Exhibit A was made, seconded and unanimously approved.

4. Services Contract Proposal for Provision of Application Software Development

Leyla Arcasoy, an Associate for NYCEDC, presented for review and approval a proposal for a services contract with NYCEDC in an amount of up to \$500,000 to retain a consultant to provide software development services in the form of creating and developing a digital platform for the Corporation's benefits application process. Ms. Arcasoy described the proposal and its benefits, as reflected in Exhibit B.

There being no comments or questions, a motion to approve the services contract proposal for the Provision of Application Software Development attached hereto as Exhibit B was made, seconded and unanimously approved.

5. Adjournment

There being no further business to come before the Board of Directors at the meeting, pursuant to a motion made, seconded and unanimously approved, the meeting of the Board of Directors was adjourned at 9:40 a.m.

Assistant Secretary

Dated: _____
New York, New York

DRAFT

Exhibit A

DRAFT

BUILD NYC RESOURCE CORPORATION

Meeting of the Board of Directors – November 19, 2024

RESOLVED, that the Board of Directors of Build NYC Resource Corporation (the “Corporation”) hereby approves the form, content, presentation and delivery of the Annual Report of the Board of Directors for the 12-Month Fiscal Period Ended June 30, 2024, which attaches the audited financial statements of the Corporation for such fiscal period as audited by the independent certified public accounting firm Ernst & Young LLP, to the Members of the Corporation.

**Annual Report of the Board of Directors
of Build NYC Resource Corporation (“Build NYC”)
for the 12-Month Fiscal Period Ended June 30, 2024**

TO: The Members of Build NYC

The Board of Directors of Build NYC respectfully submits for your information the following report relating to Build NYC for the twelve-month fiscal period ended June 30, 2024:

1. Attached hereto are the Financial Statements and Supplementary Information of Build NYC for the year ended June 30, 2024, which has been certified by, and includes a Report of Independent Auditors from, Ernst & Young LLP. Such attachments show in appropriate detail the financial information required to be provided to the Members of Build NYC pursuant to Section 519 of the New York State Not-for-Profit Corporation Law.
2. The number of Members of Build NYC as of November 19, 2024 is 15.
3. The number of Members of Build NYC was 13 on June 30, 2023 and 15 on June 30, 2024.
4. The names and addresses of the current Members of Build NYC may be found in the Members/Directors book of Build NYC, which is kept at One Liberty Plaza, New York, New York 10006.

Dated: November 19, 2024
New York, New York

Emily Marcus Falda, Executive Director

Spencer Hobson, Treasurer

State of New York)
) ss.:
County of New York)

Emily Marcus, being first duly sworn, deposes and says that she executed the foregoing report and is the Executive Director of Build NYC Resource Corporation, that she has read the foregoing report and knows the contents thereof, and that the information provided in Sections 2-4 of the report is true.

Emily Marcus Falda

Sworn to before me this 19th
day of November, 2024

Notary Public

State of New York)
) ss.:
County of New York)

Spencer Hobson, being first duly sworn, deposes and says that he executed the foregoing report and is the Treasurer of Build NYC Resource Corporation, that he has read the foregoing report and knows the contents thereof, and that the information provided in Sections 2-4 of the report is true.

Spencer Hobson

Sworn to before me this 19th
day of November, 2024

Notary Public

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

**Financial Statements and
Required Supplementary Information**

**Years Ended June 30, 2024 and 2023
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, 2024 and 2023

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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 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, 2024 and 2023, 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 “basic 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, 2024 and 2023, 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 of 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, 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 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 30, 2024 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 30, 2024

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

Management's Discussion and Analysis

June 30, 2024 and 2023

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, 2024 and 2023. Please read it in conjunction with the financial statements and accompanying notes which follow this section.

Fiscal Year 2024 Financial Highlights

- Current assets decreased by \$577,919 (or 7%)
- Non-current assets increased by \$77,432 (or 5%)
- Current liabilities decreased by \$128,160 (or 30%)
- Net position decreased by \$372,327 (or 4%)
- Operating revenues decreased by \$1,568,828 (or 52%)
- Non-operating revenues, net increased by \$204,943 (or 81%)

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*, which include footnote disclosures. 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, 2024, 2023, and 2022 and the percentage change between June 30, 2024, 2023, and 2022:

	2024	2023	2022	% Change	
				2024–2023	2023–2022
Current assets	\$ 7,292,869	\$ 7,870,788	\$ 7,163,284	(7)%	10%
Non-current assets	1,723,508	1,646,076	1,743,494	5	(6)
Total assets	9,016,377	9,516,864	8,906,778	(5)	7
Current liabilities	304,375	432,535	815,026	(30)	(47)
Total unrestricted net position	\$ 8,712,002	\$ 9,084,329	\$ 8,091,752	(4)	12

Fiscal Year 2024 Activities

In fiscal year 2024, total assets decreased by \$500,487 or 5%, primarily due to cash used for operations of \$973,097, which was offset by \$376,262 of interest generated by investments during fiscal year 2024. Non-current assets increased by \$77,432 or 5% due to additional purchases of long-term investments.

Current liabilities decreased by \$128,160 or 30%, primarily due to (1) a non-refundable down payment of approximately \$70,000 received in fiscal year 2022, which was recognized into income during 2024, (2) a \$31,500 decrease in unearned compliance fee prepaid during the year compared to fiscal year 2023, and (3) the timing of expenses incurred and payments made to the New York City Economic Development Corporation (NYCEDC) for reimbursement of costs paid on the Corporation's behalf.

As a result of a decrease in the Corporation's operating activities and an increase in non-operating activities, net position decreased by \$372,327 or 4% in fiscal year 2024, as compared to an increase of 12% in fiscal year 2023.

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

Management's Discussion and Analysis (continued)

Fiscal Year 2023 Activities

In fiscal year 2023, total assets increased by \$610,086 or 7%, primarily due to approximately \$780,000 of cash provided by current year operations. Non-current assets decreased by \$97,418 or 6% due to investments previously classified as long-term becoming current.

Current liabilities decreased by \$382,491 or 47% primarily due to a reimbursement payment made during the fiscal year to New York City Economic Development Corporation (NYCEDC) of \$422,470. This related to a special project commitment for Berklee College of Music, Inc. that was approved by the Build NYC Board of Directors on November 8, 2017.

As a result of an increase in the Corporation's operating and non-operating activities, net position increased by \$992,577 or 12% in fiscal year 2023, as compared to an increase of 11% in fiscal year 2022.

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 2024, 2023, and 2022 and the percentage change between June 30, 2024, 2023, and 2022:

	2024	2023	2022	% Change	
				2024-2023	2023-2022
Operating revenues	\$ 1,474,092	\$ 3,042,920	\$ 3,122,141	(52)%	(3)%
Operating expenses	2,303,474	2,302,455	2,306,142	—	—
Operating (loss) income	(829,382)	740,465	815,999	(212)	(9)
Non-operating revenues (expenses), net	457,055	252,112	(5,577)	81	4,621
Change in net position	(372,327)	992,577	810,422	(138)	22
Beginning net position	9,084,329	8,091,752	7,281,330	12	11
Ending net position	\$ 8,712,002	\$ 9,084,329	\$ 8,091,752	(4)	12

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

Management's Discussion and Analysis (continued)

Fiscal Year 2024 Activities

In fiscal year 2024, operating revenues decreased by \$1,568,828 or 52%. This is a result of a decrease in project finance fee revenues of \$1,499,389 and a decrease of \$39,999 in application fees. The decrease of fee revenues is due to the generation of six bond transactions in 2024 as compared to thirteen bond transactions in 2023. The reduction in transactions is a direct function of higher interest rates.

Total operating expenses decreased by \$1,019 in fiscal year 2024, remaining relatively unchanged as compared to prior year.

The net non-operating revenues (expenses) category had a total increase of \$204,943 in fiscal year 2024 primarily due to investment income generated as a result of favorable market conditions during fiscal year 2024.

Fiscal Year 2023 Activities

In fiscal year 2023, operating revenues decreased by \$79,221 or 3%. This is a result of a decrease in project finance fee revenues of approximately \$52,000 and a decrease of \$40,000 in application fees. The decrease of fee revenues is due to the generation of thirteen bond transactions in 2023 as compared to fifteen bond transactions in 2022.

Total operating expenses decreased by \$3,687 in fiscal year 2023, remaining relatively unchanged as compared to prior year.

The net non-operating revenues (expenses) category had a total increase of \$257,689 in fiscal year 2023 primarily due to investment income generated as a result of favorable market conditions during fiscal year 2023.

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	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents <i>(Note 3)</i>	\$ 2,628,565	\$ 1,413,375
Investments <i>(Note 3)</i>	4,646,144	6,454,808
Fees receivable, net of allowance for doubtful accounts of \$14,030 and \$28,755, respectively	18,160	2,605
Total current assets	7,292,869	7,870,788
Non-current assets,		
Investments <i>(Note 3)</i>	1,723,508	1,646,076
Total non-current assets	1,723,508	1,646,076
Total assets	9,016,377	9,516,864
Liabilities and net position		
Current liabilities:		
Accounts payable and accrued expenses	43,000	59,497
Due to New York City Economic Development Corporation	5,700	11,047
Unearned revenue and other liabilities	255,675	361,991
Total current liabilities	304,375	432,535
Net position – unrestricted	\$ 8,712,002	\$ 9,084,329

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	
	2024	2023
Operating revenues		
Fee income <i>(Note 2)</i>	\$ 1,474,092	\$ 3,042,920
Total operating revenues	1,474,092	3,042,920
 Operating expenses		
Management fees <i>(Note 4)</i>	2,200,000	2,200,000
Public hearing expenses	58,662	55,083
Auditing expenses	43,000	41,500
Bad debt expense	–	3,581
Other expenses	1,812	2,291
Total operating expenses	2,303,474	2,302,455
 Operating (loss) income	 (829,382)	 740,465
 Non-operating revenues		
Investment income	457,055	252,112
Total non-operating revenues, net	457,055	252,112
 Change in net position	 (372,327)	 992,577
 Unrestricted net position, beginning of year	 9,084,329	 8,091,752
Unrestricted net position, end of year	\$ 8,712,002	\$ 9,084,329

See accompanying notes.

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

Statements of Cash Flows

	Year Ended June 30	
	2024	2023
Cash flows from operating activities		
Financing and other fees	\$ 1,352,221	\$ 3,049,325
Management fees paid	(2,200,000)	(2,200,000)
Audit expenses paid	(37,350)	(40,000)
Public hearing expenses paid	(87,084)	(26,661)
Miscellaneous expenses paid	(884)	(1,879)
Net cash (used in) provided by operating activities	(973,097)	780,785
Cash flows from investing activities		
Investment income	376,262	252,112
Sale of investments	6,450,000	2,945,943
Purchase of investments	(4,637,975)	(6,317,374)
Net cash provided by (used in) investing activities	2,188,287	(3,119,319)
Cash flows from non-capital financing activities		
Special projects	–	(422,470)
Net cash used in non-capital financing activities	–	(422,470)
Net increase (decrease) in cash and cash equivalents	1,215,190	(2,761,004)
Cash and cash equivalents at beginning of year	1,413,375	4,174,379
Cash and cash equivalents at end of year	\$ 2,628,565	\$ 1,413,375
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities		
Operating (loss) income	\$ (829,382)	\$ 740,465
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:		
Provision for bad debt	–	3,581
Changes in operating assets and liabilities:		
Fees receivable	(15,555)	(3,240)
Accounts payable and accrued expenses	(16,497)	19,497
Due to NYC Economic Development Corp.	(5,347)	820
Unearned revenue and other liabilities	(106,316)	19,662
Net cash (used in) provided by operating activities	\$ (973,097)	\$ 780,785
Supplemental disclosures of non-cash activities		
Unrealized gain on investments	\$ 80,793	\$ –

See accompanying notes.

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

Notes to Financial Statements

June 30, 2024 and 2023

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 \$3,756,422,078 and \$3,741,564,404 for the years ended June 30, 2024 and 2023, 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 of America. In its accounting and financial reporting, Build NYC follows the pronouncements of the GASB.

Cash Equivalents

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

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; a benefit that 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.

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)

Recently Adopted Accounting Pronouncement

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary 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 adoption of this statement did not have a significant impact on the Corporation’s financial statements.

Upcoming Accounting Pronouncements

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this statement is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Corporation is evaluating the impact this statement will have on its financial statements.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this statement is 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. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The Corporation is evaluating the impact this statement will have on its financial statements.

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

Notes to Financial Statements (continued)

3. Deposits and Investments

At year-end, Build NYC's cash and cash equivalent balance held in bank was \$1,405,122, of which \$250,000 was insured by the Federal Depository Insurance Corporation. Of the remaining balance, \$406,645 was invested in money market funds and \$748,477 was uncollateralized.

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.

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, categorized as Level 2, are valued on models using observable inputs.

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

Notes to Financial Statements (continued)

3. Deposits and Investments (continued)

As of June 30, 2024 and 2023, the Corporation had the following investments (in thousands). Investment maturities are shown only for June 30, 2024.

	Fair Value		2024	
			Investment Maturities (in Years)	
	2024	2023	Less Than 1	1 to 2
Money Market Funds	\$ 1,630	\$ 414	\$ 1,630	\$ –
Federal Farm Credit Bank	1,207	1,072	–	1,207
Federal Home Loan Bank	1,723	7,029	1,723	–
Federal Home Loan Mortgage Co.	2,803	–	2,287	516
U.S. Treasuries	637	–	637	–
Total	<u>8,000</u>	<u>8,515</u>		
Less: investments classified as cash equivalents	<u>(1,630)</u>	<u>(414)</u>		
Total investments	<u>\$ 6,370</u>	<u>\$ 8,101</u>		

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, 2024, the Corporation's investments in Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Co. (FHLMC) and U.S. Treasuries were rated AA+ by Standard & Poor's (S&P) and Aaa by Moody's Investor Services, Inc. (Moody's). Money market funds were rated Aaa by Moody's and AAA by Fitch Ratings.

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, 2024 and 2023, including money market funds (dollars in thousands):

Issuer	Dollar Amount and Percentage of Total Investments					
	June 30, 2024		June 30, 2023			
Money Market Funds	\$	1,630	20%	\$	414	4%
FFCB		1,207	15		1,072	13
FHLB		1,723	22		7,029	83
FHLMC		2,803	35		–	–
U.S. Treasuries		637	8		–	–

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, 2024 and 2023.

Build NYC Resource Corporation
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Notes to Financial Statements (continued)

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 \$3,000,000 with an outstanding obligation of \$3,000,000 at June 30, 2024. The current special project commitment, approval date, total and outstanding commitment balances are as follows as of June 30, 2024:

Project	Approval Date	Total Commitment	Life To-Date Expenses	Current Total De-Obligate	Outstanding Commitment
Industrial Development Loan Fund	9/21/2021	\$ 3,000,000	\$ –	\$ –	\$ 3,000,000
		<u>\$ 3,000,000</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 3,000,000</u>

For the years ended June 30, 2024 and 2023, no expenses have been incurred by the Corporation relating to the above project.

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 indemnify Build NYC and to purchase and maintain commercial liability insurance coverage for these risks and name Build NYC as an additional insured. Build NYC also is an additional named insured on NYCEDC’s general liability policy. As of June 30, 2024, 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 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, 2024, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated September 30, 2024.

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.

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 30, 2024

Exhibit B

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Project Summary

It is proposed that the Corporation enter into a services agreement with New York City Economic Development Corporation (“NYCEDC”) to retain a consultant to provide a comprehensive software development service to create and develop a digital platform for the Corporation’s benefits application process, including inquiry, submission, and review (the “Software”).

Project Location

Citywide

Actions Requested

Authorization of the execution and delivery by the Corporation of a services contract with NYCEDC, on a sole source basis, on terms and for the purposes described herein.

Background

The New York City Industrial Development Agency (the “Agency”) was selected as part of the NYC Customer Experience Plan Initiative 3: Driving Internal Culture Change (the “Initiative”), to streamline and digitize its current application process. Because the Corporation has a substantially overlapping application process with the Agency, it will also see its application process digitized in connection with this request. The current process through which project companies submit inquiries and applications to the Agency for review is manual, whereby all components of a completed Core Application and supplemental items as stipulated in the Application Checklist are submitted to the Agency via email. Manual submission of application materials creates the opportunity for negative externalities, such as incomplete or corrupt application materials, which may lead to inefficiencies in the diligence period as Agency staff work to ensure that received applications are fully complete.

Digitizing the application process will reduce negative outcomes by requiring prospective project applicants to submit a fully complete Core Application with all of the supplemental items. It will also allow Agency staff to accelerate the ease and accuracy with which key project tracking metrics are tracked.

NYCEDC has selected Crowe LLP (the “Consultant”) to carry out this project. Crowe LLP is a nationwide accounting, consulting, and technology firm with a specialty practice in the Public Sector, focusing on areas that address the financial and operational issues most critical to the work of government and non-profit organizations. The Consultant was selected due to its compelling demonstration of the project goals and required tasks, as well as a long track-record of producing similar products for other customers such as the Indiana Economic Development Corporation as well as the New Jersey Economic Development Authority. The Consultant also has a sub-contract with a certified M/WBE, Unique Comp, Inc. (“UCI”), who will be awarded 5% of the overall contract with NYCEDC.

Each of the Agency and Corporation will enter into a services contract with NYCEDC for their share of the cost of the services. NYCEDC will, in turn, enter into a single contract with the Consultant to deliver the Software for both the Agency and the Corporation.

Services to be Provided

The Consultant will perform a series of tasks under the direction of the Agency staff, which include, but are not limited to, the development of:

- A public-facing web interface for inquiry, pre-qualification, and full application process which meet certain criteria for security and accessibility as determined by NYCEDC;
- An internal staff interface allowing for bespoke application tracking and diligence such that Core Applications can be annotated and communications with project applicants are tracked;

New York City Economic Development Corporation

- Interactive and customizable dashboards and visualizations for long-term tracking of key project metrics.

Timeline

The proposed service contract will require NYCEDC to provide services through NYCEDC's contract with the Consultant through the end of Fiscal Year 2025 for the initial implementation of the Software, as well as any additional support on an as-needed basis. The goal is for the new application system to be ready for external roll-out during the first half of Fiscal Year 2026.

Contract Value

Up to \$200,000.

Anticipated Contract Date

January 2025