



BROOKLYN NAVY YARD DEVELOPMENT CORPORATION

A COMPONENT UNIT OF THE CITY OF NEW YORK

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

June 30, 2026 and 2025

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BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE CITY OF NEW YORK
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

JUNE 30, 2026 AND 2025

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Brooklyn Navy Yard Development Corporation (the "Corporation"), a component unit of The City of New York, as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2026 and 2025, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism through the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude, whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The schedules of property management revenue and expenses and general and administrative expenses for the years ended June 30, 2026 and 2025 (shown on pages 40 and 41) are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

CBIZ CPAs P.C.

New York, NY
September 28, 2026

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026 AND 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

The following is an overview of the financial activities of Brooklyn Navy Yard Development Corporation (the "Corporation" or "BNYDC") for the fiscal years ended June 30, 2026 and 2025. The Corporation is a component unit of The City of New York (the "City").

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

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

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

FINANCIAL SUMMARY

The following condensed financial information summarizes the assets, liabilities and net position of the Corporation as of June 30:

Condensed Statements of Net Position

	2026	2025	2024
Capital assets	\$ 799,499,545	\$ 771,305,724	\$ 740,673,136
Lease receivables	364,568,317	421,466,061	457,644,345
Other assets	86,308,009	98,589,943	81,047,138
Total assets	1,250,375,871	1,291,361,728	1,279,364,619
Current liabilities	75,032,132	94,126,182	31,821,170
Long-term liabilities	332,022,773	339,728,265	393,383,623
Total liabilities	407,054,905	433,854,447	425,204,793
Deferred inflows of resources	290,536,909	346,020,944	387,594,747
Net investment in capital assets	450,258,321	395,534,516	359,284,285
Restricted for capital projects	40,036,001	33,735,520	8,362,512
Restricted for debt service	2,527,508	2,900,586	1,094,452
Unrestricted	59,962,227	79,315,715	97,823,830
Total net position	\$ 552,784,057	\$ 511,486,337	\$ 466,565,079

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JUNE 30, 2026 AND 2025

FINANCIAL SUMMARY (Continued)

The following condensed financial information summarizes the revenues, expenses and change in net position of the Corporation for the year ended June 30:

Condensed Statements of Activities

	2026	2025	2024
Rental income	\$ 54,969,277	\$ 52,139,921	\$ 52,419,140
Interest	22,522,148	23,921,302	24,830,914
Insurance	3,208,819	2,908,433	2,202,002
Utilities	13,085,138	11,890,053	11,768,575
Grants	1,761,051	791,447	1,067,156
Other income	3,604,809	3,407,029	4,410,120
Total revenues	99,151,242	95,058,185	96,697,907
Property management (excluding depreciation/amortization)	52,457,312	45,328,954	47,606,391
General and administrative	22,199,345	23,026,583	22,911,872
Depreciation and amortization	34,626,517	32,572,475	33,039,421
Total operating expenses	109,283,174	100,928,012	103,557,684
Operating loss	(10,131,932)	(5,869,827)	(6,859,777)
Interest expense	(16,032,724)	(17,140,141)	(18,248,328)
Financing and leasing costs incurred	(609,820)	-	(58,913)
Interest income	1,408,038	1,592,135	1,472,627
Total nonoperating income (expense)	(25,366,438)	(21,417,833)	(23,694,391)
Funding from The City of New York	57,964,885	66,537,134	45,234,125
Investor distributions	-	(198,043)	(198,043)
Infrequent item - tax credit financing unwind	8,699,273	-	-
Change in net position	41,297,720	44,921,258	21,341,691
Beginning net position	511,486,337	466,565,079	445,223,388
Ending net position	\$ 552,784,057	\$ 511,486,337	\$ 466,565,079

DETAILED ANALYSIS - FINANCIAL POSITION

Total assets decreased approximately \$41 million, or 3%, from \$1,291,361,728 at June 30, 2025 to \$1,250,375,871 at June 30, 2026. The decrease was driven primarily by decreased loan receivables as a result of the tax credit unwind during the year and the collection of payments of its lease receivables. Total liabilities decreased by approximately \$26.8 million. The decrease was primarily due to the reduction of the community development notes payable related to the tax credit unwind, and a decrease in City capital unearned revenues. Deferred inflows of resources decreased approximately \$55.5 million, the result of revenue recognized. Total net position increased approximately \$41.3 million to \$552,784,057 at June 30, 2026.

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DETAILED ANALYSIS – RESULTS OF OPERATIONS

The Corporation's change in net position was \$41,297,720 in fiscal year 2026, compared with \$44,921,258 in fiscal year 2025. Total revenues increased approximately \$4.1 million, from \$95,058,185 to \$99,151,242. The increase was primarily as a result of increases in rental income. Unrestricted net position declined from \$79.3 million to \$60.0 million, a reduction of approximately \$19.4 million, or 24%.

Total operating expenses increased approximately \$8.3 million, from \$100,928,012 in fiscal year 2025 to \$109,283,174 in fiscal year 2026. The increase is due mainly to increases in personnel and fringe benefits, utilities, and provision for doubtful accounts.

Current and Noncurrent Assets

Current assets consisted of the following as of June 30:

	2026	2025	2024	Variance %	
				2026 vs. 2025	2025 vs. 2024
Current assets					
Cash and cash equivalents	\$ 18,775,197	\$ 11,434,144	\$ 14,355,026	64%	-20%
Accounts receivable, net	2,472,864	3,829,481	4,238,628	-35%	-10%
Lease receivables	35,936,421	38,402,098	16,287,156	-6%	136%
Grants receivable	17,215,384	8,291,589	4,355,804	108%	90%
Community development notes receivable	-	15,801,756	-	100%	0%
Prepaid expenses and other current assets	5,612,527	6,433,759	5,500,801	-13%	17%
Total Current Assets	<u>\$ 80,012,393</u>	<u>\$ 84,192,827</u>	<u>\$ 44,737,415</u>	-5%	88%

As of June 30, 2026, the Corporation reported current assets of \$80,012,393 consisting of cash and cash equivalents of \$18,775,197, accounts receivable of \$2,472,864, lease receivables of \$35,936,421, grants receivable of \$17,215,384, and prepaid expenses and other current assets of \$5,612,527. The cash and cash equivalents increased by \$7,341,053 or 64%, primarily due to the receipt of excess reserve funds resulting from the Green Manufacturing Center ("GMC") refinancing. The decrease of \$2,465,677 or 6% in lease receivables is primarily due to lease payments received during the year and the related reduction in future lease payments outstanding through lease receivable amortization. Grants receivable consist of capital funds due from the City and non-governmental organizations for several projects in the Navy Yard. The increase of \$8,923,795 or 108% is due to the timing of receipt of a significant portion of the outstanding City capital receivables. Community development notes receivable decreased by \$15,801,756 or 100% due to a full repayment made to the Corporation in fiscal year 2026. Prepaid expenses and other current assets decreased by \$821,232 or 13% mainly due to a reduction in prepaid insurance premiums compared to the prior year. The decrease reflects lower insurance premium costs paid in advance for coverage extending beyond June 30, 2026.

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DETAILED ANALYSIS (Continued)

As of June 30, 2025, the Corporation reported current assets of \$84,192,827 consisting of cash and cash equivalents of \$11,434,144, accounts receivable of \$3,829,481, lease receivables of \$38,402,098, grants receivable of \$8,291,589, community development notes receivable of \$15,801,756, and prepaid expenses and other current assets of \$6,433,759. The cash and cash equivalents decreased by \$2,920,882 or 20%, mainly due to timing of cash flows from the Corporation's grants. The increase of \$22,114,942 or 136% in lease receivables is a result of more payments due in the upcoming fiscal year. Grants receivable consist of capital funds due from the City and non-governmental organizations for several projects in the Navy Yard. The increase of \$3,935,785 or 90% is due to the timing of receipt of a significant portion of the outstanding city capital receivables. Community development notes receivable increased by \$15,801,756 or 100% due to a payment due to the Corporation in fiscal year 2026. Prepaid expenses and other current assets increased by \$932,958 or 17% mainly due to the increase in premium.

Noncurrent Assets

Noncurrent assets consisted of the following as of June 30:

	2026	2025	2024	Variance %	
				2026 vs. 2025	2025 vs. 2024
Noncurrent assets					
Restricted cash and cash equivalents	\$ 27,827,688	\$ 29,795,531	\$ 14,413,237	-7%	107%
Tenants' security deposits - restricted	14,404,349	13,852,439	13,230,642	4%	5%
Lease receivables	328,631,896	383,063,963	441,357,189	-14%	-13%
Community development notes receivable	-	9,151,244	24,953,000	-100%	-63%
Capital assets, net	799,499,545	771,305,724	740,673,136	4%	4%
Total Noncurrent Assets	\$ 1,170,363,478	\$ 1,207,168,901	\$ 1,234,627,204	-3%	-2%

Noncurrent Assets

The Corporation's restricted cash and cash equivalents are comprised of the cash reserved for the construction projects. The decrease in restricted cash and cash equivalents at June 30, 2026 is due to the investment in capital projects throughout the year. The decrease of \$54,432,067 or 14% in lease receivables is a result of payments received in the current year and more payments due in the upcoming fiscal year. Community development notes receivable decreased by \$9,151,244 or 100% due to a repayment to the Corporation in fiscal year 2026. The capital assets are comprised of improvements to the land and buildings, office equipment, and automobiles, trucks and machinery. Nondepreciable and depreciable capital assets at June 30, 2026 increased by \$28,193,821 due to new construction projects. The right-of-use asset decreased by \$1,327,255 due to its related amortization. Assets leased by the Navy Yard are amortized over the shorter of their useful life or the lease term.

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DETAILED ANALYSIS (Continued)

The increase in restricted cash and cash equivalents at June 30, 2025 is due to the investment in capital projects throughout the year. The decrease of \$58,293,226 or 13% in lease receivables is a result of payments received in the current year and more payments due in the upcoming fiscal year. Community development notes receivable decreased by \$15,801,756 or 63% due to a payment due to the Corporation in fiscal year 2026 included in current assets. Nondepreciable and depreciable capital assets at June 30, 2025 increased by \$38,188,356 due to new construction projects. The right-of-use asset decreased by \$7,555,768 due to its related amortization.

Current and Noncurrent Liabilities

Current liabilities consisted of the following as of June 30:

	2026	2025	2024	Variance %	
				2026 vs. 2025	2025 vs. 2024
Current liabilities					
Accounts payable and accrued expenses	\$ 19,189,501	\$ 13,723,971	\$ 14,054,464	40%	-2%
Unearned revenues	22,544,607	27,893,269	14,003,476	-19%	99%
Development loans payable	33,298,024	36,625,438	3,673,032	-9%	897%
Community development notes payable	-	15,883,504	-	-100%	100%
Construction loan payable	-	-	90,198	0%	-100%
Total Current Liabilities	\$ 75,032,132	\$ 94,126,182	\$ 31,821,170	-20%	196%

Current liabilities of \$75,032,132 were recorded as of June 30, 2026, a decrease of \$19 million or 20% from the prior year. The decrease was primarily due to the reduction of the community development notes payable related to the tax credit unwind, amortization of development loans payable, and a decrease in City capital unearned revenues. Current liabilities of \$94,126,182 were recorded as of June 30, 2025, an increase of \$62.3 million or 196%. This resulted from a significant increase in City capital unearned revenues as a result of City capital receipt for STEAM center expansion, elevator modernization, Bert 9, 10, and SBB structural projects.

Noncurrent liabilities consisted of the following as of June 30:

	2026	2025	2024	Variance %	
				2026 vs. 2025	2025 vs. 2024
Noncurrent liabilities					
Compensated absences	\$ 1,678,342	\$ 2,480,782	\$ 2,406,022	-32%	3%
Tenants' security deposits - restricted	14,401,231	13,985,217	13,351,980	3%	5%
Development loans payable	130,393,872	119,955,338	156,520,713	9%	-23%
Community development notes payable	-	19,446,496	35,330,000	-100%	-45%
Lease liability	185,549,328	183,860,432	185,774,908	1%	-1%
Total Noncurrent Liabilities	\$ 332,022,773	\$ 339,728,265	\$ 393,383,623	-2%	-14%
Total Liabilities	\$ 407,054,905	\$ 433,854,447	\$ 425,204,793	-6%	2%

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
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DETAILED ANALYSIS (Continued)

Noncurrent liabilities of \$332,022,773 were recorded as of June 30, 2026, a decrease of \$7.7 million or 2%, the result of the full payment made on notes payable in fiscal year 2026 of \$29,404,923. Noncurrent liabilities of \$339,728,265 were recorded as of June 30, 2025, a decrease of \$53.7 million or 14%, the result of notes payable due to upcoming debt principal payments due in fiscal year 2026 of \$52,508,942.

Deferred Inflows of Resources

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

	2026	2025	2024	Variance %	
				2026 vs. 2025	2025 vs. 2024
Deferred inflow of resources leases	\$ 290,536,909	\$ 346,020,944	\$ 387,594,747	-16%	-11%

Deferred inflows of resources of \$290,536,909 were recorded as of June 30, 2026, a decrease of \$55.4 million or 16%, the result of revenue recognized. Deferred inflows of resources of \$346,020,944 were recorded as of June 30, 2025, a decrease of \$41.5 million or 11%, the result of revenue recognized.

Statements of Revenues, Expenses and Changes in Net Position

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

	2026	2025	2024	Variance %	
				2026 vs. 2025	2025 vs. 2024
Operating revenues	\$ 99,151,242	\$ 95,058,185	\$ 96,697,907	4%	-2%
Operating expenses	109,283,174	100,928,012	103,557,684	8%	-3%
Operating (loss) income	(10,131,932)	(5,869,827)	(6,859,777)	73%	-14%
Non-operating revenue	1,408,038	1,592,135	1,472,627	-12%	8%
Non-operating expense	16,642,544	17,140,141	18,307,241	-3%	-6%
Non-operating expense, net	(15,234,506)	(15,548,006)	(16,834,614)	-2%	-8%
Loss before capital contributions	(25,366,438)	(21,417,833)	(23,694,391)	18%	-10%
Capital contributions	57,964,885	66,339,091	45,036,082	-13%	47%
Tax credit financing unwind	8,699,273	-	-	100%	0%
Change in net position	41,297,720	44,921,258	21,341,691	-8%	110%
Net position, beginning of year	511,486,337	466,565,079	445,223,388	10%	5%
Net position, end of year	\$ 552,784,057	\$ 511,486,337	\$ 466,565,079	8%	10%

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

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JUNE 30, 2026 AND 2025

DETAILED ANALYSIS (Continued)

Operating Revenues

For fiscal year 2026, the Corporation earned an increase in operating revenues of approximately \$4.1 million or 4% primarily as a result of increases in rental income. For fiscal year 2025, the Corporation incurred a decrease in operating revenues of approximately \$1.6 million or 2% primarily as a result of decreases in rental income from leases and related interest.

Operating Expenses

For fiscal year 2026, the total operating expenses increased by \$8.3 million or 8% due mainly to increases in personnel and fringe benefits, utilities, and provision for doubtful accounts. For fiscal year 2025, the total operating expenses decreased by \$2.6 million or 3% due mainly to decreases in utilities and provision for doubtful accounts.

Net Position

Net position consisted of the following as of June 30:

	2026	2025	2024	Variance %	
				2026 vs. 2025	2025 vs. 2024
Net investment in capital assets	\$ 450,258,321	\$ 395,534,516	\$ 359,284,285	14%	10%
Restricted:					
Capital projects	40,036,001	33,735,520	8,362,512	19%	303%
Debt service and other reserves	2,527,508	2,900,586	1,094,452	-13%	165%
Unrestricted	<u>59,962,227</u>	<u>79,315,715</u>	<u>97,823,830</u>	-24%	-19%
Total net position	<u>\$ 552,784,057</u>	<u>\$ 511,486,337</u>	<u>\$ 466,565,079</u>	8%	10%

Net position as of June 30, 2026 was \$552.8 million, an increase of \$41.3 million from the prior year. This increase in total net position is a direct result of an increase in City capital revenue recognized due to the investment in capital projects throughout the year. Net position as of June 30, 2025 was \$511.5 million, an increase of \$44.9 million from the prior year. This increase in total net position is a direct result of an increase in City capital revenue recognized due to the investment in capital projects throughout the year.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM DEBT FINANCIAL ACTIVITY

Capital Assets

	2026	2025	2024	Variance %	
				2026 vs. 2025	2025 vs. 2024
Nondepreciable	\$ 47,748,345	\$ 132,822,091	\$ 92,822,615	-64%	43%
Depreciable, net	600,038,635	485,443,813	487,254,933	24%	0%
Lease assets, net	<u>151,712,565</u>	<u>153,039,820</u>	<u>160,595,588</u>	-1%	-5%
Total capital assets	<u>\$ 799,499,545</u>	<u>\$ 771,305,724</u>	<u>\$ 740,673,136</u>	3.7%	4%

Capital assets as of June 30, 2026 were \$799.5 million, an increase of \$28.2 million from the prior year. The increase was primarily due to capital projects during the year. The changes primarily include \$63.3 million in capital additions for investments in capital projects during the year, netted by depreciation and amortization of depreciable and lease assets.

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SIGNIFICANT CAPITAL ASSET AND LONG-TERM DEBT FINANCIAL ACTIVITY (Continued)

Capital assets as of June 30, 2025 were \$771.3 million, an increase of \$30.6 million from the prior year. The changes primarily include \$67 million in capital additions for investments in capital projects during the year, netted by depreciation and amortization of depreciable and lease assets.

Debt Administration

	2026	2025	2024	Variance %	
				2026 vs. 2025	2025 vs. 2024
Development loans payable	\$ 163,691,896	\$ 156,580,776	\$ 160,193,745	5%	-2%
Community development notes payable	-	35,330,000	35,330,000	-100%	0%
Construction loan payable	-	-	90,198	0%	-100%
 Total notes and loans payable	 \$ 163,691,896	 \$ 191,910,776	 \$ 195,613,943	 -15%	 -2%

Notes and loans payable as of June 30, 2026 and 2025 were \$163.7 million and \$191.9 million, respectively, which were decreases of \$28.2 million and \$3.7 million from the prior years. The decreases were primarily caused by principal repayments on outstanding notes and loans and were partially offset by a new \$30 million mortgage loan with Webster Bank.

BNYDC Financial Management

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

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
ASSETS		
Current assets		
Cash and cash equivalents (Notes 2E and 3)	\$ 18,775,197	\$ 11,434,144
Accounts receivable, net of allowance for doubtful accounts of \$8,633,740 in 2026 and \$7,199,510 in 2025 (Note 2F)	2,472,864	3,829,481
Lease receivables (Notes 2D and 11)	35,936,421	38,402,098
Grants receivable (Notes 1 and 2D)	17,215,384	8,291,589
Community development notes receivable (Notes 2I and 4)	-	15,801,756
Prepaid expenses and other current assets (Note 2G and 8)	5,612,527	6,433,759
Total current assets	<u>80,012,393</u>	<u>84,192,827</u>
Noncurrent assets		
Restricted cash and cash equivalents (Notes 2E and 3)	27,827,688	29,795,531
Tenants' security deposits - restricted	14,404,349	13,852,439
Lease receivables (Note 11)	328,631,896	383,063,963
Community development notes receivable (Notes 2I and 4)	-	9,151,244
Capital assets (Notes 2J and 5):		
Nondepreciable	47,748,345	132,822,091
Depreciable, net	600,038,635	485,443,813
Lease assets, net	151,712,565	153,039,820
Total noncurrent assets	<u>1,170,363,478</u>	<u>1,207,168,901</u>
TOTAL ASSETS	<u>\$ 1,250,375,871</u>	<u>\$ 1,291,361,728</u>
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses (Note 8)	\$ 19,189,501	\$ 13,723,971
Unearned revenues (Notes 2K and 6)	22,544,607	27,893,269
Development loans payable (Note 8)	33,298,024	36,625,438
Community development notes payable (Note 9)	-	15,883,504
Total current liabilities	<u>75,032,132</u>	<u>94,126,182</u>
Noncurrent liabilities		
Compensated absences (Note 15)	1,678,342	2,480,782
Tenants' security deposits - restricted	14,401,231	13,985,217
Development loans payable (Note 8)	130,393,872	119,955,338
Community development notes payable (Note 9)	-	19,446,496
Lease liability (Note 12)	185,549,328	183,860,432
Total noncurrent liabilities (Note 7)	<u>332,022,773</u>	<u>339,728,265</u>
Total liabilities	<u>407,054,905</u>	<u>433,854,447</u>
Deferred inflow of resources (Note 2D)		
Leases (Notes 2D and 11)	<u>290,536,909</u>	<u>346,020,944</u>
Net position (Note 2L)		
Net investment in capital assets	450,258,321	395,534,516
Restricted:		
Capital projects	40,036,001	33,735,520
Debt service and other reserves	2,527,508	2,900,586
Unrestricted	59,962,227	79,315,715
Total net position	<u>552,784,057</u>	<u>511,486,337</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	<u>\$ 1,250,375,871</u>	<u>\$ 1,291,361,728</u>

The accompanying notes are an integral part of these financial statements.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
OPERATING REVENUES		
Revenue from leases (Notes 2D and 11)		
Rents	\$ 54,969,277	\$ 52,139,921
Interest - leases	22,522,148	23,921,302
Insurance	3,208,819	2,908,433
Utilities	13,085,138	11,890,053
Grants (Note 2D)	1,761,051	791,447
Other income	<u>3,604,809</u>	<u>3,407,029</u>
Total operating revenues (Note 2C)	<u>99,151,242</u>	<u>95,058,185</u>
OPERATING EXPENSES		
Property management		
Personnel and fringe benefits (Note 14)	18,240,358	16,523,906
Utilities	13,431,622	11,327,173
Property insurance	6,322,204	6,304,653
Brokerage and leasing	144,217	(34,971)
Provision for doubtful accounts	3,206,910	2,434,435
Transportation	2,307,946	2,109,316
Events, programs and exhibits	204,376	159,352
Operating and maintenance	8,599,679	6,505,090
Depreciation and amortization	<u>34,626,517</u>	<u>32,572,475</u>
Total property management	<u>87,083,829</u>	<u>77,901,429</u>
General and administrative		
Personnel and fringe benefits	13,823,345	14,571,934
Other	<u>8,376,000</u>	<u>8,454,649</u>
Total general and administrative	<u>22,199,345</u>	<u>23,026,583</u>
Total operating expenses (Note 2C)	<u>109,283,174</u>	<u>100,928,012</u>
Operating loss	(10,131,932)	(5,869,827)
OTHER NONOPERATING INCOME (EXPENSE)		
Interest expense (Notes 8, 9, 11 and 12)	(16,032,724)	(17,140,141)
Financing and leasing costs incurred	(609,820)	-
Interest income (Notes 2I and 4)	<u>1,408,038</u>	<u>1,592,135</u>
Loss before capital contributions	<u>(25,366,438)</u>	<u>(21,417,833)</u>
CAPITAL CONTRIBUTIONS		
Funding from The City of New York (Notes 2D and 10)	57,964,885	66,537,134
Investor distributions (Note 10)	<u>-</u>	<u>(198,043)</u>
Total capital contributions	<u>57,964,885</u>	<u>66,339,091</u>
INFREQUENT ITEM		
Tax credit financing unwind (Note 2M)	<u>8,699,273</u>	<u>-</u>
Change in net position	41,297,720	44,921,258
Net position, beginning of year	<u>511,486,337</u>	<u>466,565,079</u>
Net position, end of year	<u>\$ 552,784,057</u>	<u>\$ 511,486,337</u>

The accompanying notes are an integral part of these financial statements.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tenants	\$ 95,593,787	\$ 85,884,777
Grants received	1,761,051	791,447
Other receipts	3,604,809	3,407,029
Payments to vendors and suppliers	(50,129,777)	(39,074,027)
Payments to employees	<u>(22,884,868)</u>	<u>(22,602,202)</u>
Net Cash Provided by Operating Activities	<u>27,945,002</u>	<u>28,407,024</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	43,494,386	76,293,098
Purchases of capital assets	(59,622,277)	(71,066,125)
Financing and leasing costs incurred	(609,820)	-
Proceeds from notes and loans payable	30,000,000	-
Repayments of notes and loans payable	(22,888,880)	(3,703,167)
Change in lease liability	1,688,896	(1,914,476)
Interest expense	<u>(16,042,135)</u>	<u>(17,147,077)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(23,979,830)</u>	<u>(17,537,747)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>1,408,038</u>	<u>1,592,135</u>
Net Cash Provided by Investing Activities	<u>1,408,038</u>	<u>1,592,135</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,373,210	12,461,412
Cash and cash equivalents, beginning of year	<u>41,229,675</u>	<u>28,768,263</u>
Cash and cash equivalents, end of year	<u><u>\$ 46,602,885</u></u>	<u><u>\$ 41,229,675</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (10,131,932)	\$ (5,869,827)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	33,284,047	32,572,475
Changes in operating assets and liabilities:		
Accounts receivable	1,356,617	409,147
Lease receivables	56,897,744	36,178,284
Prepaid expenses and other current assets	821,232	(932,958)
Deferred inflows of resources - rental income	(55,484,035)	(41,573,803)
Accounts payable and accrued expenses	2,139,665	7,537,506
Compensated absences	(802,440)	74,760
Change in tenant security deposits payable	<u>(135,896)</u>	<u>11,440</u>
Net Cash Provided by Operating Activities	<u><u>\$ 27,945,002</u></u>	<u><u>\$ 28,407,024</u></u>
RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:		
Unrestricted cash and cash equivalents	\$ 18,775,197	\$ 11,434,144
Restricted cash and cash equivalents	<u>27,827,688</u>	<u>29,795,531</u>
Cash and cash equivalents end of year	<u><u>\$ 46,602,885</u></u>	<u><u>\$ 41,229,675</u></u>
Supplemental Disclosure of Cash Flow Information:		
Noncash capital and related financing transactions:		
Accrued capital asset expenditures	<u><u>\$ 2,479,563</u></u>	<u><u>\$ 1,451,014</u></u>
Noncash reduction in debt:		
Debt extinguishment upon tax credit unwind	<u><u>\$ (35,330,000)</u></u>	<u><u>\$ -</u></u>
Extinguishment of NMTC unwind	<u><u>\$ 24,953,000</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

**BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 1 – BACKGROUND AND ORGANIZATION

Brooklyn Navy Yard Development Corporation (the “Corporation” or “BNYDC”) is a not-for-profit corporation formed pursuant to the not-for-profit law of the State of New York (the “State”) and is a public charity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). The members of the Board of Directors (the “Board”) serve at the pleasure of the Mayor of The City of New York (the “City”).

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

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

Lease and Management Contract with The City

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

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

The City and the Corporation also entered into annual management contracts whereby, among other provisions, the City funded the improvement, replacement and rehabilitation of the infrastructure in the Navy Yard. The Corporation advanced the funds for capital expenditures, resulting in a grant receivable from the City, which amounted to \$17,215,384 and \$8,291,589 at June 30 2026 and 2025, respectively. The Corporation continues to operate under the terms of the management contract for fiscal year 2018 which provides that, if the Corporation maintains a balance of \$5,000,000 in its reserve funds (the “City Reserve Fund”), then the annual base rent under the lease for the fiscal year is zero. The City subsequently approved the reduction in the City Reserve Fund to \$500,000 and allowed the annual base rent to remain at zero. At June 30, 2026 and 2025, the reserves have a balance of approximately \$635,000 and \$612,000, respectively.

Financial Reporting Entity

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

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

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

NOTE 1 – BACKGROUND AND ORGANIZATION (Continued)

The Corporation includes certain legally separate entities as blended component units in accordance with GASB guidance. These entities are included in the Corporation's reporting entity because the Corporation is financially accountable for the organizations, their governing bodies are substantively the same as that of the Corporation, and the entities provide services entirely or almost entirely for the benefit of the Corporation. The blended component units primarily consist of special-purpose entities established in connection with financing, leasing, and development activities related to various Brooklyn Navy Yard projects. During the year, the Corporation completed a legal entity restructuring for building 127 and 128 whereby certain partnership and corporations were dissolved and their operations and assets were transferred to newly formed single-member limited liability companies ("SMLLC's). The restructuring did not result in a change in ultimate ownership or control. Condensed combining financial information for the Corporation and its blended component units is presented in Note 16. The below organizations are included in the Corporation's reporting entity as component units. The organizations meet the criteria for blending since their governing bodies are substantively the same, and the Corporation holds operational responsibility for the organizations. The condensed combining schedules include AIG Loan Projects, Corp Waterfront, and 10 Corp, which are aggregated within the Corporation's blended component unit activities.

Building 128 Project ("Building 128")

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

GMC Brooklyn, Inc. ("GMC BK") - GMC BK is wholly owned by the Corporation and serves as the managing member of GMC Landlord, LLC and GMC Master Tenant, LLC. Effective March 2, 2026, GMC BK assigned its ownership interests in the Building 128 financing structure to the Corporation. Following the completion of the historic and new markets tax credit financing arrangements, GMC BK was turned into a SMLLC.

GMC Landlord, LLC ("GMC Landlord") - GMC Landlord holds a 55-year sublease of Building 128 from the Corporation. GMC Landlord is owned 90% by GMC BK, and 10% by GMC Master Tenant, LLC. As a result of restructuring transactions completed on March 2, 2026, the Corporation became the sole member of GMC Landlord.

GMC Master Tenant, LLC ("GMC Master Tenant") - GMC Master Tenant holds a 39-year sublease of the property from GMC Landlord. On August 8, 2013, Brooklyn Navy Yard HTC Investor, LLC ("BNY HTC") was admitted to GMC Master Tenant as a 99% member with the Corporation owning the remaining 1% as managing member. On June 21, 2022, the Corporation purchased the membership interest owned by BNY HTC and now owns 100% of GMC Master Tenant. Effective March 2, 2026, GMC Master Tenant assigned its remaining interests associated with the Building 128 financing structure and transferred its leasehold interests to GMC Landlord. Following the completion of the financing arrangements, GMC Master Tenant was turned into a SMLLC.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

NOTE 1 – BACKGROUND AND ORGANIZATION (Continued)

Building 77 Project (“Building 77”)

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

Building 127 Project (“Building 127”)

- Building 127 LL, Inc. (“127 LL”) – 127 LL was formed on August 15, 2018, as a New York nonprofit corporation and the Corporation is the sole member of 127 LL. 127 LL has applied to be exempt from tax under Section 501(c)(3) of the Code. 127 LL was formed as part of the Corporation’s efforts to renovate Building 127, an industrial facility, that is a certified historic structure and is eligible for investment tax credits for qualifying rehabilitation expenditures pursuant to Section 47 of the Code. 127 LL will engage solely in the facilitation of financing for redevelopment and subsequent leasing of Building 127.
- 127 Manager, Inc. (“127 Manager”) – 127 Manager was formed on December 15, 2017 in connection with the Building 127 tax credit financing structure. The Corporation is the sole shareholder of 127 Manager.
- Building 127 Master Tenant, LLC (“127 MT”) – 127 MT was formed as a limited liability company under the laws of the State on December 15, 2017. 127 Manager is the managing member of, and owns a 1% interest in, 127 MT. 127 MT’s operating agreement was amended and restated on December 29, 2017 to admit Chase Community Equity LLC as the investor member which owns a 99% interest in 127 MT.
- Building 127 QALICB, LLC (“127 QALICB”) – 127 QALICB was formed as a limited liability company under the laws of the State on December 29, 2017. 127 Manager is the sole member of 127 QALICB.
- Building 127 LL, Inc. (“127 LL”), 127 Manager, Inc. (“127 Manager”), Building 127 Master Tenant, LLC (“127 MT”), and Building 127 QALICB, LLC (“127 QALICB”) were component units of the Corporation during the redevelopment and financing phases of the Building 127 project. Effective January 1, 2026, the Building 127 project entities were turned into SMLLCs.

Single Member LLCs

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

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

NOTE 1 – BACKGROUND AND ORGANIZATION (Continued)

Single Member LLCs (Continued)

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Measurement Focus and Basis of Accounting*

The Corporation's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized in the period they are earned, and expenses are recognized in the period they are incurred. In its accounting and financial reporting, the Corporation follows the pronouncements of the GASB.

B. *Use of Estimates*

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

C. *Revenue and Expense Classification*

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

D. *Revenue Recognition*

Rent

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

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions

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

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

E. *Cash and Cash Equivalents*

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

F. *Accounts Receivable*

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

G. *Prepaid Expenses*

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

H. *Fair Value Measurements*

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

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

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

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. *Community Development Notes Receivable*

Notes receivable are carried at their uncollected principal balance. Interest income on the notes is accrued at the contractual rate on the principal amount outstanding. The Corporation routinely evaluates the creditworthiness of its borrowers and establishes reserves where the Corporation believes collectability is no longer reasonably assumed. Notes receivable are written down once management determines that the specific borrower does not have the ability to repay the note in full. Allowances for credit losses and doubtful accounts are maintained in amounts considered to be appropriate in relation to the notes receivable outstanding based on collection experience, economic conditions and credit risk quality. Delinquency is the primary indicator of credit quality. As of June 30, 2026 and 2025, no allowance for loan losses was recorded for the Corporation's notes receivable.

J. *Capital Assets and Lease Assets*

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

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

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

K. *Unearned Revenues*

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

L. *Net Position*

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

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

M. New Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements* ("GASB 103"), has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of GASB 103 are effective as of July 1, 2025. The Corporation has adopted GASB 103 for the year ended June 30, 2026. As part of its assessment, the Corporation determined that an adjustment related to the unwind of a tax credit financing structure met the criteria for separate presentation as an infrequent item under GASB 103. As described in Note 1, there had been a legal restructuring and as a result there were loan payables, loan receivables, and related deferred costs that had come under common control during the year ended June 30, 2026. The net impact had been a gain of \$8,699,273 to the reporting entity. The adoption of GASB 103 also resulted in updates to the presentation and discussion of financial results within Management's Discussion and Analysis and the Statement of Revenue, Expenses and Changes in Net Position to conform with the new reporting model requirements. The adoption of GASB 103 did not otherwise have a material impact on the Corporation's financial position, results of operations, or cash flows.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* ("GASB 104"), has been issued to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and compatibility between governments. The requirements of GASB 104 are effective as of July 1, 2025. The Corporation has adopted GASB 104 for the year ended June 30, 2026 and determined there is no impact and no additional disclosures were required.

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
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NOTE 3 – CASH AND CASH EQUIVALENTS

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

	<u>2026</u>	<u>2025</u>
Current Assets		
Unrestricted Cash and Cash Equivalents		
Cash	\$ 18,775,197	\$ 11,434,144
Cash Equivalents (U.S. Government Money Market Fund)	<u>-</u>	<u>-</u>
	<u>18,775,197</u>	<u>11,434,144</u>
Noncurrent Assets		
Restricted Cash and Cash Equivalents		
Cash	-	913,770
Cash Equivalents (U.S. Government Money Market Fund)	<u>27,827,688</u>	<u>28,881,761</u>
	<u>27,827,688</u>	<u>29,795,531</u>
Total Cash and Cash Equivalents		
Cash	18,775,197	12,347,914
Cash Equivalents (U.S. Government Money Market Fund)	<u>27,827,688</u>	<u>28,881,761</u>
	<u>\$ 46,602,885</u>	<u>\$ 41,229,675</u>

Fair Value Hierarchy

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

U.S. Government money market funds of \$27,827,688 and \$28,881,761 as of June 30, 2026 and 2025, respectively, are valued based upon quoted prices in active markets (Level 1).

The interest rate swap agreement associated with the Webster Bank mortgage loan had a positive fair value of \$152,102 as of June 30, 2026 and is valued using observable market-based inputs, including interest rate yield curves and forward SOFR rates. Accordingly, the interest rate swap is classified within Level 2 of the fair value hierarchy. The Corporation had no interest rate swap outstanding as of June 30, 2025.

Investment Policy

Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, certificates of deposit and bank deposits with financial institutions that are covered by federal depository insurance, money market mutual funds, corporate and bank issued securities and commercial paper. The objective of these investments is to preserve capital, maintain liquidity and mitigate credit and interest rate risk. As of June 30, 2026 and 2025, cash and cash equivalents consisted of bank deposits and U.S. government money market mutual funds and, accordingly, the Corporation was not exposed to any interest rate or credit risk.

Custodial Credit Risk

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

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

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
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JUNE 30, 2026 AND 2025

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

As of both June 30, 2026 and 2025, the bank deposit balances were held in four banks and amounted to \$10,509,234 and \$15,948,845 of which \$1,011,423 and \$1,194,858 was covered by federal depository insurance and \$8,772,059 and \$14,171,291 was collateralized, respectively. The remaining balance of \$725,752 and \$582,696, respectively, was uninsured and uncollateralized and exposed to custodial credit risk.

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

		<u>2026</u>	<u>2025</u>
BNYDC			
City capital funds	A	\$ 25,565,297	\$ 26,894,944
City reserve		635,211	612,230
Other		<u>1,627,180</u>	<u>1,350,388</u>
		<u>27,827,688</u>	<u>28,857,563</u>
 Building 127			
Fee and expense reserves	B	<u>-</u>	<u>937,968</u>
		<u>-</u>	<u>937,968</u>
		<u>\$ 27,827,688</u>	<u>\$ 29,795,531</u>

- A.** The City capital funds as of June 30, 2026 and 2025 primarily consist of capital funds advanced by the City for various reconstruction projects amounting to \$25.6 million and \$26.9 million, respectively, and for the multiple other infrastructure projects throughout the Navy Yard.
- B.** In accordance with the loan agreements, the Corporation was required to establish interest reserves and fee and expense reserve accounts prior to the initial release of the loans. The reserves are to be used for the payments of quarterly interest, fees and other expenses related to the loans. As part of the unwinding of the Building 127 tax credit structure and related project entities during fiscal year 2026, the fee and expense reserve balance was fully exhausted and no balance remained as of June 30, 2026.

NOTE 4 – COMMUNITY DEVELOPMENT NOTES RECEIVABLE

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

<u>Borrower</u>	<u>2026</u>	<u>2025</u>
Building 127 NMTC Investment Fund LLC ("127 NMTC")	\$ -	\$ 24,953,000

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NOTE 4 – COMMUNITY DEVELOPMENT NOTES RECEIVABLE (Continued)

127 NMTC

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

During the year ended June 30, 2026, the Corporation was assigned Building 127 NMTC Investment Fund LLC in connection with the unwind of the NMTC financing structure. As a result, the note became payable to an entity under common control and was extinguished on March 31, 2026. Accordingly, no community development notes receivable related to 127 NMTC were outstanding as of June 30, 2026.

Interest income on the loan, which is included in interest income in the accompanying statements of revenues, expenses and changes in net position, amounted to \$0 and \$249,530 for the years ended June 30, 2026 and 2025, respectively.

NOTE 5 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2026:

	Balance 6/30/25	Additions	Deductions/ Reclassifications	Balance 6/30/26
Nondepreciable:				
Construction in progress	\$ 132,822,091	\$ 62,621,150	\$ (147,694,896)	\$ 47,748,345
Total nondepreciable capital assets	<u>132,822,091</u>	<u>62,621,150</u>	<u>(147,694,896)</u>	<u>47,748,345</u>
Depreciable:				
Leasehold improvements, including buildings and water and sewer systems	880,957,925	147,694,897	-	1,028,652,822
Machinery and vehicles	4,439,381	154,885	-	4,594,266
Office equipment	<u>2,700,500</u>	<u>501,272</u>	<u>-</u>	<u>3,201,772</u>
Total depreciable capital assets	<u>888,097,806</u>	<u>148,351,054</u>	<u>-</u>	<u>1,036,448,860</u>
Less: accumulated depreciation and amortization:				
Leasehold improvements, including buildings and water and sewer systems	395,792,986	33,609,122	-	429,402,108
Machinery and vehicles	4,257,201	57,049	-	4,314,250
Office equipment	<u>2,603,806</u>	<u>90,061</u>	<u>-</u>	<u>2,693,867</u>
Total accumulated depreciation and amortization	<u>402,653,993</u>	<u>33,756,232</u>	<u>-</u>	<u>436,410,225</u>
Lease assets being amortized, net	<u>153,039,820</u>	<u>-</u>	<u>(1,327,255)</u>	<u>151,712,565</u>
Total net depreciable capital assets	<u>638,483,633</u>	<u>114,594,822</u>	<u>(1,327,255)</u>	<u>751,751,200</u>
Total net capital assets	<u>\$ 771,305,724</u>	<u>\$ 177,215,972</u>	<u>\$ (149,022,151)</u>	<u>\$ 799,499,545</u>

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NOTE 5 – CAPITAL ASSETS (Continued)

Construction in progress consists of over sixty capital projects for the improvement, replacement and rehabilitation of the infrastructure of the Navy Yard. The projects have various completion dates through June 2030 and the estimated cost to complete the project is approximately \$400 million.

The following is a summary of capital asset activity for the year ended June 30, 2025:

	Balance 6/30/24	Additions	Deductions/ Reclassifications	Balance 6/30/25
Nondepreciable:				
Construction in progress	\$ 92,822,615	\$ 66,922,169	\$ (26,922,693)	\$ 132,822,091
Total nondepreciable capital assets	<u>92,822,615</u>	<u>66,922,169</u>	<u>(26,922,693)</u>	<u>132,822,091</u>
Depreciable:				
Leasehold improvements, including buildings and water and sewer systems	854,050,897	26,922,693	(15,665)	880,957,925
Machinery and vehicles	4,439,381	-	-	4,439,381
Office equipment	<u>2,700,500</u>	<u>-</u>	<u>-</u>	<u>2,700,500</u>
Total depreciable capital assets	<u>861,190,778</u>	<u>26,922,693</u>	<u>(15,665)</u>	<u>888,097,806</u>
Less: accumulated depreciation: and amortization:				
Leasehold improvements, including buildings and water and sewer systems	367,227,571	28,565,415	-	395,792,986
Machinery and vehicles	4,182,072	75,129	-	4,257,201
Office equipment	<u>2,526,202</u>	<u>77,604</u>	<u>-</u>	<u>2,603,806</u>
Total accumulated depreciation and amortization	<u>373,935,845</u>	<u>28,718,148</u>	<u>-</u>	<u>402,653,993</u>
Lease assets being amortized, net	<u>160,595,588</u>	<u>-</u>	<u>(7,555,768)</u>	<u>153,039,820</u>
Total net depreciable capital assets	<u>647,850,521</u>	<u>(1,795,455)</u>	<u>(7,571,433)</u>	<u>638,483,633</u>
Total net capital assets	<u>\$ 740,673,136</u>	<u>\$ 65,126,714</u>	<u>\$ (34,494,126)</u>	<u>\$ 771,305,724</u>

NOTE 6 – UNEARNED REVENUES

Unearned revenues consisted of the following at June 30:

	<u>2026</u>	<u>2025</u>
Currently from the City for the rehabilitation of capital assets	\$ 22,544,607	\$ 27,893,269

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
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NOTE 7 – LONG-TERM LIABILITIES

The following summarizes the changes in the Corporation's long-term liabilities for the year ended June 30, 2026:

	Balance 7/1/2025	Increases	Reductions	Balance 6/30/2026	Due Within One Year	Due After One Year
Tenant's security deposits	\$ 13,985,217	\$ 1,797,772	\$ 1,381,758	\$ 14,401,231	\$ -	\$ 14,401,231
Development loans payable	156,580,776	30,000,000	22,888,880	163,691,896	33,298,024	130,393,872
Community development notes payable	35,330,000	-	35,330,000	-	-	-
Compensated absences	2,480,782	-	802,440	1,678,342	-	1,678,342
Lease liability	183,860,432	1,688,896	-	185,549,328	-	185,549,328
Total long-term liabilities	<u>\$ 392,237,207</u>	<u>\$ 33,486,668</u>	<u>\$ 60,403,078</u>	<u>\$ 365,320,797</u>	<u>\$ 33,298,024</u>	<u>\$ 332,022,773</u>

The following summarizes the changes in the Corporation's long-term liabilities for the year ended June 30, 2025:

	Balance 7/1/2024	Increases	Reductions	Balance 6/30/2025	Due Within One Year	Due After One Year
Tenant's security deposits	\$ 13,351,980	\$ 633,237	\$ -	\$ 13,985,217	\$ -	\$ 13,985,217
Development loans payable	160,193,745	-	3,612,969	156,580,776	36,625,438	119,955,338
Community development notes payable	35,330,000	-	-	35,330,000	15,883,504	19,446,496
Construction loan payable	90,198	-	90,198	-	-	-
Compensated absences	2,406,022	74,760	-	2,480,782	-	2,480,782
Lease liability	185,774,908	-	1,914,476	183,860,432	-	183,860,432
Total long-term liabilities	<u>\$ 397,146,853</u>	<u>\$ 707,997</u>	<u>\$ 5,617,643</u>	<u>\$ 392,237,207</u>	<u>\$ 52,508,942</u>	<u>\$ 339,728,265</u>

NOTE 8 – DEVELOPMENT LOANS PAYABLE

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

<u>Lender</u>	<u>2026</u>	<u>2025</u>
The Variable Annuity Life Insurance Company ("VALIC Loan")	\$ 55,112,523	\$ 56,230,152
NYCRC Brooklyn Navy Yard Development Fund, IV, LLC ("NYCRC Loan")	30,000,000	30,000,000
Webster Bank (formerly Sterling National Bank) ("Webster Loan 2026")	30,000,000	-
("Webster Loan")	26,431,440	27,095,527
Symetra Life Insurance Company ("Symetra Loan")	22,147,933	23,531,352
Building 127: GSUIG Real Estate Member LLC	-	16,785,655
GSUIG Real Estate Member LLC Line of Credit	-	2,938,090
	<u>\$ 163,691,896</u>	<u>\$ 156,580,776</u>

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NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

VALIC Loan

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

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

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

Payments on the loan will be as follows:

- On each payment date during the interest only period, payments of interest only on the principal shall be payable in arrears, in the amount of (i) \$38,165 each under the Stages 1-6 Borrower note; (ii) \$19,622 each under the Stages 25-30 Borrower note and (iii) \$128,296 each under the Dock 72 Borrower note.
- Commencing on the first payment date immediately succeeding the expiration of the interest only period and on each payment date thereafter, combined payments of principal and interest shall be payable in arrears, in the amount of (i) \$55,768 each under the Stages 1-6 Borrower note; (ii) \$28,672 each under the Stages 25-30 Borrower note; and (iii) \$187,469 each under the Dock 72 Borrower note.

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

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to \$2,141,689 and \$2,183,970 for the years ended June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, accrued interest amounted to \$176,819 and \$180,405, respectively.

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

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NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

NYCRC Loan

On July 15, 2015, the Corporation entered into a credit agreement with the NYCRC Brooklyn Navy Yard Development Fund IV, LLC to borrow \$30,000,000 to finance improvements to Building 77 in the Navy Yard. The credit agreement provides for interest at a fixed rate of 4.20% per annum. Except as provided in the agreement, the loan is due on the later of (i) the fifth anniversary date of the first loan draw, which occurred on May 10, 2017 and (ii) thirty days following the date that all investors who have made an investment in the Corporation pursuant to the EB-5 Program have become cleared investors. As of June 30, 2026, NYCRC has advised that all investors have not yet become cleared investors. The loan may not be prepaid, in whole or in part, prior to the maturity date. The maturity date may be extended from time to time up to an additional five years (the “Outside Payment Date”), subject to certain terms and conditions, including the interest rate of 4.2% per annum and an ability to prepay the loan during the period between the maturity date and the Outside Payment Date. Payments due during the term of the loan consist of interest only, payable quarterly, on the outstanding balance until the maturity date at which time principal is payable.

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to \$1,277,500 and \$1,277,500 during the years ended June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, there was no accrued interest.

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

Webster Loan

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

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

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

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

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to \$1,208,399 and \$1,237,629 during the years ended June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, there was no accrued interest.

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NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

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

Symetra Loan

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

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

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

Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to \$950,435 and \$1,006,576 during the years ended June 30, 2026 and 2025, respectively. As of June 30, 2026, and 2025 there was no accrued interest.

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

GSUIG Real Estate Member LLC

On September 21, 2018, the Corporation entered into a promissory note with GSUIG Real Estate Member LLC in the amount of \$17,844,500. The loan is secured by the assets of the Corporation. The note bears interest at a rate of 6.5% per annum. Quarterly payments of interest only are due commencing on December 31, 2018. Beginning March 21, 2021, quarterly payments of principal and interest of \$400,181 were due through maturity on March 31, 2026.

On March 31, 2026, the Corporation repaid all amounts outstanding under the line of credit note and satisfied all related obligations. Accordingly, no outstanding balance remained under the agreement as of June 30, 2026. Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to \$0 and \$1,111,118 during the years ended June 30, 2026, and 2025, respectively. As of June 30, 2026 and 2025, there was no accrued interest.

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NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

GSUIG Real Estate Member LLC (Line of Credit)

On September 21, 2018, the Corporation entered into a line of credit note with GSUIG Real Estate Member LLC. The loan agreement provides for up to \$5,000,000 and is secured by the assets of the Corporation. The loan bears an interest rate of 6.50% per annum. In addition, the note bears interest of 0.75% per annum on the undrawn portion of the loan. The terms of the note provide for quarterly payments of interest only commencing on September 30, 2018. Beginning March 21, 2021 and on every June 30, September 30, December 31, and March 31 thereafter, quarterly payments of principal and interest will be due through maturity on March 31, 2026.

On March 31, 2026, the Corporation repaid all amounts outstanding under the line of credit note and satisfied all related obligations. Accordingly, no outstanding balance remained under the agreement as of June 30, 2026. Interest incurred on the loan, which is included in interest expense in the accompanying statements of revenues, expenses and changes in net position, amounted to \$0 and \$194,485 during the years ended June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, there was no accrued interest.

Webster Bank

On May 11, 2023, the Corporation entered into a \$10,000,000 revolving credit facility with Webster Bank, National Association (formerly Sterling National Bank). The facility bears interest at a rate equal to the greater of (i) 4.00% or (ii) the lender's prime rate plus 0.25%. The line of credit is secured by an assignment of rents from Building 292. Pursuant to Amendment No. 2 to the Revolving Credit Agreement, executed on July 29, 2026 and effective May 17, 2026, the maturity date of the facility was extended through May 11, 2028. No amounts were outstanding under the revolving credit facility as of June 30, 2026 and 2025.

On March 19, 2026, GMC Landlord entered into a mortgage loan with Webster Bank, National Association, in the original principal amount of \$30,000,000. The proceeds of the loan were used to refinance existing indebtedness and provide funding for capital expenditures, leasing costs, and general corporate purposes. The loan bears interest at a variable rate equal to Term SOFR plus 1.90% and matures on March 19, 2033. The outstanding principal balance of the loan was \$30,000,000 as of June 30, 2026. The loan is secured by GMC Landlord, LLC's leasehold interest in Building 128, an assignment of leases and rents, membership interests, and other related collateral.

On March 19, 2026, GMC Landlord entered into an interest rate swap agreement with Webster Bank, N.A. to hedge the risks associated with changes in cash flows attributable to fluctuations in interest rates on its variable-rate debt. The swap became effective on March 19, 2026 and matures on March 19, 2033. The agreement had an initial notional amount of \$30,000,000, which amortizes over the term of the agreement pursuant to a contractual amortization schedule.

Under the terms of the swap agreement, GMC Landlord pays Webster Bank a fixed rate of 3.775% and receives a variable rate based on one-month Chicago Mercantile Exchange Secured Overnight Financing Rate ("CME Term SOFR"). Net settlement payments are made monthly based on the difference between the fixed and variable rates applied to the notional amount outstanding. As of June 30, 2026, the swap had a notional amount of approximately \$30 million and a positive valuation of \$152,102. The hedge was determined to be effective as of June 30, 2026 and the offsetting asset and liability amounts are included in prepaid expenses and other current assets and accounts payable, respectively.

The following risks are generally associated with hedging instruments:

Credit Risk: GMC Landlord, LLC is exposed to the risk that the counterparty will not fulfill its obligations under the swap agreement. The counterparty's credit quality is monitored on an ongoing basis.

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NOTE 8 – DEVELOPMENT LOANS PAYABLE (Continued)

Interest Rate Risk: As rates decrease, the fair value of the swap may become negative. Because GMC Landlord, intends to hold the swap to maturity, changes in fair value resulting from interest rate movements are not expected to affect cash flows unless the swap is terminated prior to maturity.

Basis Risk: GMC Landlord, may be exposed to basis risk if the variable rate received under the swap does not match the variable rate paid on the related debt. The swap's variable leg is based on one-month USD-SOFR CME Term. If the related variable-rate debt bears interest based on a different index, reset date, day-count convention, spread, or calculation methodology, the swap receipts may not fully offset the interest payments on the underlying debt. That difference could cause GMC Landlord, actual synthetic interest cost to be higher or lower than expected.

Termination Risk: Early termination could require the Corporation to make a termination payment if the swap has a negative fair value at the termination date.

Maturities of Development Loans Payable

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

<u>Fiscal Year Ending</u>			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 33,298,024	5,897,367	\$ 39,195,391
2028	3,547,622	5,775,384	9,323,006
2029	3,976,217	5,592,977	9,569,194
2030	4,149,661	5,419,714	9,569,375
2031	4,326,355	5,243,177	9,569,532
2032-2036	50,648,516	20,041,516	70,690,032
2037-2041	51,799,932	14,481,327	66,281,259
2042-2046	7,452,295	1,910,135	9,362,430
2047-2050	4,493,274	272,356	4,765,630
	<u>\$ 163,691,896</u>	<u>\$ 64,633,953</u>	<u>\$ 228,325,849</u>

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

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NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

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

<u>BNYDC Entity/CDE Lender</u>	<u>2026</u>	<u>2025</u>
127 QALICB promissory notes dated September 21, 2018 ("127 2018 Notes")		
GSNMF Sub-CDE 29 LLC		
("GSNMF-29") GSNMF-29 Loan A	\$ -	\$ 3,364,306
GSNMF-29 Loan B	-	1,635,694
CDE 41 LLC ("MBS")		
MBS Loan A	-	4,780,028
MBS Loan B	-	2,079,972
NYCR SUB-CDE 1, LLC ("NYCR")		
NYCR Loan A	-	8,524,333
NYCR Loan B	-	3,235,667
NYCNCC Sub-CDE 5, LLC		
("NYCNCC") NYCNCC Loan A	-	4,920,028
NYCNCC Loan B	-	1,939,972
DVCI CDE XLIV, LLC ("DVCI XLIV")		
DVCI XLIV Loan A	-	3,364,305
DVCI XLIV Loan B	-	1,485,695
	<u>\$ -</u>	<u>\$ 35,330,000</u>

127 2018 Notes

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

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with GSNMF, referred to as GSNMF-29 Loan A, on September 21, 2018 in the amount of \$3,364,306. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on March 15, 2026, a one-time payment of \$2,140,860 was due to GSNMF. Beginning June 15, 2026, quarterly principal and interest payments totaling \$12,849, are due until the loan matures on September 20, 2053. On March 31, 2026, the Corporation paid all outstanding principal and accrued interest due under the note. As a result, the note was satisfied in full and no amount remains outstanding as of June 30, 2026.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with GSNMF-29, referred to as GSNMF-29 Loan B, on September 21, 2018 in the amount of \$1,635,694. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling \$17,178, are due until the loan matures on September 20, 2053. On March 31, 2026, the Corporation paid all outstanding principal and accrued interest due under the note. As a result, the note was satisfied in full and no amount remains outstanding as of June 30, 2026.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with MBS, referred to as MBS Loan A, on September 21, 2018 in the amount of \$4,780,028. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of \$2,997,204 was due to MBS. Beginning on June 15, 2026, quarterly principal and interest payments totaling \$18,723, are due until the loan matures on September 20, 2053. On March 31, 2026, the Corporation paid all outstanding principal and accrued interest due under the note. As a result, the note was satisfied in full and no amount remains outstanding as of June 30, 2026.

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NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

127 2018 Notes (Continued)

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with MBS, referred to as MBS Loan B, on September 21, 2018 in the amount of \$2,079,972. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling \$21,844, are due until the loan matures on September 20, 2053. On March 31, 2026, the Corporation paid all outstanding principal and accrued interest due under the note. As a result, the note was satisfied in full and no amount remains outstanding as of June 30, 2026.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCR, referred to as NYCR Loan A, on September 21, 2018 in the amount of \$8,524,333. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of \$5,138,064 was due to MBS. Beginning on June 15, 2026, quarterly principal and interest payments totaling \$35,563, are due until the loan matures on September 20, 2053. On March 31, 2026, the Corporation paid all outstanding principal and accrued interest due under the note. As a result, the note was satisfied in full and no amount remains outstanding as of June 30, 2026.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCR, referred to as NYCR Loan B, on September 21, 2018 in the amount of \$3,235,667. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling \$33,981, are due until the loan matures on September 20, 2053. On March 31, 2026, the Corporation paid all outstanding principal and accrued interest due under the note. As a result, the note was satisfied in full and no amount remains outstanding as of June 30, 2026.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCNCC, referred to as NYCNCC Loan A, on September 21, 2018 in the amount of \$4,920,028. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of \$2,997,204 was due to NYCNCC. Beginning on June 15, 2026, quarterly principal and interest payments totaling \$20,194, due until the loan matures on September 20, 2053. On March 31, 2026, the Corporation paid all outstanding principal and accrued interest due under the note. As a result, the note was satisfied in full and no amount remains outstanding as of June 30, 2026.

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with NYCNCC, referred to as NYCNCC Loan B, on September 21, 2018 in the amount of \$1,939,972. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling \$20,374, are due until the loan matures on September 20, 2053. On March 31, 2026, the Corporation paid all outstanding principal and accrued interest due under the note. As a result, the note was satisfied in full and no amount remains outstanding as of June 30, 2026.

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NOTE 9 – COMMUNITY DEVELOPMENT NOTES PAYABLE (Continued)

127 2018 Notes (Continued)

In accordance with the loan agreement, 127 QALICB entered into a promissory note agreement with DVCI XLIV, referred to as DVCI XLIV Loan A, on September 21, 2018 in the amount of \$3,364,305. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. On March 15, 2026, a one-time payment of \$2,140,860 was due to DVCI XLIV. Beginning on June 15, 2026, quarterly principal and interest payments totaling \$12,849, are due until the loan matures on September 20, 2053. On March 31, 2026, the Corporation paid all outstanding principal and accrued interest due under the note. As a result, the note was satisfied in full and no amount remains outstanding as of June 30, 2026.

In accordance with the loan agreement 127 QALICB entered into a promissory note agreement with DVCI XLIV, referred to as DVCI XLIV Loan B, on September 21, 2018 in the amount of \$1,485,695. The terms of the note provide for quarterly interest only payments beginning December 15, 2018 at a rate of 1.067% per annum. Beginning on June 15, 2026, quarterly principal and interest payments totaling \$15,603 are due until the loan matures on September 20, 2053. On March 31, 2026, the Corporation paid all outstanding principal and accrued interest due under the note. As a result, the note was satisfied in full and no amount remains outstanding as of June 30, 2026.

Interest incurred on the 127 2018 Notes amounted to \$0 and \$377,054 for each of the years ended June 30, 2026, and 2025 respectively. As of June 30, 2026 and 2025, accrued interest amounted to \$0 and \$245,331, respectively.

NOTE 10 – CAPITAL CONTRIBUTIONS AND GRANTS

City Capital Contributions

Since 1996, the Corporation receives contributions from the City for the replacement and rehabilitation of capital assets funded from the City's capital budget. For the years ended June 30, 2026 and 2025, the Corporation recognized \$57,964,885 and \$66,537,134 respectively, as capital contributions for rehabilitation work completed with City capital funds.

Other Capital Contributions (Distributions)

During the years ended June 30, 2026 and 2025, the Corporation distributed approximately \$0 and \$198,000, respectively of investor distributions for Building 127.

NOTE 11 – LEASE RECEIVABLES

The Corporation is reporting lease receivables of \$364,568,317 and \$421,466,061 at June 30, 2026 and 2025, respectively. Lease revenue of \$54,969,277 and \$52,139,921 and interest revenue of \$22,522,148 and \$23,921,302 relate to lease payments received for the fiscal years ended June 30, 2026 and 2025, respectively. All of the Corporation's leases relate to the various properties under management as described in Note 1. The lease terms vary and are specific to each of the individual tenants.

Total rentals related to variable payments, which arise primarily from a percentage of the lessees' gross revenues and parking revenue rents, amounted to \$968,323 and \$1,134,776 for the years ended June 30, 2026 and 2025, respectively.

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NOTE 11 – LEASE RECEIVABLES (Continued)

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

Fiscal Year Ending June 30	Principal	Interest	Total
2027	\$ 35,936,421	\$ 19,678,894	\$ 55,615,315
2028	29,290,322	17,688,192	46,978,514
2029	24,065,709	16,017,978	40,083,687
2030	20,862,765	14,654,454	35,517,219
2031	18,494,551	13,507,010	32,001,561
2032 - 2036	58,600,585	56,373,193	114,973,778
2037 - 2041	53,151,789	41,151,756	94,303,545
2042 - 2046	33,538,920	30,533,488	64,072,408
2047 - 2051	24,959,554	22,549,857	47,509,411
2052 - 2056	26,512,562	15,149,459	41,662,021
2057 - 2061	34,843,113	7,435,928	42,279,041
2062 - 2066	<u>4,312,026</u>	<u>338,403</u>	<u>4,650,429</u>
	<u>\$ 364,568,317</u>	<u>\$ 255,078,612</u>	<u>\$ 619,646,929</u>

The Corporation is party to a lease-leaseback transaction for land it leases to another party, in which, the other party has developed the land and leased office space back to the Corporation. This is included as a net transaction in the Corporation's right-of-use assets and lease liability as the net present value of the leased office space is greater than those amounts receivable to the Corporation. Accordingly, as of June 30, 2026 and 2025, the lease receivable of \$20,332,129 and \$22,215,419, respectively, and deferred inflows of resources of \$18,039,817 and \$18,987,745, respectively, related to the leased land is not included in the Corporation's lease receivables and deferred inflows of resources.

The Corporation is obligated under two sublease agreements for the rental of premises in the Navy Yard. The subleases expire on June 29, 2061 and August 30, 2065. The Corporation determined the net present value of the lease based on the comparable rates of similar leases using 5.25% and reported a lease liability of \$185,549,328 and \$183,860,432 at June 30, 2026, and 2025, respectively. Total outflows related to the lease agreements were \$9,279,955 and \$8,298,445 for the years ended June 30, 2026 and 2025, respectively.

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NOTE 12 – LEASE LIABILITY

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

Fiscal Year Ending June 30	Principal	Interest	Total
2027	\$ (1,414,587)	\$ 8,595,839	\$ 7,181,252
2028	(1,095,635)	8,666,764	7,571,129
2029	(864,912)	8,714,524	7,849,612
2030	(878,986)	8,760,618	7,881,632
2031	(334,177)	8,795,875	8,461,698
2032-2036	(485,266)	44,156,753	43,671,487
2037-2041	4,341,675	43,696,962	48,038,637
2042-2046	11,111,183	41,731,318	52,842,501
2047-2051	20,454,645	37,672,106	58,126,751
2052-2056	33,195,837	30,742,007	63,937,844
2057-2061	50,419,148	19,916,758	70,335,906
2062-2067	<u>71,100,403</u>	<u>5,615,988</u>	<u>76,716,391</u>
	<u>\$ 185,549,328</u>	<u>\$ 267,065,512</u>	<u>\$ 452,614,840</u>

The lease liability is amortized using the interest-method, and since the interest expense is greater than the total cash requirements, the principal balance will increase or accrete until such time that the cash payments are greater than the interest expense. Interest expense amounted to \$8,522,982 and \$8,928,200 for the years ended June 30, 2026 and 2025, respectively.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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

NOTE 14 – PENSION PLANS

The Corporation's non-union administrative employees are eligible to participate in the Brooklyn Navy Yard Corp. Pension Plan, a defined contribution pension plan administered by Voya Financial. Participation begins after the completion of six (6) months' continuous employment with the Corporation. Voluntary employee contributions to this plan are not permitted. Participants are fully vested in employer contributions to this plan after three (3) years of service. Plan forfeitures are used to either reduce administrative expenses of the plan or employer contributions to the plan. For the years ended June 30, 2026 and 2025, contributions of 14% of eligible compensation were made to this plan. Pension expense for the years ended June 30, 2026 and 2025 amounted to \$2,151,348 and \$1,800,750, respectively.

The Corporation has also established the Brooklyn Navy Yard Security Guards Pension Plan, a defined contribution profit-sharing plan administered by Voya Financial. Only employees that are covered by the Corporation's collective bargaining agreement with its security guards are eligible to participate in this plan.

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NOTE 14 – PENSION PLANS (Continued)

Participation begins after the completion of six (6) months' continuous employment with the Corporation. Voluntary employee contributions to this plan are not permitted. Participants are fully vested in employer contributions to this plan after three (3) years of service. Plan forfeitures are used to either reduce administrative expenses of the plan or employer contributions to the plan. For each of the years ended June 30, 2026 and 2025, discretionary profit-sharing contributions of \$1.75 per hour (to a maximum of 80 hours for both years) were made to this plan. Pension expense for the years ended June 30, 2026 and 2025, amounted to \$297,196 and \$252,941, respectively.

NOTE 15 – COMPENSATED ABSENCES

The Corporation's employees earn vacation and sick leave, which accumulates as it is earned. In accordance with GASB Statement No. 101, *Compensated Absences* ("GASB 101"), a liability is recorded for leave balances that are expected to be used or paid upon separation. At June 30, 2026 and 2025, the liability for compensated absences was \$1,678,342 and \$2,480,782, respectively.

NOTE 16 – CONDENSED FINANCIAL INFORMATION OF BLENDED COMPONENT UNITS

The Corporation's operations include blended component units which are included in the Corporation's basic financial statements. The Corporation includes these entities as blended component units as: (1) the Corporation and these entities have financial benefit and burden relationship and (2) the Corporation has operational responsibility for these entities.

The below information is the condensed assets, liabilities and net position of the Corporation's blended component units as of June 30, 2026 with comparative totals as of June 30, 2025:

	<u>Building 128 Project</u>	<u>Building 77 Project</u>	<u>Building 127 Project</u>	<u>AIG Loan Projects</u>	<u>Corp Waterfront</u>
ASSETS					
CURRENT ASSETS	\$ -	\$ -	\$ -	\$ 41,208,987	\$ 12,615,313
NONCURRENT ASSETS	-	227,358,974	6,829,650	-	-
TOTAL ASSETS	<u>-</u>	<u>227,358,974</u>	<u>6,829,650</u>	<u>41,208,987</u>	<u>12,615,313</u>
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES	449,994	22,205,724	-	176,819	-
NONCURRENT LIABILITIES	-	3,456,253	-	54,243,219	21,722,320
TOTAL LIABILITIES	<u>449,994</u>	<u>25,661,977</u>	<u>-</u>	<u>54,420,038</u>	<u>21,722,320</u>
DEFERRED INFLOW OF RESOURCES	<u>-</u>	<u>48,338,958</u>	<u>6,090,123</u>	<u>-</u>	<u>-</u>
TOTAL NET POSITION (DEFICIT)	<u>(449,994)</u>	<u>153,358,039</u>	<u>739,527</u>	<u>(13,211,051)</u>	<u>(9,107,007)</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (DEFICIT)	<u>\$ -</u>	<u>\$ 227,358,974</u>	<u>\$ 6,829,650</u>	<u>\$ 41,208,987</u>	<u>\$ 12,615,313</u>

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
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NOTE 16 – CONDENSED FINANCIAL INFORMATION OF BLENDED COMPONENT UNITS (Continued)

The below information is the condensed assets, liabilities and net position of the Corporation's blended component units as of June 30, 2026 with comparative totals as of June 30, 2025 (continued):

	10 Corp	BNYDC	Eliminations	Total 2026	Total 2025
ASSETS					
CURRENT ASSETS	\$ 16,202,182	\$ 16,801,601	\$ (6,815,690)	\$ 80,012,393	\$ 84,192,827
NONCURRENT ASSETS	-	1,143,551,542	(207,376,688)	1,170,363,478	1,207,168,901
TOTAL ASSETS	16,202,182	1,160,353,143	(214,192,378)	1,250,375,871	1,291,361,728
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES	-	41,240,773	10,958,822	75,032,132	94,126,182
NONCURRENT LIABILITIES	26,229,020	257,591,526	(31,219,565)	332,022,773	339,728,265
TOTAL LIABILITIES	26,229,020	298,832,299	(20,260,743)	407,054,905	433,854,447
DEFERRED INFLOW OF RESOURCES	-	236,110,198	(2,370)	290,536,909	346,020,944
TOTAL NET POSITION (DEFICIT)	(10,026,838)	625,410,646	(193,929,265)	552,784,057	511,486,337
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION (DEFICIT)	\$ 16,202,182	\$ 1,160,353,143	\$ (214,192,378)	\$ 1,250,375,871	\$ 1,291,361,728

The below information is the condensed revenues, expenses and change in net position of the Corporation's blended component units for the year ended June 30, 2026 with comparative totals for the year ended June 30, 2025:

	Building 128 Project	Building 77 Project	Building 127 Project	AIG Loan Projects	Corp Waterfront
OPERATING REVENUES					
Rents	\$ 714,763	\$ 10,512,056	\$ (1,467,498)	\$ -	\$ -
Interest - leases	1,106,882	3,954,553	577,601	-	-
Insurance	293,549	718,667	64,092	-	-
Utilities	771,997	2,776,646	86,116	-	-
Grants	-	-	-	-	-
Other income	5,913	185,298	1,787	-	-
Total operating revenues	2,893,104	18,147,220	(737,902)	-	-
OPERATING EXPENSES					
Property management (excluding depreciation/amortization)	1,133,774	7,287,014	115,884	-	-
General and administrative	4,089,634	13,039,892	826,093	-	70
Depreciation and amortization	3,205,088	5,667,226	558,698	61,363	47,420
Total operating expenses	8,428,496	25,994,132	1,500,675	61,363	47,490
OPERATING INCOME (LOSS)	(5,535,392)	(7,846,912)	(2,238,577)	(61,363)	(47,490)
NONOPERATING INCOME (EXPENSE)					
Interest expense	(660,497)	-	(922,939)	(2,141,690)	(950,434)
Financing and leasing costs incurred	(563,031)	(455,575)	-	-	-
Interest income	10,529	8,623	239,440	523	-
Total nonoperating income (expense)	(6,748,391)	(8,293,864)	(2,922,076)	(2,202,530)	(997,924)
CAPITAL CONTRIBUTIONS					
Funding from The City of New York	-	-	-	-	-
Investor distributions	-	-	-	-	-
INFREQUENT ITEM					
Tax credit financing unwind (Note 2M)	-	-	-	-	-
Change in net position	(6,748,391)	(8,293,864)	(2,922,076)	(2,202,530)	(997,924)
NET POSITION (DEFICIT), BEGINNING OF YEAR	6,298,397	161,651,903	3,661,603	(11,008,521)	(8,109,083)
NET POSITION (DEFICIT), END OF YEAR	\$ (449,994)	\$ 153,358,039	\$ 739,527	\$ (13,211,051)	\$ (9,107,007)

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NOTE 16 – CONDENSED FINANCIAL INFORMATION OF BLENDED COMPONENT UNITS (Continued)

The below information is the condensed revenues, expenses and change in net position of the Corporation's blended component units for the year ended June 30, 2026 with comparative totals for the year ended June 30, 2025 (continued):

	10 Corp	BNYDC	Eliminations	Total 2026	Total 2025
OPERATING REVENUES					
Rents	\$ -	\$ 44,354,885	\$ 855,071	\$ 54,969,277	\$ 52,139,921
Interest - leases	-	16,883,112	-	22,522,148	23,921,302
Insurance	-	2,132,511	-	3,208,819	2,908,433
Utilities	-	9,450,379	-	13,085,138	11,890,053
Grants	-	1,761,051	-	1,761,051	791,447
Other income	-	13,526,950	(10,115,139)	3,604,809	3,407,029
Total operating revenues	-	88,108,888	(9,260,068)	99,151,242	95,058,185
OPERATING EXPENSES					
Property management(excluding depreciation/amotization)	-	48,057,467	(4,136,827)	52,457,312	45,328,954
General and administrative	-	17,669,695	(13,426,039)	22,199,345	23,026,583
Depreciation and amortization	36,978	25,796,095	(746,351)	34,626,517	32,572,475
Total operating expenses	36,978	91,523,257	(18,309,217)	109,283,174	100,928,012
OPERATING INCOME (LOSS)	(36,978)	(3,414,369)	9,049,149	(10,131,932)	(5,869,827)
NONOPERATING INCOME (EXPENSE)					
Interest expense	(1,208,399)	(10,333,316)	184,551	(16,032,724)	(17,140,141)
Financing and leasing costs incurred	-	571,691.00	(162,905)	(609,820)	-
Interest income	-	1,472,166	(323,243)	1,408,038	1,592,135
Total nonoperating income (expense)	(1,245,377)	(11,703,828)	8,747,552	(25,366,438)	(21,417,833)
CAPITAL CONTRIBUTIONS					
Funding from The City of New York	-	57,964,885	-	57,964,885	66,537,134
Investor distributions	-	-	-	-	(198,043)
INFREQUENT ITEM					
Tax credit financing unwind (Note 2M)	-	8,699,273	-	8,699,273	-
Change in net position	(1,245,377)	54,960,330	8,747,552	41,297,720	44,921,258
NET POSITION (DEFICIT), BEGINNING OF YEAR	(8,781,461)	570,450,316	(202,676,817)	511,486,337	466,565,079
NET POSITION (DEFICIT), END OF YEAR	\$ (10,026,838)	\$ 625,410,646	\$ (193,929,265)	\$ 552,784,057	\$ 511,486,337

The below information is the condensed statement of cash flows of the Corporation's blended component Units for the year ended June 30, 2026 with comparative totals for the year ended June 30, 2025:

	Building 128 Project	Building 77 Project	Building 127 Project	AIG Loan Projects	Corp Waterfront
NET CASH PROVIDED (USED) BY					
Operating activities	\$ (622,650)	\$ (1,997,433)	\$ 2,089,454	\$ (3,585)	\$ (70)
Noncapital financial activities	(118,432,856)	2,134,621	(8,168,838)	3,262,906	2,333,782
Capital and related financing activities	52,143,160	(125,739)	(30,260,242)	(3,259,320)	(2,333,853)
Investing activities	66,744,001	8,622	35,320,793	523	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(168,345)	20,071	(1,018,833)	524	(141)
Cash and cash equivalents, beginning of year	168,345	65,976	1,018,833	276,289	4,014
Cash and cash equivalents, end of year	\$ -	\$ 86,047	\$ -	\$ 276,813	\$ 3,873

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

NOTE 16 – CONDENSED FINANCIAL INFORMATION OF BLENDED COMPONENT UNITS (Continued)

The below information is the condensed statement of cash flows of the Corporation's blended component Units for the year ended June 30, 2026 with comparative totals for the year ended June 30, 2025 (continued):

	<u>10</u> <u>Corp</u>	<u>BNYDC</u>	<u>Eliminations</u>	<u>Total</u> <u>2026</u>	<u>Total</u> <u>2025</u>
NET CASH PROVIDED (USED) BY					
Operating activities	\$ -	\$ 22,822,827	\$ 5,656,459	\$ 27,945,002	\$ 28,407,024
Noncapital financial activities	1,871,446	53,635,002	63,363,937	-	-
Capital and related financing activities	(1,872,486)	(67,568,377)	29,297,027	(23,979,830)	(17,537,747)
Investing activities	-	(2,348,478)	(98,317,423)	1,408,038	1,592,135
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,040)</u>	<u>6,540,974</u>	<u>-</u>	<u>5,373,210</u>	<u>12,461,412</u>
Cash and cash equivalents, beginning of year	<u>5,001</u>	<u>39,691,217</u>	<u>-</u>	<u>41,229,675</u>	<u>28,768,263</u>
Cash and cash equivalents, end of year	<u>\$ 3,961</u>	<u>\$ 46,232,191</u>	<u>\$ -</u>	<u>\$ 46,602,885</u>	<u>\$ 41,229,675</u>

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPERTY MANAGEMENT REVENUE AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
OPERATING REVENUES	\$ 99,151,242	\$ 95,058,185
EXPENSES		
Direct expenses		
Utilities		
Electric	9,439,048	8,213,189
Steam	1,638,311	1,093,173
Water	1,741,537	1,549,257
Natural gas	612,726	471,554
Payroll and related fringe benefits		
Protective services and transportation	4,928,197	4,469,549
Maintenance, utilities and engineering	7,849,740	7,313,380
Fringe benefits	5,462,421	4,740,977
Other direct expenses		
Materials, supplies and building maintenance	8,599,679	6,505,090
Events, programs and exhibits	204,376	159,352
Property insurance	6,322,204	6,304,653
Brokerage and leasing	144,217	(34,971)
Provision for doubtful accounts	3,206,910	2,434,435
Transportation	2,307,946	2,109,316
Total direct expenses	<u>52,457,312</u>	<u>45,328,954</u>
Operating income, net of direct expenses	<u>46,693,930</u>	<u>49,729,231</u>
General and administrative expenses		
Personnel and fringe benefits	13,823,345	14,571,934
Other	8,376,000	8,454,649
Total general and administrative expenses	<u>22,199,345</u>	<u>23,026,583</u>
Operating income before depreciation and amortization and non-operating income (expense)	<u>24,494,585</u>	<u>26,702,648</u>
DEPRECIATION AND AMORTIZATION AND NON-OPERATING INCOME (EXPENSE)		
Depreciation and amortization	(34,626,517)	(32,572,475)
Interest income	1,408,038	1,592,135
Interest expense	(16,032,724)	(17,140,141)
Financing and leasing costs incurred	<u>(609,820)</u>	<u>-</u>
Net depreciation and amortization and non-operating income (expense)	<u>(49,861,023)</u>	<u>(48,120,481)</u>
Loss before capital contributions	<u>\$ (25,366,438)</u>	<u>\$ (21,417,833)</u>

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
SUPPLEMENTARY INFORMATION
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
PERSONNEL AND FRINGE BENEFIT EXPENSES		
Executive and legal	\$ 2,519,961	\$ 2,641,891
Finance and leasing	2,216,730	2,288,856
Human resources	739,321	754,994
Development and external affairs	2,251,142	2,570,503
Technology and information	798,410	815,472
Building 92 and employment center	1,160,954	1,215,806
Payroll taxes and fringe benefits	<u>4,136,827</u>	<u>4,284,412</u>
Total personnel and fringe benefits	<u>13,823,345</u>	<u>14,571,934</u>
OTHER EXPENSES		
Legal	1,464,038	1,599,925
Audit and tax fees	235,557	255,750
Computer contract and supplies	1,777,610	1,581,061
Mailroom and postage	375,148	381,334
Communication	337,461	269,716
Worker's compensation insurance	602,376	-
Director's liability insurance	88,400	59,179
Corporate	328,643	288,158
Community employment	-	518,308
Advertising and marketing	227,227	225,528
Stationery and office supplies	51,198	56,360
Consultants	1,324,352	994,524
Gasoline	78,554	61,427
Vehicle repairs and maintenance	171,844	131,247
Payroll processing	97,845	109,820
Education and training	121,367	163,481
State and local taxes	189,029	203,652
Grant expense	905,351	761,915
Miscellaneous	<u>-</u>	<u>793,264</u>
Total other expenses	<u>8,376,000</u>	<u>8,454,649</u>
Total general and administrative expenses	<u><u>\$ 22,199,345</u></u>	<u><u>\$ 23,026,583</u></u>