United Nations
Development Corporation

Two United Nations Plaza
27th Floor
New York, New York
10017

Telephone: 212-888-1618

April 11, 2024

The Honorable Kathy Hochul
Governor of the State of New York
State Capitol Building
Albany, NY 12224

Re: Annual Report of the United Nations Development Corporation For FY 2023

Dear Governor Hochul:

I am pleased to present to you the annual report of the United Nations Development Corporation (the "Corporation") for its fiscal year ended December 31, 2023.

Background

The Corporation is a public benefit corporation organized and existing under the laws of the State of New York (the "State"), including particularly Chapter 345, Laws of New York, 1968, as amended, to undertake coordinated development of office space and other facilities in the area of the United Nations headquarters in the City of New York (the "City") needed for the official international community in the City, including the United Nations (the "U.N."), missions to the U.N. and U.N.-related programs and activities. In addition, the Corporation provides real estate advice and services to the State and City, the United States, and the U.N. The Corporation enables the people of the State and City to meet their responsibilities as hosts to the U.N., and to provide suitable facilities for the international community near the U.N. headquarters.

The Corporation is governed by a board of directors (the "Board") consisting of fifteen members who serve without compensation. Eight members are appointed by the Governor of the State, five are appointed by the Mayor of the City (the "Mayor") after consultation with the Secretary-General of the U.N. and the United States Ambassador to the U.N., and two serve *ex officio* by virtue of their offices as Chairman of the New York City Planning Commission and Commissioner of the New York City Department of Housing Preservation and Development. The Mayor designates one of the members appointed by the Mayor as Chairman of the Board. A listing of the Corporation's current Board members and officers is attached.

The UNDC Properties

Pursuant to the Act, the Corporation has: (1) developed a 39-story, combined-use office building and hotel located on the northwest corner of First Avenue and 44th Street, which opened in 1975 and is known as One U.N. Plaza (sometimes referred to as the Phase I Property); (2) developed a 40-story, combined-use office building and hotel, located between East 44th and 45th Streets, west of and adjacent to One U.N. Plaza, which opened in 1983 and is known as Two U.N. Plaza (sometimes referred to as the Phase II Property); and (3) developed a 15-story office building, with an adjacent urban plaza, located on the south side of East 44th Street, between First and Second Avenues, across from One and Two U.N. Plaza, which opened in 1987 and is known as Three U.N. Plaza (sometimes referred to as the Phase III Property). Each of these properties is located across First Avenue from the U.N. headquarters in the City. The three properties are referred to collectively herein as the "UNDC Properties."

The Corporation transferred its interests in the UNDC Properties to the City and leased back the same for 99 years under the City Leases as described below.

One U.N. Plaza includes approximately 425,000 rentable square feet of office space located on floors 2 through 26, approximately 5,000 square feet of ground floor retail space, hotel space located on floors 2 and 27 through 39, and separate ground floor office and hotel lobby areas. In 1997, the hotel portion of One U.N. Plaza was sold to a private hotel operator (the "Hotel Operator") and One U.N. Plaza was converted into a condominium with two condominium units, one unit consisting of the hotel portions of the building and the second consisting of the office space, the ground floor retail space, and the other portions of One U.N. Plaza.

Two U.N. Plaza includes approximately 450,000 rentable square feet of office space located on floors 2 through 28, hotel space located on floors 29 through 40, separate ground floor office and hotel lobby areas, approximately 11,000 square feet formerly used as a pre-school, and approximately 10,000 square feet of storage space. In 1997, the hotel portion of Two U.N. Plaza was leased to the Hotel Operator under a long-term prepaid net lease.

Three U.N. Plaza includes approximately 205,000 square feet of office space, with an adjacent public plaza of approximately 5,000 square feet.

Operations

The Corporation operates and maintains the non-hotel portions of One and Two U.N. Plaza, and all of Three U.N. Plaza. The Corporation's principal tenants are the U.N. and foreign missions to the U.N. The United Nations Children's Fund ("UNICEF") leases and occupies all of the office space in Three U.N. Plaza.

The Corporation is engaged in discussions with the U.N. and the United Nations Development Programme, the U.N.'s development agency, regarding new long-term leases at One and Two U.N. Plaza. A description of the Corporation's leasing and building renovation program is provided in the audited financial statements attached to this report.

The City Leases

Under a lease with the City for the Phase I Property, the Corporation pays the City base rent for the portion of One U.N. Plaza it operates that is not occupied by the U.N., missions to the U.N., or U.N.-related programs and activities.

Under a lease with the City for the Phase II Property, the Corporation pays the City base rent for the portion of Two U.N. Plaza that is not occupied by the U.N., missions to the U.N., or U.N.-related programs and activities, and not devoted to community facility use. In addition, the Corporation pays additional rent from surplus funds in the manner described in the lease. The land on which Two U.N. Plaza is constructed is owned by a private entity and leased to the Corporation. The Corporation pays the City full real estate taxes on this land.

Under a lease with the City for the Phase III Property, the Corporation pays the City a fixed rental amount with respect to Three U.N. Plaza.

The Corporation's payments to the City with respect to the 2023 fiscal year totaled $3,285,236, consisting of $1,708,315 in base rent, and $1,576,921 in real estate taxes.

Bonds Outstanding

As of December 31, 2023, the Corporation had the following bonds outstanding:

1. 2019 Refunding Bonds, Series A (the "2019 Bonds"), in principal amount of $19,800,000. The 2019 Bonds are collateralized by a pledge of the net revenues from the UNDC Properties, and all funds and accounts held by the trustee under the Corporation's bond indenture. During 2023, the UNDC Properties produced net revenues after payment of operating expenses with coverage of 2.27 times debt service requirements.

2. A 50-year $287,500 Special Obligation Bond of 1978.

3. A 45-year $1,250,000 Special Obligation Bond of 1980.

Financial Report

The Corporation's financial statements for the years ended December 31, 2023 and 2022 were audited by Mayer Hoffman McCann CPAs and approved by the Board at its annual meeting on March 20, 2024. A copy of the audited financial statements is attached to this report.

Respectfully submitted,

Robert Cole

Robert Cole
Executive Vice President

Attachments:
1. List of current directors and officers
2. Audited financial statements for the years ended December 31, 2023 and 2022

UNITED NATIONS DEVELOPMENT CORPORATION
DIRECTORS AND OFFICERS

DIRECTORS:

Name	Original Date of Appointment	Occupation/Affiliation
Mayor's Appointees:		
George Klein, Chairman	11/1971	Chairman & CEO, Park Tower Group
Edward Mermelstein	10/2022	Commissioner, Mayor's Office of International Affairs
Christine Falvo	06/2016	Chief Operating Officer, Rubenstein
Jessica Healy	06/2016	Principal, Seven Willow Collaborative Global Real Estate Development Professional
Joel M. Silverman	03/2012	Joel M. Silverman and Associates, LLC
Ex-Officio:		
Daniel Garodnick	01/2022	Chair, New York City Planning Commission
Adolfo Carrión Jr.	02/2022	Commissioner, New York City Department of Housing Preservation & Development
Governor's Appointees:		
Robert Abrams, Esq.	08/2008	Retired Partner, Stroock & Stroock & Lavan LLP
Jan Burman	10/2013	Chairman, B2K Development
Amabel B. James	12/2014	James Family Foundation
David S. Mack	10/2017	The Mack Company
Samuel Natapoff	12/2010	President, Empire Global Ventures LLC
Joseph Rutigliano	09/2015	Managing Member, Ruterra Partners, LLC
Andy K. Shenoy	12/2010	President, Mitra Enterprises, Inc.; Executive Director, Trivision Health Center
VACANT		

UNITED NATIONS DEVELOPMENT CORPORATION
DIRECTORS AND OFFICERS

OFFICERS:

Robert Cole, Executive Vice President and General Counsel. Mr. Cole has been associated with the Corporation since 2004.

Jorge Ortiz, Vice President and Treasurer. Mr. Ortiz has been associated with the Corporation since 1988.

Loida Diaz-de Jesus, Vice President. Ms. Diaz has been associated with the Corporation since 2005.

United Nations Development Corporation

Financial Statements (Together with Independent Auditors' Report)
For the Years Ended December 31, 2023 and 2022
and Supplemental Schedule
For the Year Ended December 31, 2023

United Nations Development Corporation
Index of Financial Statements and Supplemental Schedule

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
United Nations Development Corporation
New York, NY

Opinion

We have audited the financial statements of United Nations Development Corporation (the "Corporation") as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 audits. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 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.

Mayer Hoffman McCann CPAs
The New York Practice of Mayer Hoffman McCann P.C.
An Independent CPA Firm

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New York, NY 10017

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KRESTON GLOBAL

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 26 and 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mayer Hoffman McCann CPAs

New York, NY
April 9, 2024

Overview

The following is an overview of the activities and financial performance of the United Nations Development Corporation (the "Corporation") for the fiscal years ended December 31, 2023 and 2022. It should be read in conjunction with the Corporation's financial statements that follow this section. The financial statements, which include statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows and notes to financial statements, provide information in accordance with accounting principles generally accepted in the United States of America 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Summary

The Corporation is a public benefit corporation organized and existing under the laws of the State of New York, particularly Chapter 345, Laws of the State of New York, 1968, to undertake coordinated development of office space and other facilities in the area of the United Nations Headquarters in The City of New York (the "City"), as needed for the official international community in the City, including the United Nations (the "UN"), missions to the UN and UN-related programs and activities. The Corporation has developed and currently operates three properties:

- One UN Plaza. A 39-story, mixed-use office building and hotel located on the northwest corner of First Avenue and 44th Street in Manhattan. One UN Plaza, which opened in 1975, includes approximately 422,000 rentable square feet of office space located on floors 2 through 26, hotel space located on floors 2 and 27 through 39, and separate ground floor office and hotel lobby areas. In 1997, One UN Plaza was separated into a condominium with two units, one unit consisting of the hotel portions of the building, which was sold to a private hotel owner, and the second unit consisting of the office space, ground floor retail space and other portions of One UN Plaza.

- Two UN Plaza. A 40-story, mixed-use office building and hotel, located west of and adjacent to One UN Plaza on 44th Street and extends to the north to 45th Street in Manhattan. Two UN Plaza, which opened in 1983, includes approximately 444,000 rentable square feet of office space located on floors 2 through 28, hotel space located on floors 29 through 40, separate ground floor office and hotel lobby areas, approximately 11,000 square feet formerly used as a pre-school, and approximately 10,000 square feet of storage space.

- Three UN Plaza. A 15-story office building with an adjacent urban plaza, located on the south side of East 44th Street between First and Second Avenues, across from One and Two UN Plaza. Three UN Plaza, which opened in 1987, includes approximately 205,000 square feet of office space. All portions of Three UN Plaza are leased to UNICEF as its world headquarters. The Corporation and the City have agreed that upon the expiration of the UNICEF Lease in July 2026, and subject to certain conditions being met, including compliance by UNICEF with its obligations under the UNICEF Lease and maintenance of UNICEF's world headquarters in the City, UNICEF will obtain ownership of Three UN Plaza, without payment by UNICEF for the transfer.

The Corporation is governed by a 15-member Board of Directors. Two members of the Board serve *ex officio* by virtue of their offices as Commissioner of the New York City Department of Housing Preservation and Development and Chairman of the New York City Planning Commission, eight members are appointed by the Governor and five members, including the Chairman, are appointed by the Mayor of the City.

United Nations Real Estate Needs

All office space at One, Two and Three UN Plaza has, with minor exceptions, been leased to the UN, UNICEF and missions to the UN since the buildings opened in 1975, 1983 and 1987, respectively. The UN has exercised all its renewal options at One and Two UN Plaza since initial occupancy, most recently to extend the leases from April 1, 2018 to March 31, 2023. To accommodate the expected timing for new leases at One and Two UN Plaza as described below, the UN leases have been extended through June 30, 2024.

From time to time, officials of the City or the UN request that the Corporation study and otherwise work on possibly providing additional or replacement office space to meet UN needs.

In response to such requests, the Corporation worked on plans and studies for a new office building located on City-owned land on the east side of First Avenue, between 41st and 42nd Streets for lease by the UN. In 2015 the UN decided not to proceed with the new building. If the new building had been constructed, the UN would likely have consolidated staff to the new building from other City locations, including from One and Two UN Plaza.

After the UN decided not to move forward with the new building, from time to time the Corporation and the UN discussed possible lease renewals at One and Two UN Plaza. In 2021, after studying its office space needs in the City, the UN advised that it planned to consolidate staff from One UN Plaza and other locations to Two UN Plaza, effective upon expiration of the leases in March 2023. As of March 31, 2023, the UN had vacated approximately 51% of its premises at One UN Plaza. The remaining space under lease at One UN Plaza has been occupied by the United Nations Development Programme ("UNDP") and other UN organizations that have been long-term subtenants of the UN.

UNDP, which is the UN's lead agency for international development, has advised that it intends to expand its occupancy at One UN Plaza for use as its world headquarters, under a direct lease with the Corporation.

In mid-2023, the Corporation signed letters of intent ("LOIs") with the UN for space at Two UN Plaza and with UNDP for space at One UN Plaza, covering 93% and 60% of the rentable square footage of office space, respectively. The LOIs outline the major provisions of the lease renewals, including an initial 15-year term and two five-year renewal options exercisable by the tenants. Leases that reflect the terms of the LOIs are under final review with tenants.

The UN leases currently expire on June 30, 2024 for all leased space at Two UN Plaza and for a portion of the UN space at One UN Plaza in order to provide sufficient time for new leases to be signed and for closing of the Corporation's bond financing referred to below.

No assurance is possible that the UN and UNDP will sign new leases upon current expiration of the UN leases or that the bond financing will be completed. If the UN, UNDP, UNICEF or a mission to the UN were to fail to pay rent to the corporation as required by their leases, the principle of judgment immunity could be asserted by such tenant to delay or prevent the Corporation from enforcing a judgment for rent or evicting such tenant. If such a defense were asserted, the Corporation would likely be unable to collect rent or re-let the leased premises, and the Corporation's revenues would be correspondingly reduced. The UN, UNICEF and missions to the UN have paid all rent and other amounts to the Corporation as required under the applicable lease agreements from the dates of their initial occupancies, except for immaterial amounts and subject to negotiated reductions in payments of additional rent by the UN and UNICEF on account of operating expense calculations.

Building Repositioning Project

The Corporation is engaged in planning and design work for a phased, multi-year building renovation program (the "Project") at One and Two UN Plaza. The Project will include installation of new building equipment, including HVAC, chillers, cooling towers, building management systems and life safety systems. The Project also includes funding for build-out by tenants of their leased premises. The Project will be funded from cash reserves and the proceeds of a bond financing by the Corporation expected in 2024. The Corporation is working with an experienced team to execute the Project, including owner's representatives, construction management, MEP engineering and architectural firms, financial and real estate advisors, and counsel. Construction will commence after execution of new leases and closing of the bond financing.

The amount expended for the development in progress as of December 31, 2023, was approximately $6.4 million with additional commitments of approximately $900,000.

Summary Statements of Net Position

The following Summary Statements of Net Position presents the financial position of the Corporation. The net position is the difference between (i) total assets and (ii) total liabilities plus deferred inflows of resources.

A comparison of the Corporation's assets, liabilities, deferred inflows of resources, and net position at December 31 is as follows:

Assets:	**2023**	**2022**	**2021**
Current assets	$ 19,040,677	$ 77,315,358	$ 92,089,021
Restricted assets	128,519,078	65,846,983	52,480,506
Property and equipment, net	43,782,313	39,946,259	45,435,616
Other noncurrent assets	15,292,098	13,438,217	23,386,718
Total assets	$ 206,634,166	$ 196,546,817	$ 213,391,861
Liabilities:			
Total current liabilities	$ 17,374,994	$ 11,806,767	$ 11,597,862
Total noncurrent liabilities	16,713,273	24,150,852	31,457,456
Total liabilities	34,088,267	35,957,619	43,055,318
Deferred inflows of resources			
Unamortized gain on bond refunding	239,819	472,074	774,533
Leases	7,363,711	5,900,791	28,795,589
Total deferred inflows of resources	7,603,530	6,372,865	29,570,122
Net position	164,942,369	154,216,333	140,766,421
Total liabilities, deferred inflows of resources and net position	$ 206,634,166	$ 196,546,817	$ 213,391,861

2023 vs. 2022

At December 31, 2023, the Corporation had total assets of $206.6 million, an increase of $10.1 million from $196.5 million at December 31, 2022.

Current assets were $19.0 million at December 31, 2023, a decrease of $58.3 million from $77.3 million at December 31, 2022. Current assets consist of cash and cash equivalents, accounts receivable, the current portion of the Corporation's lease receivables and receivable from UNICEF, and prepaid expenses and other assets (net). The decrease in current assets is due primarily to the investment by the Corporation of approximately $54 million, previously held as cash and cash equivalents, in a U.S. Treasury money market fund classified as restricted assets, and a decrease in lease receivables of $4.9 million because of continued recognition of lease revenue and related interest income in accordance with GASB 87, *Leases*.

As described in Note 5, the Corporation issued its 2019 Refunding Bonds, Series A ("2019 Bonds") on April 11, 2019, in the principal amount of $42,085,000. The proceeds of the 2019 Bonds were used to refund the 2009 Refunding Bonds, Series A ("2009 Bonds") on July 1, 2019. The purpose of the 2019 refunding was to reduce the Corporation's debt service obligations. The 2019 Bonds were, at the date of issuance, and are currently, rated Aa3 by Moody's and AA by Fitch. The 2019 Bonds pay semi-annual interest on January 1 and July 1 at various rates and are subject to mandatory annual redemption of stated principal amounts on July 1. The balance of the 2019 Bonds as of December 31, 2023 was $19,800,000.

Restricted assets represent funds held in investment accounts under the Indenture for the 2019 Bonds (see Note 5 to the notes to financial statements). Restricted assets were $128.5 million at December 31, 2023, an increase of $62.7 million from $65.8 million at December 31, 2022. The increase in restricted assets was due primarily to investment of approximately $54 million previously classified as current assets in a U.S. Treasury money market fund as described above.

Property and equipment, net was $43.8 million and $39.9 million at December 31, 2023 and 2022, respectively. The increase of $3.9 million in property and equipment is mainly due to construction demolition and related other work on certain office floors at One UN Plaza for future tenant occupancy, and other improvements undertaken by the Corporation related to the Project. Other noncurrent assets at December 31, 2023 and 2022 were $15.3 million and $13.4 million, respectively, mainly representing the Corporation's receivable from UNICEF at Three UN Plaza.

Current liabilities at December 31, 2023 were $17.4 million, an increase of $5.6 million from $11.8 million at December 31, 2022. The increase in current liabilities is mainly due to an increase of $5.4 million in accounts payable and accrued expenses at December 31, 2023. The increase in current liabilities is due to increased Project expenditures in 2023 and the timing of payments made near year-end.

Noncurrent liabilities at December 31, 2023 were $16.7 million, a decrease of $7.5 million from $24.2 million at December 31, 2022. The decrease in noncurrent liabilities is mainly due to a decrease of $7.0 million in long-term debt, net of current portion, due to ongoing payments for debt service as scheduled.

Deferred inflows of resources at December 31, 2023 were $7.6 million, an increase of $1.2 million from $6.4 million at December 31, 2022, mainly due to the increase of the deferred inflows from new leases.

2022 vs. 2021

At December 31, 2022, the Corporation had total assets of $196.5 million, a decrease of $16.9 million from $213.4 million at December 31, 2021.

Current assets at December 31, 2022 were $77.3 million, a decrease of $14.8 million from $92.1 million at December 31, 2021. Current assets consist of cash and cash equivalents, accounts receivable, the current portion of the Corporation's lease receivables and receivable from UNICEF, and prepaid expenses and other assets (net). The decrease in current assets is mainly attributable to a decrease in lease receivables of $17.3 million.

As described in Note 5, the Corporation issued its 2019 Refunding Bonds, Series A ("2019 Bonds") on April 11, 2019, in the principal amount of $42,085,000. The proceeds of the 2019 Bonds were used to refund the 2009 Refunding Bonds, Series A ("2009 Bonds") on July 1, 2019. The purpose of the 2019 refunding was to reduce the Corporation's debt service obligations.

Restricted assets represent funds held in investment accounts under the Indenture for the 2019 Bonds. Restricted assets were $65.8 million at December 31, 2022, an increase of $13.3 million from $52.5 million at December 31, 2021.

Other noncurrent assets at December 31, 2022 and 2021 were $13.4 million and $23.4 million, respectively, mainly representing the Corporation's receivable from UNICEF at Three UN Plaza.

Current liabilities at December 31, 2022 were $11.8 million, an increase of $200,000 from $11.6 million at December 31, 2021. The increase in current liabilities is mainly due to an increase of $280,000 in the current portion of long-term debt.

Noncurrent liabilities at December 31, 2022 were $24.2 million, a decrease of $7.3 million from $31.5 million at December 31, 2021. The decrease in noncurrent liabilities is mainly due to a decrease of $6.9 million in the long-term debt, net of current portion.

Deferred inflows of resources at December 31, 2022 were $6.4 million, a decrease of $23.2 million from $29.6 million at December 31, 2021, mainly due to the amortization of the deferred inflows from leases.

Statements of Revenues, Expenses and Changes in Net Position

The following is a summary of the Corporation's revenues, expenses, and change in net position for the years ended December 31:

	2023	2022	2021	2023 vs. 2022 (%)	2022 vs. 2021 (%)
Total operating revenues	$ 40,277,245	$ 45,789,057	$ 46,367,268	-12%	-1%
Total operating expenses	34,561,975	31,424,778	28,896,464	10%	9%
Operating income	5,715,270	14,364,279	17,470,804		
Nonoperating revenues (expenses):					
Interest income	3,998,034	487,453	489,689	720%	0%
Interest expense	(369,002)	(449,974)	(486,873)	18%	8%
Unrealized gain (loss) on restricted assets	1,381,734	(951,846)	(666,567)	245%	-43%
Total nonoperating revenues (expenses)	5,010,766	(914,367)	(663,751)	648%	38%
Change in net position	10,726,036	13,449,912	16,807,053		
Net position, beginning of year	154,216,333	140,766,421	123,959,368	10%	14%
Net position, end of year	$ 164,942,369	$ 154,216,333	$ 140,766,421	7%	10%

Operating Revenues. Operating revenues for the years ended December 31, 2023, 2022 and 2021 were $40.3 million, $45.8 million and $46.4 million, respectively.

As of March 31, 2023, the UN had vacated approximately 51% of its previously leased space at One UN Plaza. The UN lease at One UN Plaza was amended to extend the term through December 31, 2023 and has since been further extended through June 30, 2024 with respect to remaining space occupied by subtenants of the UN. The decrease in operating revenues for 2023 is primarily due to the decrease in space leased under the UN lease at One UN Plaza for the period from April 1 through December 31, 2023.

Operating Expenses. Total operating expenses for the years ended December 31, 2023, 2022 and 2021 were $34.6 million, $31.4 million and $28.9 million, respectively. The increase of $3.2 million in operating expenses in 2023 over 2022 was due mainly to increases in costs for general building repairs and professional fees relating to the Project. The increase of $2.5 million in operating expenses in 2022 over 2021 was due mainly to increases in costs for utilities, security and cleaning as occupancy by tenants returned to more normal levels after the Covid pandemic.

Nonoperating Revenues (Expenses). Total nonoperating revenues (expenses) for the years ended December 31, 2023, 2022 and 2021 were $5.0 million, $(914,000) and $(664,000) respectively.

Interest income for the years ended December 31, 2023, 2022 and 2021 was $4.0 million, $487,000 and $490,000, respectively. The increase in interest income is due to favorable market interest rates during 2023. The unrealized gain on restricted assets increased by 245% over 2022 due to the higher interest rate environment in 2023 and investment by the Corporation of approximately $54 million, previously held as cash and cash equivalents, in a U.S. Treasury money market fund classified as restricted assets.

Net Position. The total net position at December 31, 2023, 2022 and 2021 was $164.9 million, $154.2 million and $140.8 million, respectively.

United Nations Development Corporation
Statements of Net Position

	As of December 31,	
	2023	**2022**
Assets:		
Current assets:		
Cash and cash equivalents (Note 2)	$ 5,202,083	$ 58,217,239
Accounts receivable, less allowance for doubtful accounts of $286,700 in 2023 and 2022	1,196,031	3,119,921
Current portion of receivable from UNICEF (Note 6)	4,665,419	3,932,285
Lease receivable (Note 6)	1,144,535	6,016,217
Prepaid expenses and other assets, net	6,832,609	6,029,696
Total current assets	19,040,677	77,315,358
Noncurrent assets:		
Restricted assets (Note 3)	128,519,078	65,846,983
Receivable from UNICEF, less current portion (Note 6)	8,685,727	13,351,147
Lease receivable, less current portion (Note 6)	6,606,371	87,070
Property and equipment, net (Note 4)		
Nondepreciable	6,358,010	-
Depreciable, net	37,424,303	39,946,259
Total property and equipment, net	43,782,313	39,946,259
Total noncurrent assets	187,593,489	119,231,459
Total assets	$ 206,634,166	$ 196,546,817
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	$ 9,152,447	$ 3,688,359
Security deposits payable and unearned revenues	1,021,653	1,083,170
Lease liability - current (Note 6)	425,894	405,613
	10,599,994	5,177,142
Current liabilities (payable from restricted assets):		
Accrued interest payable	495,000	644,625
Current portion of long-term debt	6,280,000	5,985,000
	6,775,000	6,629,625
Total current liabilities	17,374,994	11,806,767
Noncurrent liabilities:		
Long-term obligations, net of current portion (Note 5)	16,037,038	23,048,723
Lease liability, net of current portion (Note 6)	676,235	1,102,129
Total noncurrent liabilities	16,713,273	24,150,852
Total liabilities	34,088,267	35,957,619
Deferred inflows of resources:		
Unamortized gain on bond refunding	239,819	472,074
Leases	7,363,711	5,900,791
Total deferred inflows of resources	7,603,530	6,372,865
Net position:		
Net investment in capital assets	22,451,044	22,283,867
Restricted for debt service	62,647,225	56,429,331
Unrestricted	79,844,100	75,503,135
Total net position	164,942,369	154,216,333
Total liabilities, deferred inflows of resources and net position	$ 206,634,166	$ 196,546,817

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

United Nations Development Corporation
Statements of Revenues, Expenses and Changes in Net Position

	For the years ended December 31,	
	2023	**2022**
Operating revenues:		
Revenue from leases		
Rents - office space	$ 37,703,626	$ 42,854,840
Interest - leases	741,421	1,498,069
Other income	1,832,198	1,436,148
Total operating revenues	40,277,245	45,789,057
Operating expenses:		
Administrative salaries and employee benefits	2,084,807	1,973,482
Property manager's reimbursable salaries and employee benefits	3,475,633	3,081,981
Other operating costs	16,312,241	15,400,477
Depreciation and amortization (Note 4)	6,850,627	6,821,985
Rent and real estate taxes (Note 6)	3,054,236	3,007,611
Management fees	160,485	158,115
Professional fees	2,623,946	981,127
Total operating expenses	34,561,975	31,424,778
Operating income	5,715,270	14,364,279
Nonoperating revenues (expenses):		
Interest income	3,998,034	487,453
Interest expense (Note 5)	(369,002)	(449,974)
Unrealized gain (loss) on restricted assets (Note 3)	1,381,734	(951,846)
Total nonoperating revenues (expenses)	5,010,766	(914,367)
Change in net position	10,726,036	13,449,912
Net position, beginning of year	154,216,333	140,766,421
Net position, end of year	$ 164,942,369	$ 154,216,333

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

United Nations Development Corporation
Statements of Cash Flows

	For the years ended December 31, 2023	2022
Cash flows from operating activities:		
Receipts from tenants	$ 45,887,204	$ 48,117,762
Payments to suppliers	(14,423,464)	(17,107,042)
Payments for rent and real estate taxes	(3,050,227)	(2,999,517)
Payments to employees and property manager for salaries and benefits	(5,588,808)	(5,051,437)
Net cash provided by operating activities	22,824,705	22,959,766
Cash flows from capital and related financing activities:		
Repayments of principal on long-term debt	(5,985,000)	(5,705,000)
Interest payments on long-term debt	(1,482,567)	(1,811,049)
Repayments of principal on lease liability	(405,613)	(386,298)
Interest payments on lease liability	(75,387)	(94,702)
Capital expenditures for properties	(10,674,354)	(1,275,564)
Net cash used in capital and related financing activities	(18,622,921)	(9,272,613)
Cash flows from investing activities:		
Interest and realized gains on investment securities	3,998,034	487,453
Maturities and redemptions of investment securities	34,848,191	25,725,565
Purchases of investment securities	(96,063,165)	(39,949,187)
Net cash used in investing activities	(57,216,940)	(13,736,169)
Net decrease in cash and cash equivalents	(53,015,156)	(49,016)
Cash and cash equivalents, beginning of year	58,217,239	58,266,255
Cash and cash equivalents, end of year	$ 5,202,083	$ 58,217,239
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 5,715,270	$ 14,364,279
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	6,850,627	6,821,985
Changes in operating assets and liabilities:		
Accounts receivable	1,923,890	(1,394,582)
Receivable from UNICEF	3,932,285	3,316,054
Lease receivable	(1,647,619)	23,349,490
Prepaid expenses and other assets	(815,239)	(654,877)
Accounts payable and accrued expenses	5,464,088	99,675
Security deposits payable and unearned revenues	(61,517)	(47,460)
Deferred inflows of resources	1,462,920	(22,894,798)
Net cash provided by operating activities	$ 22,824,705	$ 22,959,766

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

1. Organization: Properties

United Nations Development Corporation ("the Corporation") is a public benefit corporation organized and existing under the laws of the State of New York, particularly Chapter 345, Laws of the State of New York, 1968, to undertake coordinated development of office space and other facilities in the area of the United Nations Headquarters in The City of New York (the "City"), as needed for the official international community in the City, including the United Nations (the "UN"), missions to the UN and UN-related programs and activities. The Corporation has developed and currently operates three properties:

<u>One UN Plaza</u>. A 39-story, mixed-use office building and hotel located on the northwest corner of First Avenue and 44th Street in Manhattan. One UN Plaza, which opened in 1975, includes approximately 422,000 rentable square feet of office space located on floors 2 through 26, hotel space located on floors 2 and 27 through 39, and separate ground floor office and hotel lobby areas. In 1997, One UN Plaza was separated into a condominium with two units, one unit consisting of the hotel portions of the building, which was sold to a private hotel owner, and the second unit consisting of the office space, ground floor retail space and other portions of One UN Plaza.

<u>Two UN Plaza</u>. A 40-story, mixed-use office building and hotel, located west of and adjacent to One UN Plaza on 44th Street and extends to the north to 45th Street in Manhattan. Two UN Plaza, which opened in 1983, includes approximately 444,000 rentable square feet of office space located on floors 2 through 28, hotel space located on floors 29 through 40, separate ground floor office and hotel lobby areas, approximately 11,000 square feet formerly used as a pre-school, and approximately 10,000 square feet of storage space.

<u>Three UN Plaza</u>. A 15-story office building with an adjacent urban plaza, located on the south side of East 44th Street between First and Second Avenues, across from One and Two UN Plaza. Three UN Plaza, which opened in 1987, includes approximately 205,000 square feet of office space. All portions of Three UN Plaza are leased to UNICEF as its world headquarters. The Corporation and the City have agreed that upon the expiration of the UNICEF Lease in July 2026, and subject to certain conditions being met, including compliance by UNICEF with its obligations under the UNICEF Lease and maintenance of UNICEF's world headquarters in the City, UNICEF will obtain ownership of Three UN Plaza, without payment by UNICEF for the transfer.

2. Significant Accounting Policies

Basis of accounting
The Corporation uses the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

Cash and cash equivalents
Cash and cash equivalents consist of demand deposits that are either federally insured or collateralized with short-term investments in U.S. Government obligations with an original maturity of three months or less when acquired, except for bank deposits of $250,000 and $1,140,650 as of December 31, 2023 and 2022, respectively, that were uninsured and uncollateralized. All securities held by custodians as collateral are registered and held in the Corporation's name.

Operating and non-operating revenue
As required by U.S. GAAP, the Corporation recognizes a lease receivable and a deferred inflow of resources. The lease receivable is amortized over the life of the lease and interest revenue is recognized over the term of the lease. Rental revenue is recognized in a systematic and rational manner (typically straight-line) over the term of the lease and the deferred inflow of resources is reduced in the same manner. Given the nature of the Corporation's operations, revenue from leases, including related interest income, and related fees and agreements is considered operating revenue. All other revenues are considered non-operating.

Receivable from UNICEF
The Corporation's lease with UNICEF at Three UN Plaza is stated at its net investment amount. Net income is recognized over the life of the UNICEF lease, which expires on July 2, 2026.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations that improve and extend the useful life of an asset are capitalized. The Corporation's capitalization threshold is $5,000.

Depreciation is computed by the straight-line method over the following periods: (i) 50 years for buildings; (ii) 3 to 25 years for building improvements; and (iii) 3 to 10 years for furniture, fixtures and equipment. The land under One UN Plaza is treated as a leasehold interest and its acquisition cost is being amortized over the term of the 1972 Lease (as defined in Note 6).

Bond issuance costs
Bond issuance costs are recognized as expenses in the period incurred.

Net position
The Corporation's net position is classified in the following categories: (a) net investment in capital assets: which consists of project assets, net of accumulated depreciation and deferred costs, reduced by the outstanding balance of debt attributable to the acquisition, construction, or improvement of those assets; (b) restricted: which consists of assets restricted for specific purposes by law or parties external to the Corporation; and (c) unrestricted: which consists of assets that are not classified either as net investment in capital assets, or as restricted. When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, and then unrestricted resources as they are needed.

Income taxes
No provision for taxes or deferred taxes has been included in these financial statements because the Corporation is exempt from federal and state income taxes as a public benefit corporation of the State of New York and a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code.

Use of estimates
The preparation of financial statements in accordance with U.S. GAAP 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Recent accounting pronouncements

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

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, ("GASB 94"). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). The requirements for GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The adoption of GASB 94 did not have an impact on the Corporation's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The adoption of GASB 96 did not have an impact on the Corporation's financial statements.

GASB Statement No. 99, *Omnibus 2022,* ("GASB 99") has multiple effective dates depending on the Statement of the standard. This Statement addresses numerous accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Corporation has determined that GASB 99 will not have an impact on the Corporation's financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* ("GASB 100"), has been issued to help enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. GASB 100 defines accounting changes, addresses corrections of errors in previously issued financial statements, and prescribes accounting and financial reporting for both. GASB 100 also addresses how information that is affected by a change in accounting or error correction should be presented in the required supplementary information explaining that the information should be restated for error corrections but not for changes in accounting principles. The requirements of GASB 100 are effective for fiscal years beginning after June 15, 2023. The Corporation has not completed the process of evaluating GASB 100 but does not expect it to have an impact on the Corporation's financial statements.

GASB Statement No. 101, *Compensated Absences* ("GASB 101"), has been issued to align the recognition and measurement guidance of compensated absences. GASB 101 requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled otherwise. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023. The Corporation has not completed their evaluation of GASB 101 but does not anticipate any material impact.

GASB Statement No. 102, *Certain Risk Disclosures*, ("GASB 102") is effective for fiscal years beginning after June 15, 2024. GASB 102 improves financial reporting by providing timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The Corporation has not completed the process of evaluating GASB 102.

3. Investments and Restricted Assets and Fair Value Measurements

All investments are carried at fair value. Certain accounts are funded by the Corporation as required under the Indenture for the 2019 Bonds (as such terms are defined in Note 5). Such accounts are classified as restricted assets and consist of investments in U.S. Treasury Securities. Accounts funded under the Indenture are held as trust assets in the Corporation's name by The Bank of New York Mellon, as the Corporation's trustee and custodian under the Indenture.

The Corporation's permitted investments under the Indenture include: (i) obligations to which the faith and credit of the U.S. government are pledged; (ii) obligations, the payment of the principal of and interest on which are unconditionally guaranteed by the U.S. government; (iii) direct and general obligations of any state or political subdivision provided that such obligations are rated in either of the two highest rating categories by Moody's Investors Service ("Moody's"); (iv) bonds, debentures, participation certificates or notes issued by entities named in the Indenture (including Federal Home Loan Banks, Fannie Mae, Ginnie Mae or Freddie Mac); (v) Public Housing Bonds, Temporary Notes or Preliminary Loan Notes fully secured by contracts with the United States; (vi) certificates of deposit issued by banks in the State of New York having capital stock and surplus of more than $50 million and rated at least A by Moody's and another nationally recognized rating agency, or fully secured by direct obligations of or obligations guaranteed by the U.S. government; (vii) repurchase agreements secured by any one or more of the securities described in clauses (i) through (iv) above; (viii) obligations of any corporation organized under the laws of any state in the United States maturing within two-hundred-seventy days, rated by at least two of Moody's, S&P and Fitch as P-1, A-1+ and F-1, respectively; (ix) banker's acceptances maturing within ninety days rated by at least two of Moody's, S&P and Fitch as P-1, A-1+ and F-, respectively; and (x) money market mutual funds invested in obligations issued or guaranteed by the U.S. government or in obligations of agencies or instrumentalities of the U.S. where the payment of principal and interest is guaranteed by the U.S. government.

Total restricted assets held by the Corporation at December 31, 2023 and 2022 included in the statements of net position were as follows:

	December 31, 2023		
	Cost	**Fair Value**	**Weighted average maturity (years) (a)**
U.S. Treasury securities:			
Treasury Notes	$ 69,920,765	$ 69,946,005	1.21
Total U.S. Treasury Securities	69,920,765	69,946,005	
Total Investments	69,920,765	69,946,005	
Cash and cash equivalents	58,573,073	58,573,073	
Total restricted assets	$ 128,493,838	$ 128,519,078	

	December 31, 2022		
	Cost	**Fair Value**	**Weighted average maturity (years) (a)**
U.S. Treasury securities:			
Treasury Notes	$ 64,642,977	$ 63,286,483	1.27
Total U.S. Treasury Securities	64,642,977	63,286,483	
Total Investments	64,642,977	63,286,483	
Cash and cash equivalents	2,560,500	2,560,500	
Total restricted assets	$ 67,203,477	$ 65,846,983	

(a) Portfolio weighted average effective duration from the purchase date of investments.

The Corporation categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Corporation had the following recurring fair value measurements as of December 31, 2023 and 2022:

U.S. Treasury securities of $69,946,005 and $63,286,483, respectively, are valued using quoted market prices (Level 1 inputs).

4. Property and Equipment

Property and equipment consisted of the following as of December 31:

	Balance at January 1, 2023	Additions 2023	Deletions 2023	Balance at December 31, 2023
Nondepreciable Property and equipment				
Development in-progress	-	$ 6,358,010	-	$ 6,358,010
Depreciable Property and equipment				
Land	$ 3,823,597	-	$ -	3,823,597
Building and building improvements	180,287,016	4,240,604	-	184,527,620
Furniture, fixtures and equipment	1,613,862	75,740	-	1,689,602
	185,724,475	4,316,344	-	190,040,819
Less: accumulated depreciation and amortization	(147,217,634)	(6,427,038)	-	(153,644,672)
Lease assets being amortized, net	1,439,418	-	(411,262)	1,028,156
	39,946,259	(2,110,694)	(411,262)	37,424,303
Property and equipment, net	$ 39,946,259	$ 4,247,316	$ (411,262)	$ 43,782,313

	Balance at January 1, 2022	Additions 2022	Deletions 2022	Balance at December 31, 2022
Nondepreciable Property and equipment				
Development in-progress	-	-	-	-
Depreciable Property and equipment				
Land	$ 3,823,597	$ -	$ -	$ 3,823,597
Building and building improvements	179,027,811	1,259,205	-	180,287,016
Furniture, fixtures and equipment	1,597,503	16,359	-	1,613,862
	184,448,911	1,275,564	-	185,724,475
Less: accumulated depreciation and amortization	(140,863,976)	(6,353,658)	-	(147,217,634)
Lease assets being amortized, net	1,850,681	-	(411,263)	1,439,418
	45,435,616	(5,078,094)	(411,263)	39,946,259
Property and equipment, net	$ 45,435,616	$ (5,078,094)	$ (411,263)	$ 39,946,259

The Corporation is currently engaged in planning and design work for the Project.

Included in property and equipment are development-in-progress costs relating to certain architectural, engineering, and advisory work of $6,358,010 as of December 31, 2023.

5. Long-Term Liabilities

Long-term liabilities as of December 31, 2023 and 2022 was as follows:

		Balance at January 1, 2022		Additions/ Deletions 2022		Balance at December 31, 2022		Additions/ Deletions 2023		Balance at December 31, 2023
Bonds of 2019, Series A	$	31,490,000	$	(5,705,000)	$	25,785,000	$	(5,985,000)	$	19,800,000
Bonds of 1980, due August 1, 2025 at 8% interest, payable semi-annually		1,250,000		-		1,250,000		-		1,250,000
Bonds of 1978, due July 1, 2028 at 8% interest, payable semi-annually		287,500		-		287,500		-		287,500
		33,027,500		(5,705,000)		27,322,500		(5,985,000)		21,337,500
Add:										
Unamortized bond premium		2,627,214		(915,991)		1,711,223		(731,685)		979,538
		35,654,714		(6,620,991)		29,033,723		(6,716,685)		22,317,038
Lease liability		1,894,040		(386,298)		1,507,742		(405,613)		1,102,129
Less:										
Current portion of long-term debt		(5,705,000)		(280,000)		(5,985,000)		(295,000)		(6,280,000)
Current portion of lease liability		(386,298)		(19,315)		(405,613)		(20,281)		(425,894)
Long-term obligations, net of current portion	$	31,457,456	$	(7,306,604)	$	24,150,852	$	(7,437,579)	$	16,713,273

2019 Refunding Bonds, Series A

The 2019 Refunding Bonds, Series A ("2019 Bonds") were issued on April 11, 2019 in the principal amount of $42,085,000 and at a net premium of $5,946,830. The 2019 Bonds were issued to refund the outstanding 2009 Bonds and to reduce debt service. The 2019 Bonds bear interest at a fixed rate of 5% and have annual maturities from July 1, 2020 through July 2026. The refunding of the 2009 Bonds will reduce total debt service payments by $17,473,325 and resulted in an economic gain of $6,382,403, being the difference in the present value of the debt service between the Corporation's 2009 Refunding Bonds, Series A (the "2009 Bonds") and the 2019 Bonds.

The Corporation recognized a deferred inflow of resources of $1,933,456 as a deferred gain on refunding, representing the difference in the carrying value of the refunded debt and the reacquisition price. This amount is deferred and amortized into interest expense over the shorter of the life of the refunded or refunding debt.

The 2019 Bonds were issued under an Amended and Restated Indenture of Trust dated as of April 11, 2019 (the "2019 Indenture"), between the Corporation and The Bank of New York Mellon, as Trustee. The net proceeds of the 2019 Bonds were used, together with other funds of the Corporation, to redeem the 2009 Bonds on July 1, 2019. Amortization of the bond premium relating to the 2019 Bonds was $731,685 for 2023 and $915,991 for 2022, respectively.

Interest on the 2019 Bonds is payable semiannually on January 1 and July 1 at an interest rate of 5.00%. Interest expense is reflected at a constant effective yield (including amortization of premium). The 2019 Bonds are subject to mandatory annual redemption of stated principal amounts from July 2020 through July 2026.

The 2019 Bonds are collateralized by net revenues from Phases I, II and III and amounts in the funds and accounts held by the Trustee.

The Corporation incurred issuance costs of $901,473 with respect to the 2019 Bonds.

The 2019 Indenture provides that in the event of a payment or other default as described thereunder, the Trustee may, and upon written request of the Bondholders of not less than 25% in aggregate principal amount of the Bonds then Outstanding, with respect to which such event of default has happened, shall proceed, to protect and enforce the rights of the Trustee and, to the full extent that the Holders of the Bonds themselves might do, the rights of the Bondholders under the laws of the State of New York or under the 2019 Indenture, by such suits, actions, or proceedings in equity or at law, either for the specific performance of any covenant or contract contained therein or in aid or execution of any power therein granted or for any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce the rights aforesaid and without limiting the generality of the foregoing, as the Trustee, being advised by counsel, shall deem most effectual to protect and insure the rights of the bondholders.

Bonds of 1980 and Bonds of 1978

The Bonds of 1980 and the Bonds of 1978 are special purpose revenue bonds which require payments of interest only to maturity of $100,000 and $23,000 per annum, respectively, until maturity and payment of the principal amount of these bonds in 2025 and 2028, respectively. Debt service on these bonds is senior to that of the 2019 Bonds and was senior to that of the 2009 Bonds.

Maturities of Long-Term Debt

The principal and interest payments on the Corporation's long-term debt are due as follows:

	Principal	Interest	Total
Year ending December 31,			
2024	$ 6,280,000	$ 1,113,000	$ 7,393,000
2025	7,845,000	799,000	8,644,000
2026	6,925,000	369,250	7,294,250
2027	-	23,000	23,000
2028	287,500	23,000	310,500
	$ 21,337,500	$ 2,327,250	$ 23,664,750

6. Leases

As Lessee:

The City of New York

Under a lease agreement dated August 1, 1972, as amended (the "1972 Lease"), and a lease agreement dated May 8, 1981, as amended (the "1981 Lease" and together with the 1972 Lease, the "City Leases"), the Corporation leases from the City all of Phase I (excluding the hotel portion) and the underlying land, Phase II (but not the underlying land, which is leased under the Phase II Ground Lease referred to below), and Phase III and the underlying land. Rent payable to the City under the City Leases is subordinate to debt service on the 2019 Bonds, was subordinate to debt service on the 2009 Bonds prior to their redemption in July 2019 and was subordinate to debt service on the 2004 Bonds prior to their redemption in November 2009. The City Leases include the following provisions:

- The terms of the City Leases will continue until all bond obligations issued in connection with Phases I, II and III are paid, but not beyond December 18, 2071 for the 1972 Lease and May 7, 2080 for the 1981 Lease.

- The City Leases may be terminated at any time by the City, provided that the City purchases the Corporation's interests under the City Leases for amounts at least sufficient to pay the Corporation's bond obligations with respect to Phases I, II and III.

- The Corporation pays base rent to the City equivalent to full real estate taxes on the portions of One and Two UN Plaza not occupied by the UN, missions to the UN or used as a community facility. The Corporation's base rent on account of Three UN Plaza is fixed at $481,000 annually. Total base rent under the City Leases was $1,708,315 and $1,649,586 for the years ended December 31, 2022 and 2022, respectively.

- Rent is payable to the City only from revenues remaining after payment of operating expenses and other obligations, including debt service, of Phases I, II and III.

- In addition to the amounts described above, the Corporation is required to pay the City additional rent equal to ninety percent of Consolidated Surplus (as defined in the 1981 Lease). In general, the 1981 Lease defines Consolidated Surplus as revenues from the Corporation's operations during the year, minus the amounts paid, set aside or placed in reserve in connection with the Corporation's operations and to comply with the Corporation's obligations, including debt service and other requirements under the Corporation's financing documents. Under the 1981 Lease, approval of the Board of Directors is required to establish reserves not mandated by the Corporation's financing documents and not required to pay other current obligations.

- In March 2024, for the year ended December 31, 2023, the Board of Directors established a reserve from 2023 revenues of $3,451,657. In March 2023, for the year ended December 31, 2022, the Board established a reserve from 2022 revenues of $6,131,080. The reserves, which were established under the 1981 Lease, are available to fund capital projects at One and Two UN Plaza, tenant improvement costs under office space leases and for general corporate purposes. As a result, there was no Consolidated Surplus in 2023 and 2022 and no additional rent was payable to the City.

Phase II Ground Lease

The Corporation holds a 99-year ground leasehold expiring in 2079 from a private party on the land underlying Phase II. Annual rental payments of $250,000 are payable by the Corporation through 2025. Annual rental payments after 2025 will be increased based on changes in the Consumer Price Index since February 1, 2014. The Corporation has an option, exercisable at any time between August 1, 2020 and July 31, 2025, to purchase the land underlying Phase II at fair market value on the exercise date, less the principal amount of the Bonds of 1980, as described in Note 5. At December 31, 2023, aggregate future minimum rentals under the ground lease approximated $14,000,000, assuming the purchase option is not exercised by the Corporation.

The Corporation determined the net present value of the Three UN Plaza lease as of January 1, 2021 using a 5% interest rate, the Corporation's estimated borrowing rate, and reported a lease liability of $1,102,129 and $1,507,742 at December 31, 2023 and 2022, respectively. Total outflows related to the Three UN Plaza lease were $481,000 for each of the years ended December 31, 2023 and 2022, respectively. Such outflows include interest on the lease liability, which is reported in other operating costs in the accompanying financial statements, of $70,317 and $113,549 for the years ended December 31, 2023 and 2022, respectively.

Base rental payments due under the Three UN Plaza lease are as follows for the years ending December 31:

	Principal	Interest	Total
Year ending December 31,			
2024	$ 425,894	$ 55,106	$ 481,000
2025	447,188	33,812	481,000
2026	229,047	11,453	240,500
	$ 1,102,129	$ 100,371	$ 1,202,500

The Corporation has recognized right-of-use lease assets relating to the base rents due under the Three UN Plaza lease. These assets are being amortized on a straight-line basis over the term of the lease.

Lease assets were as follows for the year ended December 31, 2023:

	Balance at January 1, 2023	Additions 2023	Deletions 2023	Balance at December 31, 2023
Lease assets	$ 2,261,943	$ -	$ -	$ 2,261,943
Less: accumulated amortization	(822,525)	(411,262)	-	(1,233,787)
Lease assets, net	$ 1,439,418	$ (411,262)	$ -	$ 1,028,156

Lease assets were as follows for the year ended December 31, 2022:

	Balance at January 1, 2022	Additions 2022	Deletions 2022	Balance at December 31, 2022
Lease assets	$ 2,261,943	$ -	$ -	$ 2,261,943
Less: accumulated amortization	(411,262)	(411,263)	-	(822,525)
Lease assets, net	$ 1,850,681	$ (411,263)	$ -	$ 1,439,418

As Lessor:

Phase I

The office space in One UN Plaza is leased principally to the UN and missions to the UN (the "One UN Plaza Leases"). The One UN Plaza lease from the Corporation to the UN was extended from the original expiration of March 31, 2023 to June 30, 2024. The Corporation is currently discussing a long-term lease with the United Nations Development Programme ("UNDP") at One UN Plaza, though no assurance is possible that a lease will be signed. The remaining terms of other leases at One UN Plaza range from approximately three months to four years (assuming no exercise of tenant renewal options). Fixed minimum rents under the One UN Plaza Leases, excluding operating expense escalations, will be approximately $4.3 million in 2024, $317,000 in 2025, $324,000 in 2026, and $331,000 in 2027.

Phase II

The office space in Two UN Plaza is leased principally to the UN and missions to the UN. The Two UN Plaza lease from the Corporation to the UN was extended from the original expiration of March 31, 2023 to June 30, 2024. The Corporation is currently discussing a long-term lease with the UN at Two UN Plaza, though no assurance is possible that a lease will be signed. The remaining terms of other leases at Two UN Plaza range from approximately three months to nine years. Fixed minimum rents under the Two UN Plaza leases, excluding operating expense escalations, will be approximately $6.7 million in 2024, $1.3 million in 2025, 2026, and 2027, respectively.

The hotel space at Two UN Plaza is leased to the Hotel Operator for a term expiring in 2079, matching the term of the Phase II ground lease. The Hotel Operator is responsible for reimbursement to the Corporation of its allocable portion of building operating expenses, including ground rent.

Phase III

All rentable space in Three UN Plaza is leased to UNICEF under a lease expiring in 2026. The City has agreed to transfer title to Three UN Plaza to UNICEF in 2026 upon expiration of the lease term, without any additional payment from UNICEF, if UNICEF maintains its world headquarters in the City and meets certain other conditions. As part of that agreement, the Corporation will transfer to the City its leasehold interest in Three UN Plaza. The lease with UNICEF is accounted for as a financed purchase.

UNICEF's annual base rent (excluding operating expense escalations) in 2024 and for each year through the lease termination date in 2026 will be approximately $6.7 million. As of December 31, 2023 and 2022, the Corporation recognized lease receivables of $7,750,906 and $6,103,287, respectively. Such amounts were discounted to present value using the Corporation's estimated borrowing rate of 5%.

For the years ended December 31, 2023 and 2022, the Corporation recognized $37,703,626 and $42,854,840, respectively, in lease revenue and $741,421 and $1,498,069, respectively, in lease interest revenues from office space. Future base rent payments for office space due to the Corporation are as follows for the years ending December 31:

	Principal	Interest	Total
Year ending December 31,			
2024	$ 1,144,535	$ 387,546	$ 1,532,081
2025	1,239,175	330,318	1,569,493
2026	1,320,275	268,359	1,588,634
2027	1,406,646	202,346	1,608,992
2028	451,786	132,014	583,800
2029-2032	2,188,489	283,653	2,472,142
	$ 7,750,906	$ 1,604,236	$ 9,355,142

Receivable from UNICEF
The components of the receivable from UNICEF as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Total minimum lease payments to be received	$ 16,307,444	$ 22,830,422
Less: Unearned income	(2,956,298)	(5,546,990)
Less: Current portion of receivable	(4,665,419)	(3,932,285)
Total receivable from UNICEF (long-term)	$ 8,685,727	$ 13,351,147

7. Retirement Plans

The Corporation has a Simplified Employee Pension retirement plan ("SEP") covering employees of age 21 or over with one year or more of service, with all contributions thereunder being immediately vested. The Corporation's contributions are made directly to employee SEP accounts in amounts ranging from 12% to approximately 14% of base compensation. Contributions to the SEP plan were $169,965 and $163,298 for the years ended December 31, 2023 and 2022, respectively.

The Corporation also funds a deferred compensation plan for employees under Section 457(b) of the Internal Revenue Code. Contributions to the 457(b) Plan were $106,394 and $101,379 for the years ended December 31, 2023 and 2022, respectively.

United Nations Development Corporation
Supplemental Schedule of Phases I, II and III
Net Revenues in Excess of Debt Service Requirements

For the year ended December 31, 2023

	Phase I		Phase II		Phase III		Total	
Office Space								
Revenues and income from leases	$ 11,184,619		$ 19,690,278		$ 7,378,587		$ 38,253,484	
Operating expenses	(6,956,552)	$ 4,228,067	(7,157,272)	$ 12,533,006	(5,369,854)	$ 2,008,733	(19,483,678)	$ 18,769,806
Fee Income-Tenant Alteration Work						106,641		106,641
Other Income (Note A)		339,760		1,376,748		9,048		1,725,556
Interest Income		1,467,161		1,467,161		733,580		3,667,902
Gross Revenues		6,034,988		15,376,915		2,858,002		24,269,905
General and Administrative Expenses		(2,677,796)		(1,962,094)		(545,872)		(5,185,762)
Ground Rent				(250,000)				(250,000)
Interest Expense on the Bonds of 1978 and 1980				(123,000)				(123,000)
Real Estate Taxes to The City of New York				(1,576,921)				(1,576,921)
Net Revenues (Note B)		3,357,192		11,464,900		2,312,130		17,134,222
Base Rent to The City of New York (Note C)		(99,980)		(1,127,335)		(481,000)		(1,708,315)
Debt Service Requirements (Note D)		(2,703,420)		(2,961,270)		(1,609,560)		(7,274,250)
Net Revenues in Excess of Debt Service Requirements		$ 553,792		$ 7,376,295		$ 221,570		$ 8,151,657

See Independent Auditors' Report and Notes to Supplemental Schedule.

A. Other Income:

Phase II other income represents payment from the Hotel Operator of its proportionate share of ground rent, real estate taxes and rent to the City of New York.

B. Net Revenues:

Net revenues include interest income and all Phase I, II and III operating revenues and expenses, except for depreciation, amortization and interest expense on the 2019 Bonds. Operating revenues and base rent to the City of New York represent actual amounts owed pursuant to the leases rather than amounts recognized in the financial statements under GASB 87.

C. Base Rent to The City of New York:

Payments of base rent to The City of New York are subordinate to the Phase I, II and III debt service requirements and are allocated among Phase I, Phase II and Phase III in accordance with the provision of the City Leases.

D. Debt Service Requirements:

Debt service requirements include interest and principal payments on the 2019 Bonds.