BROOKLYN BRIDGE PARK

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, 2015 and 2014

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, 2015 AND 2014

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, 2015 and 2014, 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, 2015 and 2014, 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 28, 2015

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, 2015 and 2014.

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 prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as prescribed by the Governmental Accounting Standards Board ("GASB"). 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.

BBP 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 BBP. 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 2015 FINANCIAL HIGHLIGHTS:

During the year ended June 30, 2015, BBP received $26,270,454 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, thirteenth, and fourteenth funding agreements. These agreements revised the total amounts to $132,111,000, $198,611,111, $220,111,000, $235,111,000, $281,691,000, $282,111,000, and $282,274,000 respectively. BBP also received a one-time lump sum rent payment totaling $17,150,000 pursuant to the lease agreement with the developer of the John Street development site.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

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.

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

				Variance	
	2015	2014	2013	2015 vs 2014	2014 vs 2013
OPERATING REVENUES:					
Permits and fees	$ 1,623,892	$ 1,043,610	$ 973,349	$ 580,282	$ 70,261
PILOT payments and ground lease rents	32,026,349	41,400,973	2,027,743	(9,374,624)	39,373,230
Total operating revenues	33,650,241	42,444,583	3,001,092	(8,794,342)	39,443,491
OPERATING EXPENSES:					
Personnel costs	3,424,441	2,763,419	2,193,573	661,022	569,846
Utilities, repairs and maintenance and security	1,608,465	1,917,571	1,843,191	(309,106)	74,380
Professional fees	1,550,881	930,210	895,261	620,671	34,949
Depreciation and amortization	5,588,499	3,954,402	2,611,564	1,634,097	1,342,838
General and administrative expenses	809,912	505,053	595,918	304,859	(90,865)
Other	22,018	22,018	6,354	-	15,664
Total operating expenses	13,004,216	10,092,673	8,145,861	2,911,543	1,946,812
Operating income (loss)	20,646,025	32,351,910	(5,144,769)	(11,705,885)	37,496,679
NONOPERATING REVENUES (EXPENSES):					
Capital and other contributions	30,409,272	39,441,550	44,188,548	(9,032,278)	(4,746,998)
Land acquisition costs	-	(9,200,000)	-	9,200,000	(9,200,000)
Impairment of capital assets	-	-	(728,408)	-	728,408
Interest and other income	219,587	46,197	271,863	173,390	(225,666)
Total nonoperating revenues (expenses)	30,628,859	30,287,747	43,732,003	341,112	(13,444,256)
Change in net position	51,274,884	62,639,657	38,587,234	(11,364,773)	24,052,423
Net position - beginning of year	187,585,754	124,946,097	86,358,863	62,639,657	38,587,234
Net position - end of year	$ 238,860,638	$ 187,585,754	$ 124,946,097	$ 51,274,884	$ 62,639,657

OPERATING REVENUES:

FY 2015 vs FY 2014

The operating revenues for the year ended June 30, 2015 decreased by $8,822,461 from $42,444,583 to $33,622,122 primarily due to larger one-time lump sum rent payments totaling $35,350,000 received in the prior fiscal year versus $17,150,000 received this fiscal year pursuant to the lease agreements with the developers of the John Street development site. Offsetting the year to year variance in one-time lump sum rent payments were $8,684,797 of increases in Payments in Lieu of Taxes ("PILOT"), Payments in Lieu of Sales Tax ("PILOST"), and Payments in Lieu of Mortgage Recording Tax ("PILOMORT") revenues associated with the One Brooklyn Bridge Park, Pier 1, Empire Stores, and the John Street development sites. Permit and other revenues also increased by $552,162 year to year.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

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.

OPERATING EXPENSES:

FY 2015 vs. FY 2014

BBP's operating expenses increased from the period ended June 30, 2014 by $2,911,538 from $10,092,676 to $13,004,215. The depreciation expense increased from $3,954,404 to $5,588,498. The increase in depreciation is related to new assets placed into service in fiscal year 2015, which include park equipment and facility improvements. The increases in utilities, security, and personnel costs are attributed to park growth and usage and the additional staff required to maintain the Park and the administrative functions.

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.

NONOPERATING REVENUES (EXPENSES):

FY 2015 vs. FY 2014

BBP's nonoperating revenues decreased from the year ended June 30, 2014 by $8,830,767 from $39,487,747 to $30,656,980. 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 did not have any nonoperating expenses in the current period.

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 impairment of capital assets.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes BBP's assets, liabilities and net position as of June 30, 2015, 2014 and 2013:

				Variance ($)	
	2015	2014	2013	2015 vs 2014	2014 vs 2013
ASSETS:					
Unrestricted cash and cash equivalents	$ 58,938,622	$ 40,096,028	$ 13,842,001	$ 18,842,594	$ 26,254,027
Restricted cash and cash equivalents	25,203,751	30,552,644	23,649,043	(5,348,893)	6,903,601
Accounts receivable	714,386	264,833	464,637	449,553	(199,804)
Prepaid expenses	42,510	1,458	560	41,052	898
Capital assets, net	183,850,592	149,617,795	113,519,520	34,232,797	36,098,275
Total Assets	268,749,861	220,532,758	151,475,761	48,217,103	69,056,997
LIABILITIES:					
Accounts payable and accrued expenses	7,803,078	8,320,681	5,589,565	(517,603)	2,731,116
Security deposits	2,023,923	1,594,788	1,759,056	429,135	(164,268)
Unearned revenue	19,999,124	22,990,455	19,161,981	(2,991,331)	3,828,474
OPEB obligation	63,098	41,080	19,062	22,018	22,018
Total Liabilities	29,889,223	32,947,004	26,529,664	(3,057,781)	6,417,340
NET POSITION:					
Invested in capital assets	183,850,592	149,617,795	113,519,520	34,232,797	36,098,275
Restricted for capital projects	1,771,720	511,366	57,887	1,260,354	453,479
Restricted for other projects	-	273	-	(273)	273
Unrestricted	53,238,326	37,456,320	11,368,690	15,782,006	26,087,630
Total Net Position	$ 238,860,638	$ 187,585,754	$ 124,946,097	$ 51,274,884	$ 62,639,657

<u>FY 2015 vs. FY 2014</u>

At June 30, 2015 BBP maintained total assets of $268,749,862 which was $48,217,104 higher than total assets of $220,532,758 as of June 30, 2014.

Bank deposits consisting of unrestricted and restricted cash and cash equivalents increased by $13,493,700 to $84,142,372 as compared to bank deposits of $70,648,672 held at June 30, 2014. 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, 2014 were $149,617,795 and such amounts increased by $34,232,795 to $183,850,592 (representing 68% of total assets) as of June 30, 2015. 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 $241,519,775 include Squibb Park and Bridge, Jane's Carousel and the building that houses it of $9,200,000. A remaining substantial amount of $39,401,601 was for construction in progress, costs that are primarily incurred in developing the park, for pile repair, Pier 6, and the Main Street/John Street sections of the park.

The decrease in liabilities of $3,079,800 from June 30, 2014 to June 30, 2015 is primarily due to decreases in deferred revenue due to recognizing revenue for the capital funding spent on BBP construction projects,

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The increase in BBP's total net position is the main source for the change in net position of $51,274,888 for the year ended June 30, 2015.

The net position invested in capital assets increased due to recognizing project costs.

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 sections of the park.

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. 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.

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, 2015 AND 2014

	2015	2014
ASSETS		
Current assets:		
Unrestricted cash and cash equivalents (Notes 2E and 8A)	$ 58,938,622	$ 40,096,028
Restricted cash and cash equivalents (Notes 2F and 8A)	25,203,751	30,552,644
Accounts receivable (Note 2D)	714,386	264,833
Prepaid expenses	42,510	1,458
Total current assets	84,899,269	70,914,963
Noncurrent assets:		
Capital assets, net of accumulated depreciation (Notes 2G and 3)	183,850,592	149,617,795
Total noncurrent assets		
TOTAL ASSETS	$ 268,749,861	$ 220,532,758
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses (Note 3)	$ 7,803,078	$ 8,320,681
Security deposits	507,973	65,381
Unearned revenue (Notes 2C, 2D and 4)	19,999,124	22,990,455
Total current liabilities	28,310,175	31,376,517
Noncurrent liabilities:		
Security deposits	1,515,950	1,529,407
Other postemployment benefits obligation (Notes 2J and 7)	63,098	41,080
Total noncurrent liabilities	1,579,048	1,570,487
TOTAL LIABILITIES	29,889,223	32,947,004
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET POSITION (Note 2H)		
Invested in capital assets	183,850,592	149,617,795
Restricted for capital projects	1,771,720	511,366
Restricted for other projects	-	273
Unrestricted	53,238,326	37,456,320
TOTAL NET POSITION	238,860,638	187,585,754
TOTAL LIABILITIES AND NET POSITION	$ 268,749,861	$ 220,532,758

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, 2015 AND 2014

	2015	2014
OPERATING REVENUES:		
Permits and other fees	$ 1,623,892	$ 1,043,610
Payments in lieu of taxes and ground lease rent (Notes 2D and 5)	32,026,349	41,400,973
Total operating revenues (Note 2B)	33,650,241	42,444,583
OPERATING EXPENSES:		
Personnel costs (Note 6)	3,424,441	2,763,419
Utilities	368,086	207,465
Professional fees	1,550,881	930,210
Repairs and maintenance	657,695	1,222,543
Security (Note 9C)	582,684	487,563
Depreciation and amortization	5,588,499	3,954,402
Other postemployment benefits obligation expense (Note 7)	22,018	22,018
Other general, administrative and project expenses	809,912	505,053
Total operating expenses (Note 2B)	13,004,216	10,092,673
Operating income	20,646,025	32,351,910
NONOPERATING REVENUES (EXPENSES):		
Capital contributions from government sources (Note 4A)	30,409,272	39,406,977
Capital contributions from private sources	-	34,573
Land acquisition costs (Note 5)	-	(9,200,000)
Interest income	34,794	30,244
Other income	184,793	15,953
Total nonoperating revenues (expenses)	30,628,859	30,287,747
CHANGE IN NET POSITION	51,274,884	62,639,657
Net position, beginning of year	187,585,754	124,946,097
NET POSITION, END OF YEAR	$ 238,860,638	$ 187,585,754

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, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from:		
Customer payments	$ 1,810,386	$ 1,413,135
Tenant payments	32,537,790	40,932,477
Total cash receipts from operating activities	34,348,176	42,345,612
Cash payments for:		
Personnel costs	(3,379,679)	(2,774,005)
Services and supplies	(2,102,247)	(3,306,300)
Total cash payments for operating activities	(5,481,926)	(6,080,305)
Net Cash Provided by Operating Activities	28,866,250	36,265,307
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Contributions from private sources	-	34,573
Payments (to) from lessees - security deposits	429,135	(164,268)
Other receipts	184,793	15,953
Net Cash Provided by (Used in) Noncapital Financing Activities	613,928	(113,742)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants and contributions received	26,270,453	43,534,226
Return of unexpended capital grant funds to funding source	-	-
Capital asset expenditures	(42,291,723)	(37,358,407)
Land acquisition cost	-	(9,200,000)
Net Cash Used in Capital and Related Financing Activities	(16,021,270)	(3,024,181)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	34,793	30,244
Net Cash Provided by Investing Activities	34,793	30,244
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,493,701	33,157,628
Cash and cash equivalents - beginning of year	70,648,672	37,491,044
CASH AND CASH EQUIVALENTS—END OF YEAR	$ 84,142,373	$ 70,648,672
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
Operating income	$ 20,646,025	$ 32,351,910
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation and amortization	5,588,499	3,954,402
Changes in operating assets and liabilities:		
Accounts receivable	(449,553)	199,804
Prepaid expenses	(41,052)	(898)
Accounts payable and accrued expenses	1,952,825	36,846
Unearned revenue	1,147,488	(298,775)
Other postemployment benefits obligation	22,018	22,018
Net Cash Provided by Operating Activities	$ 28,866,250	$ 36,265,307
RECONCILIATION TO CASH AND CASH EQUIVALENTS, END OF YEAR		
Unrestricted cash and cash equivalents	$ 58,938,622	$ 40,096,028
Restricted cash and cash equivalents	25,203,751	30,552,644
CASH AND CASH EQUIVALENTS—END OF YEAR	$ 84,142,373	$ 70,648,672
Supplemental Disclosure of Cash Flow Information:		
Noncash capital and related financing transactions:		
Accrued capital asset expenditures	$ 4,990,407	$ 7,460,835

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 certain 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*

As a component unit of the City, BBP implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the standards requiring implementation in the current year and standards which may impact BBP in the future years.

- In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). GASB 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements. The provisions of GASB 72 are effective for fiscal years beginning after June 15, 2015; however, BBP has early adopted the standard during fiscal year 2015. The adoption of GASB 72 had no impact on BBP's financial statements as BBP has no assets or liabilities measured at fair value.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provision of GASB 67 and GASB 68* ("GASB 73"). GASB 73 provides guidance on assets accumulated for pension plans that are not administered through a trust and provides clarity on certain provision of GASB 67 and GASB 68. The requirements for GASB 73 are effective for fiscal years beginning after June 15, 2015. BBP has not completed the process of evaluating GASB 73's impact on its financial statements.

- In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"). GASB 74 establishes financial reporting standards to state and local governmental other postemployment benefit ("OPEB") plans. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016. BBP has not completed the process of evaluating GASB 74's impact on its financial statements.

- In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 establishes accounting and financial reporting standards for OPEB that is provided to employees of state and local governmental employees. The requirements of GASB 75 are effective for fiscal years beginning after June 15, 2017. BBP has not completed the process of evaluating GASB 75's impact on its financial statements.

- In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"). GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction of other event is not specified within the source of authoritative GAAP. The requirements of GASB 76 are effective for fiscal years beginning after June 15, 2015. BBP has not completed the process of evaluating GASB 76, but does not expect it to have an impact on BBP's financial statements.

- In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* ("GASB 77"). GASB 77 requires state and local governments for the first time to disclose information about tax abatement agreements. GASB 77 requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. GASB 77 is effective for financial statements for periods beginning after December 15, 2015. BBP has not completed the process of evaluating GASB 77, but does not expect it to have an impact on BBP's financial statements.

NOTE 3 – CAPITAL ASSETS

The changes in project assets for the year ended June 30, 2015 were as follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Site improvements	$ 88,779,813	$ -	$ -	$ 88,779,813
Building, improvements and carousel	24,001,012	158,763	-	24,159,775
Furniture and fixtures	133,785	16,029	-	149,814
Vehicles and equipment	511,022	244,902	-	755,924
Total project assets	113,425,632	419,694	-	113,845,326
Less: accumulated depreciation				
Site improvements	(7,351,041)	(5,121,057)	-	(12,472,098)
Building improvements and carousel	(739,750)	(269,000)	-	(1,008,750)
Furniture and fixtures	(80,797)	(27,320)	-	(108,117)
Vehicles and equipment	(206,113)	(171,122)	-	(377,235)
Total accumulated depreciation	(8,377,701)	(5,588,499)	-	(13,966,200)
Construction in progress	44,569,864	39,821,296	(419,694)	83,971,466
Net project assets	$ 149,617,795	$ 34,652,491	$ (419,694)	$ 183,850,592

The changes in capital assets for the year 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

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 $4,990,407 and $7,460,835 were accrued as of June 30, 2015 and 2014, 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, 2015 and 2014, BBP received capital funding for the project totaling $26,270,454 and $43,530,374, respectively. During the years ended June 30, 2015 and 2014, BBP spent $30,409,272 and $39,406,977, 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 $30,409,272 and $39,406,977 for the years ended June 30, 2015 and 2014, respectively. Such amounts represented approximately 47% and 48%, respectively, of total revenues.

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 was reflected as land acquisition costs in nonoperating expenses in the accompanying financial statements for the year ended June 30, 2014. 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. The ground lease provided for a second lease payment of $17,150,000 which was paid to BBP in August 2014 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. The initial and second lease payments were deemed fully earned and is non-refundable under any circumstances. BBP has reflected such payments as ground lease rent revenue during the years ended June 30, 2015 and 2014 in the accompanying financial statements.

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 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, 2016 through 2020 and through the end of the lease terms (thereafter), are approximately as follows:

2016	$ 9,751,000
2017	5,342,000
2018	4,429,000
2019	4,571,000
2020	4,672,000
Thereafter	1,401,865,000
	$1,430,630,000

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, 2015 and 2014, 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, 2015 and 2014 amounted to $108,588 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, 2015 and 2014 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, 2015 or 2014.

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. BBP has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers with plans that have fewer than 100 total members. The most recent actuarial valuation was for the plan year ended June 30, 2013.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

BBP's annual OPEB cost for the years ended June 30, 2015 and 2014 and the related information for the plan are as follows:

	2015	2014
Annual required contribution ("ARC")	$ 22,423	$ 22,423
ARC adjustment and interest	(405)	(405)
Increase in net OPEB obligation	22,018	22,018
Net OPEB obligation – beginning of period	41,080	19,062
Net OPEB obligation – end of period	63,098	41,080
Funded OPEB plan assets – end of period	-	-
Unfunded actuarial accrued liability ("UAAL") – end of period	$ 63,098	$ 41,080

As of June 30, 2015 and 2014, the actuarial accrued liability for benefits was $63,098 and $41,080, 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, 2015 and 2014 is as follows:

	2015	2014
Unfunded actuarial accrued liability – end of year	$ 63,098	$ 41,080
Funded ratio	0%	0%
Covered payroll	$ 197,239	$ 189,808
UAAL as a percentage of covered payroll	32%	22%

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, 2015, the bank balance of BBP's deposits was $84,252,517, of which $429,316 was covered by Federal Deposit Insurance Corporation ("FDIC") insurance and the rest was uninsured. As of June 30, 2014, the bank balance of BBP's deposit was $70,804,794, of which $250,820 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)

BBP has 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, 2015 and 2014, the collateral held by the Bank for the benefit of BBP amounted to $85,244,665 and $71,710,053 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:

- 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, 2015, and 2014 and had no investment transactions during the years ended June 30, 2015 and 2014.

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.

B. ***Litigation***

In June 2015, a neighborhood group filed a lawsuit in Kings County Supreme Court (the "Court") against BBP seeking a declaratory judgment that development being constructed on Pier 1 exceeds height limitations. The Court dismissed the complaint in September 2015. The petitioners appealed from an earlier denial of a preliminary injunction but have not yet moved forward with the appeal.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

BBP is involved in several personal injury actions for which management expects BBP to be fully indemnified. Accordingly, these matters are not expected to have a material adverse effect on BBP's financial condition

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 was subsequently renewed through June 30, 2015. Total costs for security expenses amounted to $582,684 and $487,563 for the years ended June 30, 2015 and 2014, respectively. A new agreement is currently being finalized for periods after June 30, 2015.