

Public Realm Improvement Fund Governing Group Inc.
(A Component Unit of the City of New York)

Schedule of Investments

June 30, 2021 and 2020

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(A Component Unit of the City of New York)

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INDEPENDENT AUDITOR'S REPORT

To Management and the Board of Directors
The Public Realm Improvement Fund Governing Group Inc.

Report on the Schedule of Investments

We have audited the accompanying Schedule of Investments for The Public Realm Improvement Fund Governing Group Inc., a component unit of the City of New York (the Schedule), as of June 30, 2021 and 2020, and the related notes to the Schedule.

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of this Schedule 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 the Schedule of Investments that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, 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 Schedule 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 Schedule.

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 Schedule of Investments referred to above present fairly, in all material respects, the investments of The Public Realm Improvement Fund Governing Group Inc. as of June 30, 2021 and 2020, in accordance with accounting principles generally accepted in the United States of America.

Report on the Financial Statements as of June 30, 2021 and 2020

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits obtained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Public Realm Improvement Fund Governing Group Inc. as of and for the years ended June 30, 2021 and 2020, and our report thereon dated October 18, 2021, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021, on our consideration of The Public Realm Improvement Fund Governing Group Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Public Realm Improvement Fund Governing Group Inc.'s internal control over financial reporting and compliance with respect to the Schedule of Investments.

UHY LLP

New York, New York
October 18, 2021

Public Realm Improvement Fund Governing Group Inc.
(A Component Unit of the City of New York)

Schedule of Investments
(In Thousands of Dollars)

	June 30,	
	2021	2020
Investments		
Restricted	<u>\$ 42,305</u>	<u>\$ 42,208</u>
Total investments	<u>\$ 42,305</u>	<u>\$ 42,208</u>

The accompanying notes are an integral part of this statement.

Public Realm Improvement Fund Governing Group Inc.
(A Component Unit of the City of New York)

Notes to Schedule of Investments

June 30, 2021 and 2020

1. Background and Organization

Public Realm Improvement Fund Governing Group Inc. (Governing Group or the Corporation) is a New York Not-for-Profit local development corporation formed under section 1411 of the Not-for-Profit corporation law, and commenced operations in October 2017. The Corporation was created by the City of New York's (the City) zoning text amendment (Section 81-60) to administer the Public Realm Improvement Fund (the Fund) for the exclusive charitable and public purpose of lessening the burdens of government for the City and acting in the public's interest, by bolstering and enhancing East Midtown's status as a premier central business district with a high-quality public realm, by allocating funds from the Fund to implement public realm improvement projects.

The Corporation is governed by thirteen members; seven of which are representatives of City agencies, appointed by and serving at the pleasure of the Mayor and six non ex officio members, appointed by the office of the Manhattan Borough President, New York City Council, and Manhattan Community Boards. The Governing Group shall establish and maintain a Public Realm Improvement Concept Plan (Concept Plan), for the purpose of creating a list of priority improvements and shall have the authority to amend such Concept Plan, and associated list of improvements, as necessary. All priority improvements in the Concept Plan shall meet the criteria set forth in Section 81- 683 (Criteria for improvements in the Public Realm Improvement Concept Plan).

2. Summary of Significant Accounting Policies

Investments

All investments are carried at fair value based on quoted market prices or on models using observable inputs.

Public Realm Improvement Fund Governing Group Inc.
(A Component Unit of the City of New York)

Notes to Schedule of Investments (continued)

June 30, 2021 and 2020

3. Investments

Fair Value Measurement – Fair Value hierarchy categorizes the inputs to valuation techniques used to measure fair value into the following levels:

Level 1 – value based on quoted prices in active markets for identical assets.

Level 2 – value based on significant other observable inputs such as a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

Level 3 – value based on inputs that are unobservable and significant to the fair value measurement such as discounted cash flows.

Money Market Funds, categorized as Level 1 inputs, are valued at the unadjusted prices that are quoted in active principal markets for identical assets. U.S. Treasury and Agency securities and commercial paper, categorized as Level 2, are valued on models using observable inputs.

As of June 30, 2021 and 2020, the Corporation had the following investments (in thousands). Investment maturities are shown only for June 30, 2021.

	Fair Value		2021	
			Investment Maturities (In Years)	
	2021	2020	Less Than 1	1 to 2
Money Market Funds	\$ 10,525	\$ 10,304	\$ 10,525	-
Federal Farm Credit Bank	499	2,591	499	-
Federal Home Loan Bank	1,511	7,300	1,511	-
U.S. Treasury Notes	19,586	11,671	3,006	16,580
Commercial Paper	10,184	10,342	10,184	-
Total Investments	<u>\$ 42,305</u>	<u>\$ 42,208</u>		

Public Realm Improvement Fund Governing Group Inc.
(A Component Unit of the City of New York)

Notes to Schedule of Investments (continued)

June 30, 2021 and 2020

3. Investments (continued)

Interest Rate Risk: The Corporation has a formal investment policy, which limits investment maturities up to a maximum of two years from the date of purchase while also allowing 20% of assets categorized as investments to be invested with a stated maturity of no more than seven years from the date of purchase; this strategy manages its exposure to fair value losses arising from increasing interest rates. Except for holdings in United States Treasury Notes, all of the Corporation's investments have maturities of one year.

Credit Risk: It is the Corporation's policy to limit its investments in debt securities to those rated in the highest rating category by nationally recognized bond rating agencies or other securities guaranteed or collateralized by the U.S. government. As of June 30, 2021, the Corporation's investments in Federal Farm Credit Bank (FFCB), Federal Home Loan Bank and U.S. Treasury Notes were rated AA+ by Standard & Poor's (S&P), Aaa by Moody's. Money market funds share the same credit ratings as the Corporation's federally held securities with the exception of S&P, which does not rate such funds. Investments in commercial paper (CP) were rated in the highest short-term category by at least two major rating agencies (A-1+ by Standard & Poor's, P-1 by Moody's).

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Corporation. The Corporation manages this credit risk by limiting its custodial exposure to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation.

Public Realm Improvement Fund Governing Group Inc.
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Notes to Schedule of Investments (continued)

June 30, 2021 and 2020

3. Investments (continued)

Concentration of Credit Risk: The Corporation places no limit on the amount it may invest in any U.S. government backed securities. The following table shows investments that represent 5% or more of total investments as of June 30, 2021 and 2020 (dollars in thousands):

Issuer	Dollar Amount and Percentage of Total Investments					
	June 30, 2021		June 30, 2020			
U.S. Treasury Securities	\$	19,586	46%	\$	11,671	28%
Federal Home Loan Bank		-	-	\$	7,300	17%
Federal Farm Credit Bank		-	-	\$	2,591	6%

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF INVESTMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To Management and the Board of Directors
The Public Realm Improvement Fund Governing Group Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Schedule of Investments of The Public Realm Improvement Fund Governing Group Inc., as of June 30, 2021 and 2020, and the related notes to the Schedule of Investments, and have issued our report thereon dated October 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule of Investments, we considered The Public Realm Improvement Fund Governing Group Inc.’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule of Investments, but not for the purpose of expressing an opinion on the effectiveness of The Public Realm Improvement Fund Governing Group Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of The Public Realm Improvement Fund Governing Group Inc.’s internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s Schedule of Investments will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Public Realm Improvement Fund Governing Group Inc.'s Schedule of Investments are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and investment guidelines established by The Public Realm Improvement Fund Governing Group Inc. and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the Accounting, Reporting and Supervision Requirements for Public Authorities, noncompliance with which could have a direct and material effect on the Schedule of Investments. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

New York, New York
October 18, 2021