



**BRYANT PARK CORPORATION AND
BRYANT PARK MANAGEMENT CORPORATION**

Consolidated Financial Statements

June 30, 2016

(with comparative financial information as of June 30, 2015)

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Boards of Directors
Bryant Park Corporation and
Bryant Park Management Corporation:

We have audited the accompanying consolidated financial statements of Bryant Park Corporation and Bryant Park Management Corporation, which comprise the consolidated balance sheet as of June 30, 2016 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bryant Park Corporation and Bryant Park Management Corporation as of June 30, 2016, and changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Report on Summarized Comparative Information

We have previously audited Bryant Park Corporation and Bryant Park Management Corporation's 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 18, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

October 18, 2016

**BRYANT PARK CORPORATION AND
BRYANT PARK MANAGEMENT CORPORATION**

Consolidated Balance Sheet

June 30, 2016

(with comparative financial information as of June 30, 2015)

Assets	2016	2015
Cash and cash equivalents (note 10)	\$ 1,126,965	2,436,087
Accounts receivable and other assets (note 3)	480,433	852,778
Due from related parties (note 9)	—	48,214
Restaurant design and construction, net (note 3)	251,352	269,971
Property and equipment, net (note 5)	410,642	325,207
District improvements, net of accumulated amortization of \$7,272,743 and \$6,773,140 in 2016 and 2015, respectively (note 10)	7,236,367	7,413,387
Total assets	\$ 9,505,759	11,345,644
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses (note 7)	\$ 1,180,392	1,221,683
Due to related parties (note 9)	216,979	—
Deferred revenue	1,100,660	1,508,050
Bank loan (note 10)	3,422,518	3,567,933
Total liabilities	5,920,549	6,297,666
Commitments and contingencies (notes 3, 7, and 8)		
Net assets:		
Unrestricted	3,585,210	5,047,978
Total net assets	3,585,210	5,047,978
Total liabilities and net assets	\$ 9,505,759	11,345,644

See accompanying notes to consolidated financial statements.

**BRYANT PARK CORPORATION AND
BRYANT PARK MANAGEMENT CORPORATION**

Consolidated Statement of Activities

Year ended June 30, 2016

(with comparative financial information for the year ended June 30, 2015)

	2016	2015
Revenue and other support:		
Assessments (note 2b)	\$ 1,600,000	1,100,000
Sponsorships and contributions, including contributed services of \$271,743 and \$242,453 in 2016 and 2015, respectively (note 4)	4,873,393	5,047,194
Restaurant rental income (note 3)	2,230,741	2,056,611
Park usage fees	1,553,961	1,130,877
Concessions	1,588,767	1,070,205
Interest	6,606	20,020
Other sources	129,998	181,967
Total revenue and other support	11,983,466	10,606,874
Expenses:		
Program services:		
Capital projects – park	1,372,215	1,746,715
Capital projects – restaurant (note 3)	18,619	214,826
Park maintenance	2,001,369	1,628,918
Security	1,112,976	1,003,306
Design services	680,578	646,190
Retail services and promotion	523,433	419,661
Public events	1,545,711	1,553,705
Winter Village (note 4)	2,215,383	1,953,515
Park programs	885,263	1,078,410
Carousel	232,635	250,259
Reading room	434,059	365,471
Horticulture	778,504	536,252
Total program services	11,800,745	11,397,228
Supporting services:		
Management and general	1,237,451	1,120,336
Fundraising	408,038	513,750
Total supporting services	1,645,489	1,634,086
Total expenses	13,446,234	13,031,314
Decrease in net assets	(1,462,768)	(2,424,440)
Net assets at beginning of year	5,047,978	7,472,418
Net assets at end of year	\$ 3,585,210	5,047,978

See accompanying notes to consolidated financial statements.

**BRYANT PARK CORPORATION AND
BRYANT PARK MANAGEMENT CORPORATION**

Consolidated Statement of Functional Expenses

Year ended June 30, 2016

(with summarized financial information for the year ended June 30, 2015)

	Program services											Supporting services			2016 Total	2015 Total		
	Capital projects – park	Capital projects – restaurant	Park maintenance	Security	Design services	Retail services and promotion	Public events	Winter village	Park programs	Carousel	Reading room	Horticulture	Total	Management and general			Fundraising	Total
Salaries	\$ 316,684	—	1,137,047	744,931	484,410	173,339	550,180	23,836	389,422	142,989	195,101	170,135	4,328,074	778,040	—	778,040	5,106,114	4,684,392
Payroll taxes and benefits	64,734	—	489,434	223,839	89,583	37,856	104,749	2,657	114,501	24,836	38,144	59,157	1,249,490	99,589	—	99,589	1,349,079	1,254,467
Total salaries and related expenses	381,418	—	1,626,481	968,770	573,993	211,195	654,929	26,493	503,923	167,825	233,245	229,292	5,577,564	877,629	—	877,629	6,455,193	5,938,859
Contracted services, including contributed services of \$271,743 and \$242,453 in 2016 and 2015, respectively	107,174	—	37,073	9,740	1,009	236,649	674,894	2,004,847	83,180	28,348	93,269	513,347	3,789,530	18,137	408,038	426,175	4,215,705	4,297,992
Accounting and legal	—	—	3,903	49	1,879	14,940	28,065	37,020	195	—	—	—	86,051	99,121	—	99,121	185,172	138,561
General liability insurance	27,204	—	97,675	74,270	41,613	14,890	47,262	2,048	33,452	12,283	16,760	14,615	382,072	71,015	—	71,015	453,087	356,546
Occupancy	89,575	—	32,147	37,658	45,616	22,081	90,938	—	25,914	9,524	23,469	8,795	385,717	58,764	—	58,764	444,481	370,257
Supplies	44,072	—	140,971	7,921	2,249	682	7,733	1,477	12,496	5,597	5,521	887	229,606	19,359	—	19,359	248,965	303,158
Telephone	5,263	—	3,619	3,262	4,817	2,758	8,675	570	10,779	1,537	2,979	2,536	46,795	6,109	—	6,109	52,904	38,798
Equipment	6,596	—	471	3,277	4,923	935	6,859	4,724	91,973	562	4,080	1,220	125,620	3,171	—	3,171	128,791	240,979
Repairs and maintenance	55,885	—	636	294	968	481	1,451	109,146	41,920	1,572	18,882	4,216	235,451	5,152	—	5,152	240,603	174,860
Uniforms	44	—	53,763	6,813	—	—	2,389	—	2,593	192	377	2,544	68,715	—	—	68,715	40,725	—
Travel and entertainment	1,875	—	3,739	24	446	850	2,597	20,700	6,896	1,272	21,814	1,015	61,228	4,980	—	4,980	66,208	55,572
Depreciation and amortization	499,603	18,619	891	—	—	—	8,156	—	61,764	1,892	3,758	—	594,683	50,989	—	50,989	645,672	815,432
Interest and fees	152,579	—	—	—	—	—	—	—	—	—	—	—	152,579	—	—	152,579	158,389	—
Miscellaneous	927	—	—	898	3,065	17,972	11,763	8,358	10,178	2,031	9,905	37	65,134	23,025	—	23,025	88,159	101,186
Total, year ended June 30, 2016	\$ 1,372,215	18,619	2,001,369	1,112,976	680,578	523,433	1,545,711	2,215,383	885,263	232,635	434,059	778,504	11,800,745	1,237,451	408,038	1,645,489	13,446,234	13,446,234
Total, year ended June 30, 2015	\$ 1,746,715	214,826	1,628,918	1,003,306	646,190	419,661	1,553,705	1,953,515	1,078,410	250,259	365,471	536,252	11,397,228	1,120,336	513,750	1,634,086	—	\$ 13,031,314

See accompanying notes to consolidated financial statements.

**BRYANT PARK CORPORATION AND
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Consolidated Statement of Cash Flows

Year ended June 30, 2016

(with comparative financial information for the year ended June 30, 2015)

	2016	2015
Cash flows from operating activities:		
Decrease in net assets	\$ (1,462,768)	(2,424,440)
Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	645,672	815,432
Changes in operating assets and liabilities:		
Accounts receivable and other assets	372,345	741,944
Due from related parties	48,214	(36,448)
Accounts payable and accrued expenses	(41,291)	151,655
Due to related parties	216,979	—
Deferred revenue	(407,390)	788,625
Net cash (used in) provided by operating activities	(628,239)	36,768
Cash flows from investing activities:		
Acquisition of property and equipment	(212,885)	(187,785)
Acquisition of district improvements	(322,583)	(427,592)
Net cash used in investing activities	(535,468)	(615,377)
Cash flows from financing activity:		
Repayments on bank loan	(145,415)	(139,623)
Net cash used in financing activity	(145,415)	(139,623)
Decrease in cash and cash equivalents	(1,309,122)	(718,232)
Cash and cash equivalents at beginning of year	2,436,087	3,154,319
Cash and cash equivalents at end of year	\$ 1,126,965	2,436,087
Supplemental cash flow disclosure:		
Interest paid during the year	\$ 153,100	158,891

See accompanying notes to consolidated financial statements.

**BRYANT PARK CORPORATION AND
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Notes to Consolidated Financial Statements

June 30, 2016

(with comparative financial information as of June 30, 2015)

(1) Description of Organizations

(a) *Bryant Park Corporation (BPC)*

BPC is a not-for-profit entity, which was organized as Bryant Park Restoration Corporation to promote the restoration, maintenance, and utilization of Bryant Park in association with The New York Public Library, Astor, Lenox and Tilden Foundations (the Library) and the New York City Department of Parks and Recreation (the City). In November 2006, the name of the corporation was changed to Bryant Park Corporation. BPC provides program services and capital improvements, such as plantings, lighting, concession facilities, renovated public restrooms, and newsstands to the Bryant Park Business Improvement District (the District).

On July 29, 1985, BPC, the Library, and the City entered into lease and management agreements (the Agreements) under which responsibility for managing Bryant Park was transferred from the City to BPC. Under the Agreements, BPC assumed responsibility for routine operations and special events in Bryant Park, under the supervision of the City, while obtaining the right to develop commercial facilities under a 35-year lease of the terrace (the Terrace Lease) behind the New York Public Library in Bryant Park. The Agreements provide that, with the approval of the City, BPC would select an operator who would construct, equip, and operate a restaurant and related facilities in Bryant Park pursuant to a separate lease agreement. Fees from concession facilities, in addition to contributions from Bryant Park Management Corporation (see below), provide additional revenues to BPC.

(b) *Bryant Park Management Corporation (BPMC)*

BPMC is a not-for-profit entity organized in 1983, in cooperation with the City, by property owners, tenants, and City officials with an interest in the District. BPMC is a District Management Association organized to promote and support the District and to execute a plan, approved by the Board of Estimate of the City of New York, for providing supplemental services to Bryant Park and to the public spaces surrounding Bryant Park.

The property owners and tenants within the District have agreed to fund the approved activities of BPC through assessments levied against real property located within the District and collected by the City. The maximum assessment and use of the funds is approved annually by BPMC. Such amount shall not exceed 3% of the total general city taxes levied in that year against the taxable real property in the District. Assessments of \$1,600,000 and \$1,100,000 were remitted to BPMC, which transferred such funds to BPC, to be used in operations for the years ended June 30, 2016 and 2015, respectively.

BPC and BPMC (the Organizations) are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3) and, accordingly, are not subject to income taxes except to the extent they have taxable income from activities that are not related to their exempt purposes. The Organizations recognize the effect of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes was required for fiscal 2016 or 2015.

**BRYANT PARK CORPORATION AND
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Notes to Consolidated Financial Statements

June 30, 2016

(with comparative financial information as of June 30, 2015)

(2) Summary of Significant Accounting Policies

(a) Consolidated Financial Statements

In view of the similarity of their objectives and their close financial and organizational relationships, including common management and overlapping boards of directors, consolidated financial statements for the Organizations are prepared. Intercompany accounts and transactions have been eliminated in the preparation of the consolidated financial statements.

(b) Basis of Accounting

The accompanying consolidated financial statements of the Organizations have been prepared on the accrual basis.

(c) Basis of Presentation

The Organizations' net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organizations and/or by the passage of time. The Organizations have no temporarily restricted net assets.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently. The Organizations have received no permanently restricted contributions.

Revenues are reported as an increase in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(d) Cash Equivalents

The Organizations consider money market funds and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. BPC had cash balances at June 30, 2016 and 2015 that exceeded the balance insured by the FDIC in the amount of \$626,113 and \$1,910,746, respectively.

**BRYANT PARK CORPORATION AND
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Notes to Consolidated Financial Statements

June 30, 2016

(with comparative financial information as of June 30, 2015)

(e) *District Improvements*

District improvements are capitalized as costs are incurred on the basis that these improvements provide a future economic benefit to the District and its property owners.

Capitalized district improvements are amortized on a straight-line basis over a 20-year period.

(f) *Contributions*

Contributions, which include unconditional promises to give, as applicable, are recognized at fair value as revenue in the period received. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets.

(g) *Contributed Services*

Contributed services are recognized as revenue and expense in the period received at the fair value of those services.

(h) *Deferred Revenue*

Contracts for use of Bryant Park require payment of park usage fees prior to the actual date of use. Such advance payments are deferred until their recognition in revenue on the date of use.

Sponsorships are considered exchange transactions under which sponsors receive benefits and are, therefore, recorded as revenue when earned. Amounts received in advance are deferred until earned.

(i) *Comparative Financial Information*

The accompanying consolidated financial statements include certain prior year summarized information. With respect to the consolidated statements of functional expenses, information from the prior year is presented in the aggregate and not presented by function. Accordingly, such information should be read in conjunction with the Organizations' prior year consolidated financial statements from which the summarized information was derived.

(j) *Functional Allocation of Expenses*

The costs of providing programs and other activities have been summarized by program and supporting services benefited in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

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Notes to Consolidated Financial Statements

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(with comparative financial information as of June 30, 2015)

(k) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3: Inputs that are unobservable

(l) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include: the allocation of functional expenses, the allocation of payroll, insurance and occupancy expenses between the Organizations and 34th Street Partnership, Inc. (the Partnership), with which it shares common management and office space, as well as, the collectability of accounts receivable and amortization of district improvements.

(3) The Restaurant at Bryant Park

BPC entered into an indenture of lease with Ark Bryant Park Corporation (Ark), operator of the Restaurant at Bryant Park (the Restaurant). The lease commenced upon completion of the Restaurant in May 1995 for a 20-year term, with a tenant's option to renew for a further period of 10 years (the renewal term). Ark has, effective May 1, 2015, exercised their renewal option. The lease provided for annual minimum basic rent of \$275,000, as well as for additional rent, if restaurant gross receipts, as defined, exceed \$3,437,500 for the calendar year. The rental is determined as follows: 8.0% of the first \$5,000,000 of gross receipts; 9.0% of the next \$5,000,000; and 10.0% of gross receipts in excess of \$10,000,000. The annual minimum basic rent for each year of the renewal term is \$1,219,933. Under an amendment of the indenture of lease, Ark constructed, and has operated a related cafe (the Café) in the park for which it agreed to pay additional rent equal to 8.0% of the Café's gross receipts. BPC and Ark entered into a separate indenture of lease, dated February 18, 2005, for the Café (the cafe lease). Under the cafe lease, as amended by an agreement dated July 2, 2009, Ark has agreed to operate the Café through April 30, 2019. The cafe lease provides for annual basic rent of \$400,000 plus 16.5% of gross receipts in excess of \$2,500,000. Rental revenue from the Restaurant and Café for the years ended June 30, 2016 and 2015 totaled \$1,468,810, and \$1,248,934, and \$761,932, and \$807,677, respectively.

**BRYANT PARK CORPORATION AND
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Notes to Consolidated Financial Statements

June 30, 2016

(with comparative financial information as of June 30, 2015)

Restaurant design and construction is stated at cost less accumulated depreciation. Depreciation is provided over a 20-year period.

At June 30, 2016 and 2015, restaurant design and construction consisted of the following:

	<u>2016</u>	<u>2015</u>
Restaurant design and construction	\$ 4,690,221	4,690,221
Capitalized interest	155,454	155,454
Restaurant improvements	<u>372,375</u>	<u>372,375</u>
	5,218,050	5,218,050
Accumulated depreciation	<u>(4,966,698)</u>	<u>(4,948,079)</u>
Restaurant design and construction, net	<u>\$ 251,352</u>	<u>269,971</u>

For the years ended June 30, 2016 and 2015, revenue and expenses recognized by BPC related to the Restaurant were as follows:

	<u>2016</u>	<u>2015</u>
Restaurant rental income	\$ 2,230,741	2,056,611
Depreciation expense	<u>(18,619)</u>	<u>(214,826)</u>
Increase in net assets from restaurant-related activities	<u>\$ 2,212,122</u>	<u>1,841,785</u>

The Ark leases provide for monthly payments of base rent plus additional percentage rent, based on the prior year's additional rent. Payments of any excess percentage rent are calculated and paid on an annual basis. The amount of excess percentage rent included in accounts receivable and other assets at June 30, 2016 and 2015 is \$15,298 and \$9,422, respectively.

(4) Winter Village

Since October 2005, the lawn at Bryant Park has been converted into a skating rink during the winter months. BPC entered an agreement (the Rink Agreement) with a third party that produced and operated the skating rink and related concessions. Under the agreement, BPC was paid a park usage fee for each winter season. In 2014, the terms of the Rink Agreement were changed so that sponsorship revenue for the skating rink was paid to BPC and BPC then retained the third-party producer to operate the rink. The costs associated with the rink operation are reported as a separate program called Winter Village. Revenue of \$2,490,000 for both of the years ended June 30, 2016 and 2015 is included in sponsorships and contributions.

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(5) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over an estimated useful life of three to five years. Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease terms, if shorter.

At June 30, 2016 and 2015, property and equipment consisted of the following:

	2016	2015
Office furniture and equipment	\$ 1,705,080	1,492,195
Leasehold improvements	231,991	231,991
	1,937,071	1,724,186
Accumulated depreciation and amortization	(1,526,429)	(1,398,979)
Property and equipment, net	\$ 410,642	325,207

(6) Pension Benefits

BPC has a defined contribution retirement plan covering all personnel. Pension cost for the years ended June 30, 2016 and 2015 was \$119,018 and \$103,884, respectively.

(7) Lease Agreements

On February 11, 2015, BPC and the Partnership amended their lease agreement at 1065 Avenue of the Americas, New York, New York, to include additional space, with an expansion premises commencement date of May 1, 2015. The original lease commenced on January 1, 2010, and expires February 28, 2018. BPC has been allocated its proportionate share, based on utilization, of the straight-line rental expense and deferred rent obligation for this lease. BPC's share of rent expense amounted to \$258,160 and \$214,820 for the years ended June 30, 2016 and 2015, respectively. Deferred rent obligation of \$65,053 and \$123,187 at June 30, 2016 and 2015, respectively, is included in accounts payable and accrued expenses.

BPC also leases basement storage space 70 West 40th Street, New York, New York, under a lease that commenced on August 15, 2008 and expires on August 31, 2018. Rent expense for the space at 70 West 40th Street was \$49,098 and \$41,920 for the years ended June 30, 2016 and 2015, respectively.

The future minimum lease payments, based on current allocation percentages, are as follows:

	40th Street	Americas	Total
Year ending June 30:			
2017	\$ 30,000	317,098	347,098
2018	30,000	214,106	244,106
2019	5,000	—	5,000
	\$ 65,000	531,204	596,204

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June 30, 2016

(with comparative financial information as of June 30, 2015)

BPC is jointly liable for total lease commitments of \$885,777 at 1065 Avenue of the Americas.

(8) Litigation

The Organizations are defendants in various legal actions arising out of the normal course of their operations. Although the final outcome of such actions cannot currently be determined, management is of the opinion that eventual liability, if any, will not have a material adverse effect on the consolidated financial position of the Organizations.

(9) Related Parties

The Partnership is a business improvement district with which the Organizations share common management and office space. At June 30, 2016, the Organizations were indebted to the Partnership for their net proportionate share of certain joint revenues and expenses in the amount of \$216,979. Likewise, at June 30, 2015, the Partnership was indebted to the Organizations in the amount of \$48,214.

(10) Bank Loan

On September 27, 2011, the Organizations, as borrowers, entered into a \$4,000,000 term loan agreement with New York Commercial Bank (NYCB). The loan bears interest at an annual rate of 4.3% and is payable over five years. The proceeds of the loan were used to finance a new underground power facility in Bryant Park (included in district improvements). Under the loan agreement, NYCB has a security interest in the Organizations' assessments and all funds maintained with NYCB (approximately \$1,859,000 at June 30, 2015).

The term loan of \$3,422,518 is due during the year ending June 30, 2017.

Interest expense on the term loan was \$152,579 and \$158,389 for the years ended June 30, 2016 and 2015, respectively.

At June 30, 2016 and 2015, BPC was not in compliance with certain specific financial covenants contained in its term loan agreement with NYCB. In letters dated September 26, 2016 and September 16, 2015, NYCB waived the specific instances of noncompliance for the years ended June 30, 2016 and June 30, 2015, through the end of the loan term, September 27, 2016.

In an amendment to the term loan agreement, dated September 27, 2016, the maturity date of the term loan was extended for an additional five years, through September 27, 2021.

(11) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Organizations evaluated subsequent events after the balance sheet date of June 30, 2016 through October 18, 2016, which was the date the consolidated financial statements were available to be issued. The Organizations have determined that there are no subsequent events to disclose.