

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

Schedule of Investments

June 30, 2023 and 2022

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

Schedule of Investments

June 30, 2023 and 2022

Table of Contents

	Page
Independent Auditor's Report	1
Schedule of Investments	4
Notes to Schedule of Investments	5
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 <i>Government Auditing Standards</i>	7

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying schedule of investments of the Public Realm Improvement Fund Governing Group Inc. (the Corporation), a component unit of the City of New York, New York, as of and for the year ended June 30, 2023, and the related notes to schedule of investments.

In our opinion, the schedule of investments referred to above present fairly, in all material respects, the investments of the Corporation, as of June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Schedule of Investments

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

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

Auditors' Responsibilities for the Audit of the Schedule of Investments

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Prior Period Schedule of Investments

The schedule of investments of the Corporation as of June 30, 2022, were audited by other auditors whose report dated September 22, 2022, expressed an unmodified opinion on those statements.

Report on the Audit of Financial Statements as of June 30, 2023

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in 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 year ended June 30, 2023, and our report thereon dated September 19, 2023, expressed an unmodified opinion of the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2023 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 19, 2023

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,	
	2023	2022
Investments		
Restricted	\$ 49,545	\$ 47,251
Total investments	\$ 49,545	\$ 47,251

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, 2023 and 2022

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.

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.³ Investments

As of June 30, 2023 and 2022, the Corporation had the following investments (in thousands). Investment maturities are shown only for June 30, 2023.

	Fair Value		2023	
			Investment Maturities	
	2023	2022	(In Years)	
			Less Than 1	1 to 2
Money Market Funds	\$ 17,146	\$ 16,015	\$ 17,146	–
U.S. Treasury Notes	21,763	20,885	13,252	8,511
Commercial Paper	10,636	10,351	10,636	–
Total Investments	\$49,545	\$47,251		

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 less than 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, 2023, the Corporation's investments in U.S. Treasury Notes were rated AAA 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 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.

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, 2023 and 2022 (dollars in thousands):

Issuer	Dollar Amount and Percentage of Total Investments			
	June 30, 2023		June 30, 2022	
U.S. Treasury Notes	\$	21,763 44%	\$	20,885 44%

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

The Management and 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. (the Corporation) (a component unit of the City of New York, New York), as of and for the year ended June 30, 2023, and the related notes to schedule of investments and have issued our report thereon dated September 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the schedule of investments, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the schedule of investments, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation'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 a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's schedule of investments is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 19, 2023