United Nations
Development Corporation

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

Telephone: 212-888-1618

UNDC

March 31, 2025

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 2024

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, 2024.

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 (the "Act"), 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 One U.N. Plaza (sometimes referred to as the Phase I Property), a 39-story, combined-use office building and hotel located on the northwest corner of First Avenue and 44th Street, which opened in 1975; (2) developed Two U.N. Plaza (sometimes referred to as the Phase II Property), 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 (3) developed Three U.N. Plaza (sometimes referred to as the Phase III Property), 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. 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, 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 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.

In February of 2025, the U.N. and the United Nations Development Programme, the U.N.'s development agency, signed new long-term leases providing for their occupancy of a substantial portion of One and Two UN Plaza. The new leases will commence at the closing of a bond financing by the Corporation planned in the first half of 2025. 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 for the year ended December 31, 2024 totaled $3,307,304, consisting of $1,734,217 in base rent, and $1,573,087 in real estate taxes.

Bonds Outstanding

As of December 31, 2024, the Corporation had the following bonds outstanding:

1. 2019 Refunding Bonds, Series A (the "2019 Bonds"), in principal amount of $13,520,000. 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 2024, the UNDC Properties produced net revenues after payment of operating expenses with coverage of 2.19 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, 2024 and 2023 were audited by CBIZ CPAs P.C. and approved by the Board at its annual meeting on March 27, 2025. A copy of the audited financial statements is attached to this report.

Respectfully submitted,

Robert Cole

Robert Cole
Executive Vice President & General Counsel

Attachments:
1. List of current directors and officers
2. Audited financial statements for the years ended December 31, 2024 and 2023

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, New York City Mayor's Office of International Affairs
Christine Falvo	06/2016	Chief Operating Officer, Rubenstein
Jessica Healy	06/2016	Principal, Seven Willow Collaborative
Joel M. Silverman	03/2012	Joel M. Silverman and Associates, LLC
Ex-Officio:		
Daniel Garodnick	01/2022	Chair, New York City Planning Commission
Ahmed Tigani	03/2025	Acting Commissioner, New York City Department of Housing Preservation & Development
Governor's Appointees:		
Robert Abrams, Esq.	08/2008	Former New York State Attorney General and 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	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, Senior 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, 2024 and 2023
and Supplemental Schedule
For the Year Ended December 31, 2024

United Nations Development Corporation
Index of Financial Statements and Supplemental Schedule

CBIZ CPAs P.C.

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New York, NY 10017

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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, 2024 and 2023 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, 2024 and 2023, 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.

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 9 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 27 and 28 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.

CBIZ CPAs P.C.

New York, NY
April 3, 2025

Overview

The following is an overview of the activities and financial performance of the United Nations Development Corporation (the "Corporation") for the years ended December 31, 2024 and 2023. 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.

The Corporation

The Corporation is a body corporate and politic constituting 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. The Corporation was created to undertake coordinated development of office space and other facilities in the area of the United Nations ("UN") headquarters in The City of New York (the "City") to support the official international community in the City, including the UN, missions to the UN and UN-related programs and activities (together, the "UN Community").

UNDC Properties

The Corporation developed and operates certain properties described below and known as "One UN Plaza," "Two UN Plaza" and "Three UN Plaza" (collectively, the "UNDC Properties") and leases such properties to the UN and certain members of the UN Community.

One UN Plaza. One UN Plaza is a 39-story mixed-use office building and hotel located on East 44th Street and First Avenue in Manhattan, across the street from the UN headquarters. One UN Plaza opened in 1975 and includes approximately 420,000 rentable square feet of office space, along with approximately 210,000 square feet of hotel space, and separate ground floor lobby areas for the office and for the hotel. One UN Plaza is separated into two condominium units pursuant to a Declaration of Condominium, dated June 5, 1997, as amended, with the hotel portion constituting one condominium unit and the balance of the building (except for common areas) constituting the other condominium unit. In 1997, the Corporation sold the Hotel Unit to its current owner, RHM-88, LLC, which is affiliated with Millennium & Copthorne Hotels, a wholly-owned subsidiary of City Developments Limited of Singapore.

Two UN Plaza. Two UN Plaza is a 40-story mixed-use office building and hotel located west of and adjacent to One UN Plaza on 44th Street and extends north to 45th Street. Two UN Plaza opened in 1983 and includes approximately 450,000 rentable square feet of office and approximately 200,000 square feet of hotel space. Two UN Plaza also has separate ground floor lobbies for the office and hotel components, and approximately 10,000 square feet of storage space.

Three UN Plaza. Three UN Plaza is 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 opened in 1987 and includes approximately 205,000 square feet of office space. All of Three UN Plaza is leased to UNICEF as its world headquarters. The Corporation and the City have agreed that upon the expiration of the UNICEF Lease in 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. Of the 15 members, two serve as *ex officio* members by virtue of their respective offices as Commissioner of the New York City Department of Housing Preservation and Development and as Chair of the New York City Planning Commission, eight are appointed by the Governor of the State and five (including the Chair of the Board), are appointed by the Mayor of the City.

United Nations Occupancy at the UNDC Properties

Since their construction, the office portions of the UNDC Properties have been occupied almost exclusively by the UN and various members of the UN Community, with a campus-like environment to facilitate their work. Since initial occupancy of One UN Plaza in 1975 and Two UN Plaza in 1983, the UN has preserved that campus environment by exercising all available renewal and extension options under its prior leases. In addition, whenever any space leased to a foreign mission in One UN Plaza or Two UN Plaza has become vacant, the Corporation has offered the space to the UN, which has then generally leased the space on terms consistent with market rental rates at the time.

In December of 2021, the UN advised the Corporation that it would not renew its lease at One UN Plaza upon its expiration on March 31, 2023 but that it planned to renew its lease for all space occupied at Two UN Plaza and consolidate staff from offices at One UN Plaza and other Manhattan locations into Two UN Plaza. At that time, the United Nations Development Programme ("UNDP"), the UN's lead agency in international development and a subtenant of the UN at One UN Plaza since 1982, advised that it was considering a lease at One UN Plaza for the space then occupied plus additional floors, for occupancy as UNDP's world headquarters. The UN extended the term of its One UN Plaza Lease for space occupied by UNDP and other UN organizations that were UN subtenants, and the term of the Two UN Plaza UN Lease for all space under lease, in each instance from April 1, 2023 through April 30, 2025, the anticipated date of issuance of the 2025 Bonds (as defined below), at existing rents and other terms.

Subsequent Events

In February of 2025 the Corporation entered into a new lease with UNDP (the "New UNDP Lease") for approximately 60% of the leasable office space at One UN Plaza and a new lease with the UN (the "New UN Lease") for substantially all of the leasable office space at Two UN Plaza, each of which will become effective upon the issuance of the 2025 Bonds (as defined below). The New UN Lease and the New UNDP Lease are referred to herein collectively as the "New UN Leases." Under the terms of the New UN Leases, the Corporation is obligated to undertake certain improvements to One UN Plaza and Two UN Plaza and to provide the UN and UNDP with certain tenant incentives in the form of free rent and a tenant improvement allowance to fund improvements that the UN and UNDP will each undertake within their respective leased premises. Each of the New UN Leases expires in 2040, subject to two 5-year extension rights on the part of the respective tenants.

The Corporation expects to issue approximately $365 million aggregate principal amount of federally taxable bonds (the "2025 Bonds") in the first half of 2025 pursuant to an Indenture of Trust and a First Supplemental Indenture of Trust. A portion of the proceeds of the 2025 Bonds, together with other available cash reserves of the Corporation and surplus cash flow revenues, will be used to finance certain building-wide renovations and capital improvements to the common areas in One UN Plaza and Two UN Plaza, as well as improvements to the space in One UN Plaza and Two UN Plaza that is being leased to the UN and UNDP pursuant to the New UN Leases (collectively, the "Project"). More specifically, the Project will consist of improvements to update building systems, comply with NYS BuildSmart 2025 and State energy code requirements, enhance energy efficiencies, updates to conform to current fire safety and handicapped codes and regulations, and renovations to entryways, storage facilities, lavatories and common areas and the provision of indoor bicycle parking. The Project will also include the funding of tenant improvement allowances that the UN and UNDP will use to modernize their premises under the New UN Leases.

The amount expended for development-in-progress for the Project as of December 31, 2024 was $17.1 million, with additional commitments of $19.0 million.

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:	2024	2023	2022
Current assets	$ 23,331,718	$ 19,040,677	$ 77,315,358
Restricted assets	124,034,025	128,519,078	65,846,983
Property and equipment, net	49,674,268	43,782,313	39,946,259
Other noncurrent assets	8,514,659	15,292,098	13,438,217
Total assets	$ 205,554,670	$ 206,634,166	$ 196,546,817
Liabilities:			
Total current liabilities	$ 18,165,908	$ 17,374,994	$ 11,806,767
Total noncurrent liabilities	7,884,349	16,713,273	24,150,852
Total liabilities	26,050,257	34,088,267	35,957,619
Deferred inflows of resources			
Unamortized gain on bond refunding	81,229	239,819	472,074
Leases	6,025,871	7,363,711	5,900,791
Total deferred inflows of resources	6,107,100	7,603,530	6,372,865
Net position	173,397,313	164,942,369	154,216,333
Total liabilities, deferred inflows of resources and net position	$ 205,554,670	$ 206,634,166	$ 196,546,817

2024 vs. 2023

At December 31, 2024, the Corporation had total assets of $205.6 million, a decrease of $1.0 million from $206.6 million at December 31, 2023.

Current assets were $23.3 million at December 31, 2024, an increase of $4.3 million from $19.0 million at December 31, 2023. 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 increase in current assets was due to an increase in accounts receivable, reflecting payments of $3.1 million in rent and tenant charges payable in 2024 but received in 2025, and a $1.0 million increase in prepaid expenses and other assets.

As described in Note 5, on April 11, 2019, the Corporation issued its 2019 Refunding Bonds, Series A ("2019 Bonds") in the principal amount of $42,085,000. The proceeds of the 2019 Bonds were used to refund the Corporation's 2009 Refunding Bonds, Series A ("2009 Bonds") on July 1, 2019 in order to reduce debt service obligations. The 2019 Bonds have consistently been 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 with mandatory annual redemption of stated principal amounts on July 1. The balance of the 2019 Bonds as of December 31, 2024 was $13,520,000.

Restricted assets represent funds held in investment accounts under the Indenture for the 2019 Bonds, as described in Note 5. Restricted assets were $124.0 million at December 31, 2024, a decrease of $4.5 million from $128.5 million at December 31, 2023.

Property and equipment, net was $49.7 million and $43.8 million at December 31, 2024 and 2023, respectively. The increase of $5.9 million in property and equipment is attributable to project improvements, including demolition and related work on certain office floors at One UN Plaza to prepare for tenant occupancy under new leases. Other noncurrent assets at December 31, 2024 and 2023 were $8.5 million and $15.3 million, respectively, mainly representing recognition of lease receivables in accordance with GASB 87, *Leases.*

Current liabilities at December 31, 2024 were $18.2 million, an increase of $800,000 from $17.4 million at December 31, 2023. The increase in current liabilities is mainly due to an increase of $1.6 million in the current portion of long-term debt due on July 1, 2025 (Bonds of 2019) and August 1, 2025 (Bonds of 1980), which offset the decrease of $700,000 in unearned revenues.

Noncurrent liabilities at December 31, 2024 were $7.9 million, a decrease of $8.8 million from $16.7 million at December 31, 2023. The decrease in noncurrent liabilities is mainly due to a decrease of $8.4 million in long-term debt, net of current portion, due to scheduled payments of debt service by the Corporation.

Deferred inflows of resources at December 31, 2024 were $6.1 million, a decrease of $1.5 million from $7.6 million at December 31, 2023, mainly due to the decrease of deferred inflows from leases.

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. The decrease in current assets is due primarily to the investment of $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 due to continued recognition of lease revenue and related interest income in accordance with GASB 87, *Leases*.

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 the investment of $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 attributable to project improvements, including demolition and related work on certain office floors at One UN Plaza to prepare for tenant occupancy under new leases. 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 due to an increase in Project expenditures for 2023 and the timing of payments made by the Corporation near year-end 2023.

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 scheduled payments of debt service by the Corporation.

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 an increase in 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:

	2024	2023	2022	2024 vs. 2023 (%)	2023 vs. 2022 (%)
Total operating revenues	$ 38,057,706	$ 40,277,245	$ 45,789,057	-6%	-12%
Total operating expenses	35,181,755	34,561,975	31,424,778	2%	10%
Operating income	2,875,951	5,715,270	14,364,279		
Nonoperating revenues (expenses):					
Interest income	5,604,736	3,998,034	487,453	40%	720%
Interest expense	(310,456)	(369,002)	(449,974)	16%	18%
Unrealized gain (loss) on restricted assets	284,713	1,381,734	(951,846)	-79%	245%
Total nonoperating revenues (expenses)	5,578,993	5,010,766	(914,367)	11%	648%
Change in net position	8,454,944	10,726,036	13,449,912		
Net position, beginning of year	164,942,369	154,216,333	140,766,421	7%	10%
Net position, end of year	$ 173,397,313	$ 164,942,369	$ 154,216,333	5%	7%

Operating Revenues. Operating revenues for the years ended December 31, 2024, 2023 and 2022 were $38.1 million, $40.3 million and $45.8 million, respectively. The decreases in operating revenues for 2024 and 2023 as compared to 2022 are mainly due to a reduction, beginning in April 2023, in space leased by the UN at One UN Plaza.

Operating Expenses. Total operating expenses for the years ended December 31, 2024, 2023 and 2022 were \$35.2 million, \$34.6 million and \$31.4 million, respectively. The increases in operating expenses for each year were attributable to increases in expenditures for general building repairs and professional fees for the Project.

Nonoperating Revenues (Expenses). Total nonoperating revenues (expenses) for the years ended December 31, 2024, 2023 and 2022 were \$5.6 million, \$5.0 million and \$(914,000) respectively.

Interest income for the years ended December 31, 2024, 2023 and 2022 was \$5.6 million, \$4.0 million and \$487,000, respectively. The unrealized gain on restricted assets for 2023 increased by 245% over 2022 due to higher yields on investments in 2023 and the investment of \$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, 2024, 2023 and 2022 was \$173.4 million, \$164.9 million and \$154.2 million, respectively.

United Nations Development Corporation
Statements of Net Position

	As of December 31, 2024	As of December 31, 2023
Assets:		
Current assets:		
Cash and cash equivalents (Note 2)	$ 4,381,070	$ 5,202,083
Accounts receivable, less allowance for doubtful accounts of $286,700 in 2024 and 2023	4,333,767	1,196,031
Current portion of receivable from UNICEF (Note 6)	5,538,264	4,665,419
Current portion of lease receivable (Note 6)	1,239,175	1,144,535
Prepaid expenses and other assets, net	7,839,442	6,832,609
Total current assets	23,331,718	19,040,677
Noncurrent assets:		
Restricted assets (Note 3)	124,034,025	128,519,078
Receivable from UNICEF, less current portion (Note 6)	3,147,463	8,685,727
Lease receivable, less current portion (Note 6)	5,367,196	6,606,371
Property and equipment, net (Note 4)		
Nondepreciable	17,134,557	6,358,010
Depreciable, net	32,539,711	37,424,303
Total property and equipment, net	49,674,268	43,782,313
Total noncurrent assets	182,222,952	187,593,489
Total assets	$ 205,554,670	$ 206,634,166
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	$ 9,205,536	$ 9,152,447
Security deposits payable and unearned revenues	330,184	1,021,653
Lease liability - current (Note 6)	447,188	425,894
	9,982,908	10,599,994
Current liabilities (payable from restricted assets):		
Accrued interest payable	338,000	495,000
Current portion of long-term debt	7,845,000	6,280,000
	8,183,000	6,775,000
Total current liabilities	18,165,908	17,374,994
Noncurrent liabilities:		
Long-term obligations, net of current portion (Note 5)	7,655,301	16,037,038
Lease liability, net of current portion (Note 6)	229,048	676,235
Total noncurrent liabilities	7,884,349	16,713,273
Total liabilities	26,050,257	34,088,267
Deferred inflows of resources:		
Unamortized gain on bond refunding	81,229	239,819
Leases	6,025,871	7,363,711
Total deferred inflows of resources	6,107,100	7,603,530
Net position:		
Net investment in capital assets	19,429,408	22,451,044
Restricted for debt service	58,976,956	62,647,225
Unrestricted	94,990,949	79,844,100
Total net position	173,397,313	164,942,369
Total liabilities, deferred inflows of resources and net position	$ 205,554,670	$ 206,634,166

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,	
	2024	**2023**
Operating revenues:		
Revenue from leases		
Rents - office space	$ 35,867,966	$ 37,703,626
Interest - leases	382,777	741,421
Other income	1,806,963	1,832,198
Total operating revenues	38,057,706	40,277,245
Operating expenses:		
Administrative salaries and employee benefits	2,140,959	2,084,807
Property manager's reimbursable salaries and employee benefits	3,642,248	3,475,633
Other operating costs	16,284,447	16,312,241
Depreciation and amortization (Note 4)	6,905,230	6,850,627
Rent and real estate taxes (Note 6)	3,076,304	3,054,236
Management fees	163,694	160,485
Professional fees	2,968,873	2,623,946
Total operating expenses	35,181,755	34,561,975
Operating income	2,875,951	5,715,270
Nonoperating revenues (expenses):		
Interest income	5,604,736	3,998,034
Interest expense (Note 5)	(310,456)	(369,002)
Unrealized gain on restricted assets (Note 3)	284,713	1,381,734
Total nonoperating revenues (expenses)	5,578,993	5,010,766
Change in net position	8,454,944	10,726,036
Net position, beginning of year	164,942,369	154,216,333
Net position, end of year	$ 173,397,313	$ 164,942,369

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,	
	2024	**2023**
Cash flows from operating activities:		
Receipts from tenants	$ 38,700,615	$ 45,887,204
Payments to suppliers	(20,345,513)	(14,423,464)
Payments for rent and real estate taxes	(3,101,549)	(3,050,227)
Payments to employees and property manager for salaries and benefits	(5,783,207)	(5,588,808)
Net cash provided by operating activities	9,470,346	22,824,705
Cash flows from capital and related financing activities:		
Repayments of principal on long-term debt	(6,280,000)	(5,985,000)
Interest payments on long-term debt	(1,162,783)	(1,482,567)
Repayments of principal on lease liability	(425,893)	(405,613)
Interest payments on lease liability	(55,106)	(75,387)
Capital expenditures for properties	(12,797,185)	(10,674,354)
Net cash used in capital and related financing activities	(20,720,967)	(18,622,921)
Cash flows from investing activities:		
Interest and realized gains on investment securities	5,604,736	3,998,034
Maturities and redemptions of investment securities	35,776,510	34,848,191
Purchases of investment securities	(30,951,638)	(96,063,165)
Net cash provided by (used in) investing activities	10,429,608	(57,216,940)
Net decrease in cash and cash equivalents	(821,013)	(53,015,156)
Cash and cash equivalents, beginning of year	5,202,083	58,217,239
Cash and cash equivalents, end of year	$ 4,381,070	$ 5,202,083
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 2,875,951	$ 5,715,270
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	6,905,230	6,850,627
Changes in operating assets and liabilities:		
Accounts receivable	(3,137,736)	1,923,890
Receivable from UNICEF	4,665,419	3,932,285
Lease receivable	1,144,535	(1,647,619)
Prepaid expenses and other assets	(1,006,833)	(815,239)
Accounts payable and accrued expenses	53,089	5,464,088
Security deposits payable and unearned revenues	(691,469)	(61,517)
Deferred inflows of resources	(1,337,840)	1,462,920
Net cash provided by operating activities	$ 9,470,346	$ 22,824,705

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

1. Organization: Properties; Subsequent Events

The Corporation

United Nations Development Corporation (the "Corporation") is a body corporate and politic constituting 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. The Corporation was created to undertake coordinated development of office space and other facilities in the area of the United Nations ("UN") headquarters in The City of New York (the "City") to support the official international community in the City, including the UN, missions to the UN and UN-related programs and activities (together, the "UN Community").

UNDC Properties

The Corporation developed and operates certain properties described below and known as "One UN Plaza," "Two UN Plaza" and "Three UN Plaza" (collectively, the "UNDC Properties") and leases such properties to the UN and certain members of the UN Community.

One UN Plaza. One UN Plaza is a 39-story mixed-use office building and hotel located on East 44th Street and First Avenue in Manhattan, across the street from the UN headquarters. One UN Plaza opened in 1975 and includes approximately 420,000 rentable square feet of office space, along with approximately 210,000 square feet of hotel space, and separate ground floor lobby areas for the office and for the hotel. One UN Plaza is separated into two condominium units pursuant to a Declaration of Condominium, dated June 5, 1997, as amended, with the hotel portion constituting one condominium unit and the balance of the building (except for common areas) constituting the other condominium unit. In 1997 the Corporation sold the Hotel Unit to its current owner, RHM-88, LLC, which is affiliated with Millennium & Copthorne Hotels, a wholly-owned subsidiary of City Developments Limited of Singapore.

Two UN Plaza. Two UN Plaza is a 40-story mixed-use office building and hotel located west of and adjacent to One UN Plaza on 44th Street and extends north to 45th Street. Two UN Plaza opened in 1983 and includes approximately 450,000 rentable square feet of office and approximately 200,000 square feet of hotel space. Two UN Plaza also has separate ground floor lobbies for the office and hotel components, and approximately 10,000 square feet of storage space.

Three UN Plaza. Three UN Plaza is 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 opened in 1987 and includes approximately 205,000 square feet of office space. All of Three UN Plaza is leased to UNICEF as its world headquarters. The Corporation and the City have agreed that upon the expiration of the UNICEF Lease in 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. Of the 15 members, two serve as *ex officio* members by virtue of their respective offices as Commissioner of the New York City Department of Housing Preservation and Development and as Chair of the New York City Planning Commission, eight are appointed by the Governor of the State and five (including the Chair of the Board), are appointed by the Mayor of the City.

United Nations Occupancy at the UNDC Properties

Since their construction, the office portions of the UNDC Properties have been occupied almost exclusively by the UN and various members of the UN Community, with a campus-like environment to facilitate their work. Since initial occupancy of One UN Plaza in 1975 and Two UN Plaza in 1983, the UN has preserved that campus environment by exercising all available renewal and extension options under its prior leases. In addition, whenever any space leased to a foreign mission in One UN Plaza or Two UN Plaza has become vacant, the Corporation has offered the space to the UN, which has then generally leased the space on terms consistent with market rental rates at the time.

In December of 2021, the UN advised the Corporation that it would not renew its lease at One UN Plaza upon its expiration on March 31, 2023 but that it planned to renew its lease for all space occupied at Two UN Plaza and consolidate staff from offices at One UN Plaza and other Manhattan locations into Two UN Plaza. At that time, the United Nations Development Programme ("UNDP"), the UN's lead agency in international development and a subtenant of the UN at One UN Plaza since 1982, advised that it was considering a lease at One UN Plaza for the space then occupied plus additional floors, for occupancy as UNDP's world headquarters. The UN extended the term of its One UN Plaza Lease for space occupied by UNDP and other UN organizations that were UN subtenants, and the term of the Two UN Plaza UN Lease for all space under lease, in each instance from April 1, 2023 through April 30, 2025, the anticipated date of issuance of the 2025 Bonds (as defined below), at existing rents and other terms.

Subsequent Events

In February of 2025 the Corporation entered into a new lease with UNDP (the "New UNDP Lease") for approximately 60% of the leasable office space at One UN Plaza and a new lease with the UN (the "New UN Lease") for substantially all of the leasable office space at Two UN Plaza, each of which will become effective upon the issuance of the 2025 Bonds (as defined below). The New UN Lease and the New UNDP Lease are referred to herein collectively as the "New UN Leases." Under the terms of the New UN Leases, the Corporation is obligated to undertake certain improvements to One UN Plaza and Two UN Plaza and to provide the UN and UNDP with certain tenant incentives in the form of free rent and a tenant improvement allowance to fund improvements that the UN and UNDP will each undertake within their respective leased premises. Each of the New UN Leases expires in 2040, subject to two 5-year extension rights on the part of the respective tenants.

The Corporation expects to issue approximately $365 million aggregate principal amount of federally taxable bonds (the "2025 Bonds") in the first half of 2025 pursuant to an Indenture of Trust and a First Supplemental Indenture of Trust. A portion of the proceeds of the 2025 Bonds, together with other available cash reserves of the Corporation and surplus cash flow revenues will be used to finance certain building-wide renovations and capital improvements to the common areas in One UN Plaza and Two UN Plaza as well as improvements to the space in One UN Plaza and Two UN Plaza that is being leased to the UN and UNDP pursuant to the New UN Leases (collectively, the "Project"). More specifically, the Project will consist of improvements to update building systems, comply with NYS BuildSmart 2025 and State energy code requirements, enhance energy efficiencies, updates to conform to current fire safety and handicapped codes and regulations, and renovations to entryways, storage facilities, lavatories and common areas and the provision of indoor bicycle parking. The Project will also include the funding of tenant improvement allowances that the UN and UNDP will use to modernize their premises under the New UN Leases.

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 approximately $250,000 as of December 31, 2024 and 2023, 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 currently $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

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. 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 completed the process of evaluating GASB 100 and determined that no accounting changes or errors were identified; therefore, there is no 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 completed its evaluation of GASB 101 and noted that compensated absence balances are included in the Corporation's liability calculations and the adoption had no impact on the Corporation's financial statements.

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.

GASB Statement No. 103, *Financial Reporting Model Improvements* ("GASB 103"), is effective for fiscal years beginning after June 15, 2025. GASB 103 seeks to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Corporation has not completed their evaluation of GASB 103 but does not anticipate any material impact.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* ("GASB 104"), is effective for fiscal years beginning after June 15, 2025. GASB 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosure. The Statement also requires additional disclosures for capital assets held for sale and for such assets to be evaluated each reporting period. The Corporation has not completed their evaluation of GASB 104 but does not anticipate any material impact.

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, 2024 and 2023 included in the statements of net position were as follows:

	December 31, 2024		
	Cost	**Fair Value**	**Weighted average maturity (years) (a)**
U.S. Treasury securities:			
Treasury Notes	$ 67,477,035	$ 67,786,988	1.14
Total U.S. Treasury Securities	67,477,035	67,786,988	
Total Investments	67,477,035	67,786,988	
Cash and cash equivalents	56,247,037	56,247,037	
Total restricted assets	$ 123,724,072	$ 124,034,025	

	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	

(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, 2024 and 2023:

U.S. Treasury securities of $67,786,988 and $69,946,005, 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, 2024	Additions 2024	Deletions 2024	Balance at December 31, 2024
Nondepreciable Property and equipment				
Development in-progress	$ 6,358,010	$ 10,776,547	$ -	$ 17,134,557
Depreciable Property and equipment				
Land	3,823,597	-	-	3,823,597
Building and building improvements	184,527,620	2,001,588	-	186,529,208
Furniture, fixtures and equipment	1,689,602	19,050	-	1,708,652
	190,040,819	2,020,638	-	192,061,457
Less: accumulated depreciation and amortization	(153,644,672)	(6,493,968)	-	(160,138,640)
Lease assets being amortized, net	1,028,156	-	(411,262)	616,894
	37,424,303	(4,473,330)	(411,262)	32,539,711
Property and equipment, net	$ 43,782,313	$ 6,303,217	$ (411,262)	$ 49,674,268

	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

The Corporation has completed planning and design work for the Project and expects to begin construction upon issuance of the 2025 Bonds.

Included in property and equipment are development-in-progress costs for the Project of $17,134,557 and $6,358,010 as of December 31, 2024 and 2023 respectively.

5. Long-Term Liabilities

Long-term liabilities as of December 31, 2024 and 2023 was as follows:

	Balance at January 1, 2023	Additions/ Deletions 2023	Balance at December 31, 2023	Additions/ Deletions 2024	Balance at December 31, 2024
Bonds of 2019, Series A	$ 25,785,000	$ (5,985,000)	$ 19,800,000	$ (6,280,000)	$ 13,520,000
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
	27,322,500	(5,985,000)	21,337,500	(6,280,000)	15,057,500
Add:					
Unamortized bond premium	1,711,223	(731,685)	979,538	(536,737)	442,801
	29,033,723	(6,716,685)	22,317,038	(6,816,737)	15,500,301
Lease liability	1,507,742	(405,613)	1,102,129	(425,893)	676,236
Less:					
Current portion of long-term debt	(5,985,000)	(295,000)	(6,280,000)	(315,000)	(6,595,000)
Bonds of 1980, due August 1, 2025 at	-	-	-	(1,250,000)	(1,250,000)
Current portion of lease liability	(405,613)	(20,281)	(425,894)	(21,294)	(447,188)
Long-term obligations, net of current portion	$ 24,150,852	$ (7,437,579)	$ 16,713,273	$ (8,828,924)	$ 7,884,349

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 Refunding Bonds, Series A (the "2009 Bonds") in order 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 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 $536,737 for 2024 and $731,685 for 2023, 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,				
	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
		$ 15,057,500	$ 1,214,250	$ 16,271,750

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 $1,734,217 and $1,708,315 for the years ended December 31, 2024 and 2023, 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 2025, for the year ended December 31, 2024, the Board of Directors established a reserve from 2024 revenues of $6,910,171. In March 2024, for the year ended December 31, 2023, the Board established a reserve from 2023 revenues of $3,451,657. The reserves, which were established under the 1981 Lease, are available for capital improvements at One and Two UN Plaza, tenant incentives under office space leases and for general corporate purposes. There was no Consolidated Surplus in 2024 and 2023 as a result, and therefore no additional rent was payable to the City for those years.

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, 2024, aggregate future minimum rentals under the ground lease approximated $13,750,000, 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 $676,236 and $1,102,129 at December 31, 2024 and 2023, respectively. Total outflows related to the Three UN Plaza lease were $481,000 for each of the years ended December 31, 2024 and 2023, respectively. Such outflows include interest on the lease liability, which is reported in other operating costs in the accompanying financial statements, of $49,783 and $70,317 for the years ended December 31, 2024 and 2023, respectively.

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

Three UN -City Rent

	Principal	Interest	Total
Year ending December 31,			
2025	$ 447,188	$ 33,812	$ 481,000
2026	229,048	11,453	240,501
	$ 676,236	$ 45,265	$ 721,501

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, 2024:

	Balance at January 1, 2024	Additions 2024	Deletions 2024	Balance at December 31, 2024
Lease assets	$ 2,261,943	$ -	$ -	$ 2,261,943
Less: accumulated amortization	(1,233,787)	(411,262)	-	(1,645,049)
Lease assets, net	$ 1,028,156	$ (411,262)	$ -	$ 616,894

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

As Lessor:

Phase I

The office space in One UN Plaza was 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, which originally expired on March 31, 2023, was amended and extended to April 30, 2025 for a portion of the space. The Corporation has entered into a new lease with the United Nations Development Programme (the "New UNDP Lease") expiring in 2040, subject to two 5-year extension rights exercisable by UNDP. The New UNDP Lease will be effective upon closing of the 2025 Bonds. The remaining terms of other leases at One UN Plaza range from approximately four months to fifteen years (assuming no exercise of tenant renewal options). Fixed minimum rents under the One UN Plaza Leases, excluding operating expense escalations, will be approximately $12.1 million in 2025, $13.8 million in 2026, $13.9 million in 2027, and $13.6 million in 2028.

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, which originally expired on March 31, 2023, was extended to April 30, 2025 with the UN remaining in occupancy of all leased space. The Corporation has entered into a new lease with the UN (the "New UN Lease") at Two UN Plaza expiring in 2040, subject to two 5-year extension rights exercisable by the UN. The New UN Lease will be effective upon closing of the 2025 Bonds. The remaining terms of other leases at Two UN Plaza range from approximately four months to fifteen years. Fixed minimum rents under the Two UN Plaza leases, excluding operating expense escalations, will be approximately $19.5 million in 2025, $23.2 million in 2026, $23.3 million in 2027 and $22.2 million in 2028.

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 required to maintain the Hotel Unit, among other obligations concerning the Hotel Unit, and is responsible for all expenses at One UN Plaza that are allocable to the Hotel Unit, based on various criteria, depending upon the nature of the specific expense. These criteria include the square footage and hours of operation of the Office Unit and the Hotel Unit portions of One UN Plaza and other relevant factors.

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, 2024 and 2023, the Corporation recognized lease receivables of $6,606,371 and $7,750,906, respectively. Such amounts were discounted to present value using the Corporation's estimated borrowing rate of 5%.

For the years ended December 31, 2024 and 2023, the Corporation recognized $35,867,966 and $37,703,626, respectively, in lease revenue and $382,777 and $741,421, 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,			
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	487,730	109,425	597,155
2030-2032	1,700,759	174,228	1,874,987
	$ 6,606,371	$ 1,216,690	$ 7,823,061

Receivable from UNICEF
The components of the receivable from UNICEF as of December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Total minimum lease payments to be received	$ 9,784,466	$ 16,307,444
Less: Unearned income	(1,098,739)	(2,956,298)
Less: Current portion of receivable	(5,538,264)	(4,665,419)
Total receivable from UNICEF (long-term)	$ 3,147,463	$ 8,685,727

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 $153,371 and $169,965 for the years ended December 31, 2024 and 2023, 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 $101,904 and $106,394 for the years ended December 31, 2024 and 2023, 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, 2024

	Phase I		Phase II		Phase III		Total	
Office Space								
Revenues and income from leases	$ 8,910,817		$ 19,942,083		$ 7,209,309		$ 36,062,209	
Operating expenses	(6,626,234)	$ 2,284,583	(7,294,059)	$ 12,648,024	(5,665,825)	$ 1,543,484	(19,586,118)	$ 16,476,091
Fee Income-Tenant Alteration Work						375,178		375,178
Other Income (Note A)		30,387		1,399,979		1,418		1,431,784
Interest Income		2,076,610		2,076,610		1,038,304		5,191,524
Gross Revenues		4,391,580		16,124,613		2,958,384		23,474,577
General and Administrative Expenses		(2,766,614)		(2,260,116)		(587,372)		(5,614,102)
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				(1,573,087)				(1,573,087)
Net Revenues (Note B)		1,624,966		11,918,410		2,371,012		15,914,388
Base Rent to The City of New York (Note C)		(101,276)		(1,151,941)		(481,000)		(1,734,217)
Debt Service Requirements (Note D)		(2,749,600)		(2,947,600)		(1,572,800)		(7,270,000)
Net Revenues in Excess of Debt Service Requirements		$ (1,225,910)		$ 7,818,869		$ 317,212		$ 6,910,171

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.