BROOKLYN BRIDGE PARK CORPORATION
(D/B/A BROOKLYN BRIDGE PARK)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2014 and 2013

MARKS PANETH
ACCOUNTANTS & ADVISORS

BROOKLYN BRIDGE PARK CORPORATION
(D/B/A BROOKLYN BRIDGE PARK)
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2014 AND 2013

CONTENTS

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park)

We have audited the accompanying financial statements of Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park) ("BBP"), a component unit of The City of New York, as of and for the years ended June 30, 2014 and 2013, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park) as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Marks Paneth LLP

New York, NY
September 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is an overview of the financial activities of Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park) ("BBP"), a component unit of The City of New York (the "City") for the years ended June 30, 2014 and 2013.

The financial statements consist of two parts: management's discussion and analysis (this section) and the financial statements. The basic financial statements, which include the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows and the notes to the financial statements, are presented to display information about BBP in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended. This is to provide the reader with a broad overview of BBP's finances. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, in which revenues are recognized in the period they are earned and expenses are recognized in the period they are incurred.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS

ORGANIZATION OVERVIEW

BBP is the entity responsible for the planning, construction, maintenance and operation of Brooklyn Bridge Park (the "Park"), an 85-acre sustainable waterfront park stretching 1.3 miles along Brooklyn's East River shoreline. BBP was incorporated in June 2010 under the New York State Not-for-Profit Laws and began operating on July 29, 2010 when it acquired control of, and responsibility for, the Park via a 99-year master ground lease from Brooklyn Bridge Park Development Corporation ("BBPDC"), a subsidiary of the Empire State Development Corporation. BBP is governed by a 17-member board of directors appointed by the Mayor of New York City, the Governor of New York State and local elected officials.

Brooklyn Bridge Park operates under a mandate to be financially self sustaining. This mandate was memorialized in the Memorandum of Understanding signed by Governor George Pataki and Mayor Michael Bloomberg in 2002 that created Brooklyn Bridge Park. While a small fraction of the required operations and maintenance funds for the Park will be collected from concessions located throughout the Park, the majority of the funds will come from a limited number of revenue-generating development sites within the project's footprint. The development program was determined after an in-depth analysis of the potential development types and locations. The analysis focused on finding uses that would (1) generate sufficient revenue to support park operations, (2) minimize the size of the required development footprint, and (3) be compatible with the surrounding park and neighborhood uses. Development locations were chosen to (1) take advantage of the existing urban context by concentrating development on the city side of the site, particularly around the park entrances (2) maintain the protected view corridor from the Brooklyn Heights Promenade, and (3) create vital, active urban junctions at each of the Park's three main entrances.

FISCAL YEAR 2014 FINANCIAL HIGHLIGHTS:

During the year ended June 30, 2014, BBP received $43,530,374 in capital funds from the City pursuant to its funding agreement between the City and the New York City Department of Parks and Recreation ("DPR"). Since June 30, 2011, BBP processed the eighth, ninth, tenth, eleventh, twelfth and thirteenth funding agreements. These agreements revised the total amounts to $132,111,000, $198,611,111, $220,111,000, $235,111,000, $281,691,000 and $282,111,000, respectively. BBP also received one-time lump sum rent payments totaling $35,350,000 pursuant to lease agreements with the developers of the John Street and Empire Stores development sites.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes the activities of BBP for the years ended June 30:

				Variance	
	2014	2013	2012	2014 vs 2013	2013 vs 2012
OPERATING REVENUES:					
Permits and fees	$ 1,043,610	$ 973,349	$ 510,763	$ 70,261	$ 462,586
PILOT payments and ground lease rents	41,400,973	2,027,743	7,115,223	39,373,230	(5,087,480)
Total operating revenues	42,444,583	3,001,092	7,625,986	39,443,491	(4,624,894)
OPERATING EXPENSES:					
Personnel costs	2,763,419	2,193,573	1,629,341	569,846	564,232
Utilities, repairs and maintenance and security	1,917,571	1,843,191	1,290,135	74,380	553,056
Professional fees	930,210	895,261	799,415	34,949	95,846
Depreciation and amortization	3,954,402	2,611,564	1,428,599	1,342,838	1,182,965
General and administrative expenses	505,053	595,918	421,944	(90,865)	173,974
Other	22,018	6,354	6,354	15,664	-
Total operating expenses	10,092,673	8,145,861	5,575,788	1,946,812	2,570,073
Operating income (loss)	32,351,910	(5,144,769)	2,050,198	37,496,679	(7,194,967)
NONOPERATING REVENUES (EXPENSES):					
Capital and other contributions	39,441,550	44,188,548	27,053,633	(4,746,998)	17,134,915
Contributed capital assets	-	-	13,450,000	-	(13,450,000)
Land acquisition costs	(9,200,000)	-	-	(9,200,000)	-
Impairment of capital assets	-	(728,408)	-	728,408	(728,408)
Interest and other income	46,197	271,863	83,107	(225,666)	188,756
Total nonoperating revenues (expenses)	30,287,747	43,732,003	40,586,740	(13,444,256)	3,145,263
Change in net position	62,639,657	38,587,234	42,636,938	24,052,423	(4,049,704)
Net position - beginning of year	124,946,097	86,358,863	43,721,925	38,587,234	42,636,938
Net position - end of year	$ 187,585,754	$ 124,946,097	$ 86,358,863	$ 62,639,657	$ 38,587,234

OPERATING REVENUES:

FY 2014 vs. FY 2013

The operating revenues for the year ended June 30, 2014 increased by $39,443,491 from $3,001,092 to $42,444,583 primarily due to the one-time lump sum rent payments totaling $35,350,000 pursuant to the lease agreements with the developers of the John Street and Empire Stores development sites (see Note 5). Also contributing to the increase were a combination of higher and additional rent payments, payments in lieu of taxes ("PILOT"), and payments in lieu of sales tax ("PILOST") totaling $2,273,230, associated with the One Brooklyn Bridge Park, Pier 1, Empire Stores, and John Street development sites. Additionally, BBP received a payment in lieu of mortgage recording tax ("PILOMORT") of $1,750,000 pursuant to the lease agreement with the developer of the John Street site. Permit fees and other revenues also increased by $70,261 completing this year's increase.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

FY 2013 vs. FY 2012

The operating revenues for the year ended June 30, 2013 decreased by $4,624,894 from $7,625,986 to $3,001,091 primarily due to the one-time lump sum rent payments totaling $5,940,000 received in June 2012 pursuant to the agreements for the development of a hotel and residential development on Pier 1 (see Note 5). This was offset by an increase in the permits and other fees of $462,586 from $510,763 to $973,349, resulting from an increase in the volume of permits, including permits for the newly opened soccer field at Pier 5, more large events and film and photo shoots occurring in the Park.

OPERATING EXPENSES:

FY 2014 vs. FY 2013

BBP's operating expenses increased from the year ended June 30, 2013 by $1,946,812 from $8,145,861 to $10,092,673. The depreciation expense increased from $2,611,564 to $3,954,402. The increase in depreciation is related to new assets placed into service in fiscal year 2014, which includes Pier 2, Pier 3/4 uplands, and Pier 4 Beach. The increases in utilities, repairs and maintenance, and security are attributed to park growth and usage. The personnel cost increases were primarily related to additional staff required to maintain the Park and new areas, and the expenses necessary to support and maintain the administrative functions.

FY 2013 vs. FY 2012

BBP's operating expenses increased from the year ended June 30, 2012 by $2,570,073 from $5,575,788 to $8,145,861. The depreciation expense increased from $1,428,599 to $2,611,564. The depreciation is related to new assets placed into service in fiscal year 2013, which includes Pier 5, uplands of Pier 5, Squibb Park, Squibb Park Bridge, pop-up pool, floating dock at Pier 2 and the warming hut. The increase in utilities, repairs and maintenance and security, includes costs associated with damages related to Super Storm Sandy, the repair of a sinkhole that was no longer covered under any warranties, and increases in utilities to operate the new Park sections opened during the year. The personnel cost increases were primarily related to additional staff required to maintain the Park and new areas, and the expenses necessary to support and maintain the administrative functions.

NONOPERATING REVENUES (EXPENSES):

FY 2014 vs. FY 2013

BBP's nonoperating revenues decreased from the year ended June 30, 2013 by $4,972,644 from $44,460,411 to $39,487,747. BBP recognizes capital funding as revenue when eligible projects costs are incurred. Therefore, the decrease/increase in capital contributions correlates to a corresponding decrease in project costs in the current year (see Note 4). BBP's nonoperating expenses increased from the year ended June 30, 2013 by $8,471,592 from $728,408 to $9,200,000 due to the land acquisition cost related to the close of the John Street development site. The nonoperating expenses in prior year were related to the impairment of capital assets.

FY 2013 vs. FY 2012

BBP's nonoperating revenues increased from the year ended June 30, 2012 by $3,873,671 from $40,586,740 to $44,460,411. BBP recognizes capital funding as revenue when eligible projects costs are incurred. Therefore, the increase in capital contributions correlates to a corresponding increase in project costs in the current year (see Note 4).

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes BBP's assets, liabilities and net position as of June 30, 2014, 2013 and 2012:

				Variance ($)	
	2014	2013	2012	2014 vs 2013	2013 vs 2012
ASSETS:					
Unrestricted cash and cash equivalents	$ 40,096,028	$ 13,842,001	$ 15,866,786	$ 26,254,027	$ (2,024,785)
Restricted cash and cash equivalents	30,552,644	23,649,043	32,891,642	6,903,601	(9,242,599)
Accounts receivable	264,833	464,637	177,216	(199,804)	287,421
Prepaid expenses	1,458	560	1,194	898	(634)
Capital assets, net	149,617,795	113,519,520	73,059,549	36,098,275	40,459,971
Total Assets	220,532,758	151,475,761	121,996,387	69,056,997	29,479,374
LIABILITIES:					
Accounts payable and accrued expenses	8,320,681	5,589,565	5,829,207	2,731,116	(239,642)
Security deposits	1,594,788	1,759,056	83,556	(164,268)	1,675,500
Unearned revenue	22,990,455	19,161,981	29,712,053	3,828,474	(10,550,072)
OPEB obligation	41,080	19,062	12,708	22,018	6,354
Total Liabilities	32,947,004	26,529,664	35,637,524	6,417,340	(9,107,860)
NET POSITION:					
Invested in capital assets	149,617,795	113,519,520	73,059,549	36,098,275	40,459,971
Restricted for capital projects	511,366	57,887	-	453,479	57,887
Restricted for other projects	273	-	-	273	-
Unrestricted	37,456,320	11,368,690	13,299,314	26,087,630	(1,930,624)
Total Net Position	$ 187,585,754	$ 124,946,097	$ 86,358,863	$ 62,639,657	$ 38,587,234

FY 2014 vs. FY 2013

At June 30, 2014, BBP maintained total assets of $220,532,758, which was $69,056,997 higher than total assets of $151,475,761 as of June 30, 2013.

Bank deposits, consisting of unrestricted and restricted cash and cash equivalents, increased by $33,157,628 to $70,648,672 as compared to bank deposits of $37,491,044 held at June 30, 2013. BBP receives operating cash from permits, concessions, and leases. Funding from the New York City Department of Parks and Recreation ("DPR") was used for capital assets while the operating funding is used for personnel services and daily maintenance and operations of the Park. The increase in restricted and unrestricted cash is net of these costs used to build and maintain the Park.

BBP's noncurrent assets as of June 30, 2013 were $113,519,520 and such amounts increased by $36,098,275 to $149,617,795 (representing 68% of total assets) as of June 30, 2014. Such amounts consist of capital assets and include site improvements of $88,779,813 for Pier 2, Pier 3/4 uplands, the Pier 4 beach and Pier 5. Other amounts for building, improvements, and carousel of $24,001,012 include Squibb Park and Bridge, Jane's Carousel and the building that houses it of $9,200,000. A remaining substantial amount of $44,569,864 is for construction in progress, costs that are primarily incurred in developing the park for pile repair, Pier 6, and the Main Street/John Street development sites.

The increase in liabilities of $6,417,340 from June 30, 2013 to June 30, 2014 is primarily due to increases in deferred revenue for advances received by BBP from the City for its ongoing construction projects. Also contributing to the year to year change are increases in retainage and other post-employment benefit liabilities.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The increase in BBP's total net position is a result of the change in net position of $62,639,657 for the year ended June 30, 2014. The net position invested in capital assets increased due to additional project costs incurred of $40,052,677 offset by current year depreciation and amortization expense of $3,954,402.

FY 2013 vs. FY 2012

At June 30, 2013, BBP maintained total assets of $151,475,761, which was $29,479,374 higher than total assets of $121,996,387 as of June 30, 2012.

Bank deposits, consisting of unrestricted and restricted cash and cash equivalents, decreased by $11,267,384 as compared to bank deposits held at June 30, 2012. BBP receives operating cash from permits, concessions, and leases. Funding from the New York City Department of Parks and Recreation ("DPR") and the Port Authority of New York and New Jersey ("PANYNJ") was used for capital assets while the operating funding is used for personnel services and daily maintenance and operations of the Park. The decrease in restricted and unrestricted cash is a result of these costs used to build and maintain the Park.

BBP's noncurrent assets as of June 30, 2012 were $73,059,549 and such amounts increased by $40,459,971 to $113,519,520 (representing 75% of total assets) as of June 30, 2013. Such amounts consist of capital assets and include site improvements of $44,881,518 for Pier 1, Pier 6 and Pier 5. Other amounts for building, improvements and carousel of $23,916,187 includes Jane's Carousel of $4,250,000 and the building that houses it of $9,200,000, the Squibb Bridge of $5,817,481 and the warming hut of $1,651,637.

The decrease in liabilities of $9,107,860 from June 30, 2012 to June 30, 2013 is primarily due to a decrease in unearned revenue for recognizing revenue for the capital funding spent on completed projects such as Pier 5, Squibb Park and Squibb Park Bridge, as well as upcoming capital projects including Pier 2, and the Pier 3 and Pier 4 uplands.

The increase in BBP's total net position is a result of the change in net position of $38,587,234 for the year ended June 30, 2013. The increase in net position invested in capital is due to recognizing project costs.

This financial report is designed to provide a general overview of BBP's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to Brooklyn Bridge Park Corporation, 334 Furman Street, Brooklyn, NY 11201.

**** END ****

BROOKLYN BRIDGE PARK CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Current assets:		
Unrestricted cash and cash equivalents (Notes 2E and 8A)	$ 40,096,028	$ 13,842,001
Restricted cash and cash equivalents (Notes 2F and 8A)	30,552,644	23,649,043
Accounts receivable (Note 2D)	264,833	464,637
Prepaid expenses	1,458	560
Total current assets	70,914,963	37,956,241
Noncurrent assets:		
Capital assets, net of accumulated depreciation (Notes 2G, 3 and 10)	149,617,795	113,519,520
Total noncurrent assets		
TOTAL ASSETS	$ 220,532,758	$ 151,475,761
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses (Note 3)	$ 8,320,681	$ 5,589,565
Security deposits	65,381	207,564
Unearned revenue (Notes 2C, 2D and 4)	22,990,455	19,161,981
Total current liabilities	31,376,517	24,959,110
Noncurrent liabilities:		
Security deposits	1,529,407	1,551,492
Other postemployment benefits obligation (Notes 2J and 7)	41,080	19,062
Total noncurrent liabilities	1,570,487	1,570,554
TOTAL LIABILITIES	32,947,004	26,529,664
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET POSITION (Note 2H)		
Invested in capital assets	149,617,795	113,519,520
Restricted for capital projects	511,366	57,887
Restricted for other projects	273	-
Unrestricted	37,456,320	11,368,690
TOTAL NET POSITION	187,585,754	124,946,097
TOTAL LIABILITIES AND NET POSITION	$ 220,532,758	$ 151,475,761

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

BROOKLYN BRIDGE PARK 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, 2014 AND 2013

	2014	2013
OPERATING REVENUES:		
Permits and other fees	$ 1,043,610	$ 973,349
Payments in lieu of taxes and ground lease rent (Notes 2D and 5)	41,400,973	2,027,743
Total operating revenues (Note 2B)	42,444,583	3,001,092
OPERATING EXPENSES:		
Personnel costs (Note 6)	2,763,419	2,193,573
Utilities	207,465	235,766
Professional fees	930,210	895,261
Repairs and maintenance	1,222,543	1,134,310
Security (Note 9C)	487,563	473,115
Depreciation and amortization	3,954,402	2,611,564
Other postemployment benefits obligation expense (Note 7)	22,018	6,354
Other general, administrative and project expenses	505,053	595,918
Total operating expenses (Note 2B)	10,092,673	8,145,861
Operating (loss) income	32,351,910	(5,144,769)
NONOPERATING REVENUES (EXPENSES):		
Capital contributions from government sources (Note 4A)	39,406,977	44,188,548
Capital contributions from private sources	34,573	-
Land acquisition costs (Note 5)	(9,200,000)	-
Impairment of capital assets (Note 10)	-	(728,408)
Interest income	30,244	41,082
Other income	15,953	230,781
Total nonoperating revenues (expenses)	30,287,747	43,732,003
CHANGE IN NET POSITION	62,639,657	38,587,234
Net position, beginning of year	124,946,097	86,358,863
NET POSITION, END OF YEAR	$ 187,585,754	$ 124,946,097

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

BROOKLYN BRIDGE PARK CORPORATION
(A COMPONENT UNIT OF THE CITY OF NEW YORK)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from:		
Customer payments	$ 1,413,135	$ 685,928
Tenant payments	40,932,477	1,094,075
Total cash receipts from operating activities	42,345,612	1,780,003
Cash payments for:		
Personnel costs	(2,774,005)	(2,187,556)
Services and supplies	(3,306,300)	(3,825,284)
Total cash payments for operating activities	(6,080,305)	(6,012,840)
Net Cash Provided by (Used in) Operating Activities	36,265,307	(4,232,837)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Contributions from private sources	34,573	-
Payments (to) from lessees - security deposits	(164,268)	1,675,500
Other receipts	15,953	230,781
Net Cash (Used in) Provided by Noncapital Financing Activities	(113,742)	1,906,281
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants and contributions received	43,534,226	34,672,144
Return of unexpended capital grant funds to funding source	-	(100,000)
Capital asset expenditures	(37,358,407)	(43,554,054)
Land acquisition cost	(9,200,000)	-
Net Cash Used in Capital and Related Financing Activities	(3,024,181)	(8,981,910)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	30,244	41,082
Net Cash Provided by Investing Activities	30,244	41,082
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,157,628	(11,267,384)
Cash and cash equivalents - beginning of year	37,491,044	48,758,428
CASH AND CASH EQUIVALENTS—END OF YEAR	$ 70,648,672	$ 37,491,044
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
Operating income (loss)	$ 32,351,910	$ (5,144,769)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation and amortization	3,954,402	2,611,564
Changes in operating assets and liabilities:		
Accounts receivable	199,804	(287,421)
Prepaid expenses	(898)	634
Accounts payable and accrued expenses	36,846	(485,531)
Unearned revenue	(298,775)	(933,668)
Other postemployment benefits obligation	22,018	6,354
Net Cash Provided by (Used in) Operating Activities	$ 36,265,307	$ (4,232,837)
RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR:		
Unrestricted cash and cash equivalents	$ 40,096,028	$ 13,842,001
Restricted cash and cash equivalents	30,552,644	23,649,043
CASH AND CASH EQUIVALENTS—END OF YEAR	$ 70,648,672	$ 37,491,044
Supplemental Disclosure of Cash Flow Information:		
Noncash capital and related financing transactions:		
Impairment of capital assets	$ -	$ (728,408)
Accrued capital asset expenditures	$ 7,460,835	$ 5,137,962

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Brooklyn Bridge Park Corporation (d/b/a Brooklyn Bridge Park) ("BBP") was incorporated in June 2010 pursuant to the Not-for-Profit Corporation Law of the State of New York (the "State") and is a public charity and exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. BBP was formed for the purposes of lessening the burdens of government by furthering developing and enhancing the economic vitality of the Brooklyn waterfront through the development, operation and maintenance of a renovated waterfront area, including a public park, which serves the people of the New York City region. BBP is responsible for the planning, construction, maintenance and operation of Brooklyn Bridge Park (the "Project"), an 85-acre sustainable waterfront park stretching 1.3 miles along Brooklyn's East River shoreline. In advancing such purposes, BBP is performing an essential government function in partnership with The City of New York (the "City"). BBP is governed by a 17-member board of directors appointed by the Mayor of New York City, the Governor of New York State and local elected officials.

The Project area is leased by the City to Brooklyn Bridge Park Development Corporation ("BBPDC"), a subsidiary of the New York State Urban Development Corporation, pursuant to the Prime Ground Lease Agreement. On July 29, 2010, BBPDC and BBP entered into a Master Ground Lease Agreement (the "Ground Lease") where BBPDC leased the Project area, including office space at 334 Furman Street, to BBP in order to advance the Project development plan for a one-time rental payment of $1. Also provided in the Ground Lease is the assignment of the operating revenues from the Project to BBP to satisfy BBP's obligations to maintain and operate the Project. The Ground Lease shall expire on July 28, 2109.

Pursuant to the Assignment Agreements between BBPDC and BBP, BBPDC assigned to BBP its entire right, title and interest in future capital funding from the Port Authority of New York and New Jersey ("PANYNJ") under the Port Authority Funding Agreement between BBPDC and PANYNJ and future funding from the City under the Park Funding Agreement between BBPDC and the City.

For financial reporting purposes, BBP is included as a component unit in the City's comprehensive annual financial report pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, as amended.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

BBP'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, BBP follows accounting principles generally accepted in the United States of America ("U.S. GAAP") as promulgated by the GASB.

B. *Revenue and Expense Classification*

BBP distinguishes operating revenues and expenses from nonoperating items in the preparation of its financial statements. Operating revenues and expenses generally result from BBP's ongoing operations. The principal operating revenues include permits, concessions, rental income, payments in lieu of taxes ("PILOT"), payments in lieu of sales taxes ("PILOST"), payments in lieu of mortgage recording taxes ("PILOMRT") and other fees. Major operating expenses include park operating costs, personnel costs, professional fees and utilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. ***Grants and Contributions***

BBP receives capital funding for eligible project costs pursuant to the funding agreements with the City, the PANYNJ and other funding sources. BBP recognizes capital funding as revenue as eligible project costs are incurred. Differences between the project costs incurred on specific projects and the related receipts are reflected as grants and contributions receivable or as unearned revenue in the accompanying statement of net position.

BBP also records contributions of cash and other assets from private donors when an unconditional promise to give is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as unrestricted or restricted net position in the accompanying statement of net position depending on any donor restriction.

D. ***Revenues from Ground Lease Rents and Payments in Lieu of Taxes***

Rent is recognized as earned in accordance with the contractual terms of the lease to which it relates. PILOT and upfront lease payments received in advance of the period to which they apply are deferred and recognized as revenue during future periods. Initial lease payments which are nonrefundable and PILOST and PILOMRT payments are recognized as revenue when received.

E. ***Cash Equivalents***

For the purposes of the statement of cash flows, cash equivalents include cash in banks and on hand, certificates of deposit and highly liquid debt instruments with maturities of three months or less when acquired.

F. ***Restricted Assets***

Restricted assets consist of cash and cash equivalents and investments held and to be used for eligible project costs pursuant to funding agreements with the City, the PANYNJ and other funding sources. Accordingly, such amounts are not available for general corporate purposes.

G. ***Capital Assets***

Costs incurred by BBP in developing the project are capitalized as project assets and are recorded at cost. The costs of normal maintenance of the project that do not add value to the project or extend its useful life are not capitalized. Upon completion, site improvement costs are reclassified from construction-in-progress and amortized over the estimated useful lives.

Other property and equipment purchased for use in operations by BBP in excess of $5,000 is capitalized and depreciated using the straight-line method over the estimated useful life assigned.

The estimated useful lives of depreciable capital assets are as follows:

Site improvements	10 to 30 years
Carousel	50 years
Building and improvements	15 to 25 years
Vehicles and equipment	3 to 5 years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. ***Net Position***

BBP's net position is classified in the following categories: invested in capital assets, consisting of project assets, net of accumulated depreciation and amortization; restricted net position, consisting of net position restricted for specific purposes by law or parties external to BBP; and unrestricted net position, consisting of net position that is not classified as invested in capital assets or restricted. When both restricted and unrestricted resources are available for use for a specific purpose, it is BBP's policy to use restricted resources first then unrestricted resources as they are needed.

Restricted net position represents restricted assets reduced by the liabilities related to those assets. A liability is related to a restricted asset when the asset results from incurring that liability or if the liability will be liquidated with the restricted asset. If the liabilities relating to the restricted assets are greater than those assets, then no balance is reported as restricted net position. Such negative amount would be reported as a reduction to unrestricted net position.

I. ***Use of Estimates***

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Estimates include reserves for doubtful accounts receivable, depreciation, and other postemployment benefits. Actual results could differ from those estimates.

J. ***Other Postemployment Benefits***

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("OPEB"). This Statement establishes standards for the measurement, recognition, and financial statement presentation of OPEB expenses and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. In accordance with GASB Statement No. 45, BBP (a) implemented a systematic, accrual basis measurement and recognition of OPEB cost (expense) over a period that approximates an employee's years of service, and (b) provides information about actuarial accrued liabilities associated with OPEB and to what extent progress is being made in funding the plan.

K. ***Recent Accounting Pronouncements***

- In March 2012, GASB issued Statement No. 66, *Technical Corrections - 2012 an Amendment of GASB Statements No. 10 and No.* 62 ("GASB 66"). GASB 66 resolves conflicting accounting and reporting guidance that resulted from the issuance of two pronouncements, Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions,* and Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30,1989 FASB and AICPA Pronouncements.* The provisions of GASB 66 were effective for financial statements for periods beginning after December 15, 2012. GASB 66 did not have an impact on BBP's financial statements.

- In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* ("GASB 67"). GASB 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and GASB Statement No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The provisions of GASB 67 were effective for financial statements for fiscal years beginning after June 15, 2013.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BBP implemented GASB 67 in fiscal year 2014 but the adoption of GASB 67 did not have an impact on BBP's financial statements as BBP is not an applicable pension-administered entity.

- In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). GASB 68 establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The requirements of GASB 68 are effective for fiscal years beginning after June 15, 2014. BBP implemented GASB 68 in fiscal year 2014 but the adoption of GASB 68 did not have an impact on BBP's financial statements.

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* ("GASB 69") is effective for fiscal years beginning after December 15, 2013. GASB 69 establishes standards of accounting and financial reporting related to government combinations and disposals of government operations. GASB 69 requires the use of carrying values to measure the assets and liabilities in a government merger or transfer of operations, and gives accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. BBP implemented GASB 69 in fiscal year 2014 but the adoption of GASB 69 did not have an impact on BBP's financial statements.

- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* ("GASB 70") is effective for reporting periods beginning after June 30, 2013. GASB 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. GASB 70 specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, GASB 70 requires new information to be disclosed by governments that receive nonexchange financial guarantees. BBP implemented GASB 70 in fiscal year 2014 but the adoption of GASB 70 did not have an impact on BBP's financial statements.

- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68,* ("GASB No. 71") is effective for fiscal periods beginning after June 15, 2014. GASB No. 71 eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68, "Accounting and Financial Reporting for Pensions ("GASB No. 68")." To correct this potential understatement, GASB No. 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions. The provisions are effective simultaneously with the provisions of GASB No. 68, which is required to be applied in fiscal years beginning after June 15, 2014. BBP implemented GASB 71 in fiscal year 2014 but the adoption of GASB 71 did not have an impact on BBP's financial statements.

NOTE 3 – CAPITAL ASSETS

The changes in project assets for the year ended June 30, 2014 were as follows:

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Site improvements	$ 44,881,518	$ 43,898,295	$ -	$ 88,779,813
Building, improvements and carousel	23,916,187	84,825	-	24,001,012
Furniture and fixtures	133,785	-	-	133,785
Vehicles and equipment	367,876	143,146	-	511,022
Total project assets	69,299,366	44,126,266	-	113,425,632
Less: accumulated depreciation				
Site improvements	(3,786,379)	(3,564,662)	-	(7,351,041)
Building improvements and carousel	(470,750)	(269,000)	-	(739,750)
Furniture and fixtures	(54,042)	(26,755)	-	(80,797)
Vehicles and equipment	(112,128)	(93,985)	-	(206,113)
Total accumulated depreciation	(4,423,299)	(3,954,402)	-	(8,377,701)
Construction in progress	48,643,453	39,440,319	(43,513,908)	44,569,864
Net project assets	$ 113,519,520	$ 79,612,183	$ (43,513,908)	$ 149,617,795

The changes in capital assets for the year June 30, 2013 were as follows:

	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
Site improvements	$ 23,190,506	$ 22,444,979	$ (753,967)	$ 44,881,518
Building, improvements and carousel	14,353,986	9,562,201	-	23,916,187
Furniture and fixtures	133,785	-	-	133,785
Vehicles and equipment	216,902	150,974	-	367,876
Total project assets	37,895,179	32,158,154	(753,967)	69,299,366
Less: accumulated depreciation				
Site improvements	(1,545,148)	(2,266,790)	25,559	(3,786,379)
Building improvements and carousel	(222,843)	(247,907)	-	(470,750)
Furniture and fixtures	(27,285)	(26,757)	-	(54,042)
Vehicles and equipment	(42,018)	(70,110)	-	(112,128)
Total accumulated depreciation	(1,837,294)	(2,611,564)	25,559	(4,423,299)
Construction in progress	37,001,664	11,641,789	-	48,643,453
Net project assets	$ 73,059,549	$ 41,188,379	$ (728,408)	$ 113,519,520

BBP has entered into planning, design, construction and other project-related contracts for site improvements, most of which are structured on a work order basis. BBP is responsible for accrued expenses per authorized work order, not for the payment of contract balances. Capital expenditures totaling to $7,460,835 and $5,137,962 were accrued as of June 30, 2014 and 2013, respectively, which will be paid upon receipt and review of the contractor invoices.

NOTE 4 – GRANTS AND CONTRIBUTIONS

A. *Capital Contributions from Government Sources*

During the years ended June 30, 2014 and 2013, BBP received capital funding for the project totaling \$43,530,374 and \$33,199,172, respectively. During the years ended June 30, 2014 and 2013, BBP spent \$39,406,977 and \$44,188,548, respectively, on eligible project costs. BBP recognized the amount spent for eligible project costs as capital contributions in the accompanying statement of revenues, expenses and changes in net position while the unspent funds are included in unearned revenue in the accompanying statement of net position.

Included in capital contributions from government sources in the accompanying statements of revenue, expenses and changes in net position are revenues derived from capital contracts with the City, which amounted to \$39,406,977 and \$28,728,484 for the years ended June 30, 2014 and 2013, respectively. Such amounts represented approximately 48% and 61%, respectively, of total revenues. Also included in capital contributions from government sources are revenues derived from capital contracts with the PANYNJ, which amounted to \$0 and \$15,045,879 for the years ended June 30, 2014 and 2013, respectively. Such amounts represented approximately 0% and 32%, respectively, of total revenues. The funding received by BBP during fiscal year 2012 satisfied the PANYNJ's total funding obligation of \$86,000,000.

B. *Non-Cash Capital Contributions*

During the year ended June 30, 2012, BBP also received a donation of a restored 1920's carousel ("Jane's Carousel") along with a structure in which Jane's Carousel is housed. BBP recorded such donated assets at their estimated fair values of \$4,250,000 and \$9,200,000, respectively. Such fair values were estimated based upon independent appraisals.

Pursuant to the Donation Agreement (the "Agreement") with the donor of Jane's Carousel, BBP has agreed that for a period of thirty years, commencing as of the date of the Agreement of May 21, 2010, BBP shall not permanently remove Jane's Carousel from the Park, provided, however, that Jane's Carousel may be temporarily removed for repair, refurbishment, protection from flood or other dangerous natural occurrence, to accommodate necessary excavation work, and for other similar purposes and that Jane's Carousel shall be promptly reinstalled in the Park after the purpose for its removal is concluded.

In addition, the donor has agreed to operate and maintain Jane's Carousel and to fund all costs and expenses of such operation and maintenance for a period of ten years from the date of commencement of operation of Jane's Carousel.

NOTE 5 – FUTURE MINIMUM GROUND LEASE REVENUES

BBP is entitled to future ground lease rents and PILOT payments from a tenant pursuant to a ground lease entered into by BBPDC and a tenant in February 2008, which was assigned to BBP pursuant to the Assignment Agreements between BBP and BBPDC (see Note 1). The ground lease is for a 99-year term expiring in 2106. The ground lease provides for base annual rental payments of \$1,250,000 for the first three years and increasing 3% annually thereafter.

NOTE 5 – FUTURE MINIMUM GROUND LEASE REVENUES (Continued)

In June 2012, BBP entered into an agreement for the development of a hotel and residential development on Pier 1. Pursuant to this agreement, BBP has entered into ground lease agreements with the developer which expires in July 2109. The ground leases provide for upfront base rent payments totaling $5,940,000 which is equal to the base rent payable under such leases for the first lease year. Base rents for years two through four of the ground leases amount to $800,000 per year and on the first day of the fifth lease year the tenant shall pay the non-refundable sum of $9,660,000. Commencing on the first day of the tenth lease year and the first day of every fifth lease year thereafter throughout the term the annual base rent shall be increased by 7.5%. The ground leases also contain provisions for the payment of PILOT, PILOST and PILOMRT to BBP.

In August 2013, BBPDC acquired fee title to a property which automatically became part of BBPDC's Ground Lease with BBP. The cost of acquiring the property of $9,200,000 was paid by BBP and is reflected as land acquisition costs in nonoperating expenses in the accompanying financial statements. BBP then entered into a ground lease agreement with the developer which expires in July 2109. During the year ended June 30, 2014, BBP received an initial lease payment from the developer amounting to $9,350,000 and such payment was used to fund the acquisition of the property. Such initial lease payment was deemed fully earned and is non-refundable under any circumstances. BBP has reflected such payment as ground lease rent revenue during the year ended June 30, 2014 in the accompanying financial statements. The ground lease provides for a second lease payment of $17,150,000 which was paid to BBP in August 2014 (see Note 12) and base rental payments commencing on the fourth anniversary of the commencement date increasing 3% annually thereafter. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST and PILOMRT to BBP.

In September 2013, BBP entered into an agreement for the development of Empire Stores. Pursuant to this agreement, BBP has entered into a ground lease agreement with the developer which expires in July 2109. During the year ended June 30, 2014, BBP received an initial lease payment from the developer amounting to $26,000,000. Such initial lease payment was deemed fully earned and is non-refundable under any circumstances. BBP has reflected such payment as ground lease rent revenue during the year ended June 30, 2014 in the accompanying financial statements. The ground lease provides for base annual rents commencing after the third anniversary of the commencement date with escalation clauses for increases in base rent over the term of the lease. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST and PILOMRT to BBP.

In December 2013, BBP entered into an agreement for the development of a marina on Pier 5. Pursuant to this agreement, BBP has entered into a ground lease agreement with the developer which expires in December 2043. The ground lease also contains provisions for the payment of percentage rent, PILOT, PILOST and PILOMRT to BBP.

The future minimum base rent to be received under the ground leases during each of BBP's five fiscal years ending from June 30, 2015 through 2019 and through the end of the lease terms (thereafter), are approximately as follows:

2015	$ 19,546,000
2016	9,751,000
2017	5,342,000
2018	4,429,000
2019	4,571,000
Thereafter	1,406,537,000
	$1,450,176,000

NOTE 6 – PENSION PLAN

BBP contributes to the Brooklyn Bridge Park Pension Plan (the "Plan"), a defined contribution plan which covers substantially all of BBP's employees. Employees will become eligible for the Plan upon the completion of two years of service with BBP. The Plan is administered by BBP and BBP may choose to amend and/or terminate the Plan at any time.

The Plan provides for variable contribution rates by BBP ranging from 6% to 14% of the employee's eligible wages as defined in the plan document. Employee contributions to the Plan are not permitted. Employees become vested after the completion of two years of service with BBP and non-vested employer contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the Plan's administrative expenses. There were no forfeitures for the years ended June 30, 2014 and 2013, respectively.

Pension expense included in personnel costs in the accompanying statement of revenues, expenses and changes in net position for the years ended June 30, 2014 and 2013 amounted to $112,040 and $105,166, respectively.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

BBP's employees were eligible to participate in the New York City Economic Development Corporation's ("EDC") retiree health care plan. As of July 29, 2010, BBP became an independent entity responsible for producing its own financial reports and submitting them with those of EDC. As such, a separate independent valuation is required to be completed for BBP.

The plan is a single employer defined benefit health care plan that provides postemployment medical for eligible retirees and their spouses. Employees who attain age 60 or older and have 10 years or more of service prior to the plan close date of June 30, 2022 will be eligible for retiree medical benefits.

Benefit provisions and contribution requirements for the plan are established and amended through BBP's Board of Directors and there is no statutory requirement for BBP to continue this plan for future employees of BBP. This plan is a contributory plan with retirees subject to contributions in the amount of $50 a month for single coverage and $100 a month for family coverage. Retirees receiving the postemployment health benefit pay a premium amount equal to what a current BBP employee pays, based on his or her family status. Employer contributions are made on a pay-as-you-go basis.

As of June 30, 2014 and 2013, there was only one person employed by BBP who met the required benefit eligibility of age 60 with at least 10 years of service as of June 30, 2022. There were no retirees of BBP receiving benefits from the plan as of June 30, 2014 or 2013.

BBP's annual OPEB cost for the plan is calculated based on the annual required contribution "ARC", an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. As BBP's OPEB plan has less than 200 members, actuarial valuations are required every three years. The most recent actuarial valuation was for the plan year ended June 30, 2013.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

BBP's annual OPEB cost for the years ended June 30, 2014 and 2013 and the related information for the plan are as follows:

	2014	2013
Annual required contribution ("ARC")	$ 22,423	$ 6,354
ARC adjustment and interest	(405)	-
Increase in net OPEB obligation	22,018	6,354
Net OPEB obligation – beginning of period	19,062	12,708
Net OPEB obligation – end of period	41,080	19,062
Funded OPEB plan assets – end of period	-	-
Unfunded actuarial accrued liability ("UAAL") – end of period	$ 41,080	$ 19,062

As of June 30, 2014 and 2013, the actuarial accrued liability for benefits was $41,080 and $19,062, respectively, all of which was unfunded. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress as of June 30, 2014 and 2013 is as follows:

	2014	2013
Unfunded actuarial accrued liability – end of year	$ 41,080	$ 19,062
Funded ratio	0%	0%
Covered payroll	$ 189,808	$ 165,000
UAAL as a percentage of covered payroll	22%	12%

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between BBP and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the June 30, 2013 actuarial valuation, the projected unit cost method with attribution from date of hire to date of first eligibility for benefits was used. Under this method, the excess of the unfunded actuarial accrued liability over the sum of the actuarial value of assets is amortized as a level dollar amount over a closed 30 year period. The actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 9% for non-Medicare and 7% for Medicare, grading down to an ultimate rate of 4.5%.

NOTE 8 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. ***Concentration of Credit Risk***

As of June 30, 2014, the bank balance of BBP's deposits was $70,804,794, of which $250,820 was covered by Federal Deposit Insurance Corporation ("FDIC") insurance and the rest was uninsured. As of June 30, 2013, the bank balance of BBP's deposit was $37,527,401, of which $250,818 was covered by FDIC insurance and the rest was uninsured. The uninsured balance was exposed to custodial risk on the basis that the uninsured bank balance is not collateralized. Custodial credit risk is the risk that in the event of bank failure, BBP's deposits may not be returned to it or BBP will not be able to recover collateral securities that are in the name of an outside party.

NOTE 8 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

During the year ended June 30, 2013, BBP entered into a custodial agreement (the "Agreement") with JP Morgan Chase Bank, N.A. (the "Bank") in which the Bank will deliver to a custodian for deposit the amount of any uninsured deposits of BBP multiplied by a margin factor of 102%. The custodian will hold any eligible securities pledged by the Bank as collateral for the benefit of BBP pursuant to the Agreement. All securities held by the custodian as collateral are registered and are held in BBP's name. As of June 30, 2014 and 2013, the collateral held by the Bank for the benefit of BBP amounted to \$71,710,053 and \$37,767,102, respectively, and consisted of U.S. Treasury securities.

B. ***Investments***

BBP's investment policy permits BBP to invest funds of BBP as summarized and restricted below:

- Obligations of the U.S. Treasury and other Federal Agency obligations.
- Commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Investors Service, Inc. or Fitch.
- Bankers' acceptances and time deposits of banks with worldwide assets in excess of \$50 million.
- Certificates of deposit with New York banks. Such certificates of deposit must be FDIC-insured, except when otherwise collateralized.
- Other investments approved by the Comptroller of the City for the investment of City funds.

In addition to the above investments, BBP may deposit funds in the following, with respect to funds needed for operational expenses and funds awaiting investment or disbursement:

- High quality money market mutual funds that restrict their investments to short-term, highly rated money market instruments.
- Other interest-bearing accounts if permitted by applicable laws, rules and regulations, with New York City financial institutions designated by the New York City Banking Commission.

BBP held no investments as of June 30, 2014, and 2013 and had no investment transactions during the years ended June 30, 2014 and 2013.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. ***Contingencies for Future Audits by Governmental and Other Funding Sources***

Pursuant to BBP's contractual relationships with certain governmental and other funding sources, such funding sources have the right to examine the books and records of BBP involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

B. ***Litigation***

In July 2014, a local organization and two individuals filed a lawsuit in Kings County Supreme Court against the New York State Urban Development Corporation d/b/a Empire State Development and BBPDC challenging the request for proposals concerning the development of two approximately 9,880 square foot sites located on the uplands of Pier 6. In August 2014, the petitioners amended their petition to include BBP as a defendant. The petitioners claimed that: (1) a Supplemental Environmental Impact Statement must be prepared prior to the issuance of a request for proposals for the sites, and (2) the inclusion of affordable housing in the proposed development program for the sites violates the General Project Plan governing the project. BBP believes that it has a meritorious position with respect to the petitioners' claims and intends to vigorously defend the litigation.

C. ***Park Security Agreement with the New York City Department of Parks and Recreation***

BBP has entered into an agreement with New York City Department of Parks and Recreation ("DPR") to provide security and enforcement of all applicable laws, rules and regulations in and around the public areas of the Park. The original agreement was through February 28, 2011 and can be renewed for an additional four one-year periods through February 28, 2015. Total costs for security expenses amounted to $487,563 and $473,115 for the years ended June 30, 2014 and 2013, respectively.

NOTE 10 – IMPAIRMENT OF CAPITAL ASSETS – HURRICANE SANDY

On October 29, 2012, Hurricane Sandy, one of the largest Atlantic hurricanes on record, hit the eastern American seaboard causing wide-spread flooding and wind–related damages. Due to the Park's geographic location along the East River and New York Bay, BBP was directly impacted by Hurricane Sandy sustaining flood related damages to park irrigation and electrical systems and wind related damages to park structures and surfaces. Total impairments of capital assets amounted to $728,408 for the year ended June 30, 2013.

NOTE 11 – RECLASSIFICATION

As of June 30, 2014, security deposits payable have been shown as a separate line item in the statement of net position. In the prior year, the security deposits payable were shown in accounts payable and accrued expenses in the statement of net position. Accordingly, these line items in the June 30, 2013 financial statements have been reclassified to conform to the June 30, 2014 presentation.

NOTE 12 – SUBSEQUENT EVENT

On August 6, 2014, BBP received the second non-refundable lease payment of $17,150,000 pursuant to the ground lease agreement with the developer of the John Street site (see Note 5).