

**Economic Development and Industrial
Corporation of Boston**

As of October 20, 2016, D/B/A

Boston Planning & Development Agency
(A Component Unit of the City of Boston)

Financial Statements,
Required Supplementary Information
and Independent Auditors' Report

June 30, 2022 and 2021

Economic Development and Industrial Corporation of Boston

Contents

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	14
Schedule of Revenues and Expenses	30



DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
**Economic Development and
Industrial Corporation of Boston**

Opinion

We have audited the accompanying statements of net position of Economic Development and Industrial Corporation of Boston (EDIC), a quasi-public corporation and component unit of the City of Boston, as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of EDIC, as of June 30, 2022 and 2021, and the respective changes in net position and cash flows thereof 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. 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 EDIC 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.

Emphasis of Matter – Adoption of Accounting Principle

As described in Note 2 to the financial statements, in fiscal year 2022, EDIC adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 EDIC'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 auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 EDIC'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 EDIC'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 and budgetary comparison information 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 auditing standards generally accepted in the United States of America, 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 audit 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 opinions on the financial statements that collectively comprise EDIC's basic financial statements. The schedule of revenues and expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Daniel Dennis & Company LLP
November 15, 2022

Economic Development and Industrial Corporation of Boston

Management's Discussion and Analysis

(Unaudited)

June 30, 2022 and 2021

The following discussion and analysis of the financial performance of Economic Development and Industrial Corporation of Boston (EDIC), d/b/a the Boston Planning & Development Agency (BPDA), is intended to provide an introduction to and an overview and analysis of the basic financial statement of EDIC for the fiscal years ended June 30, 2022 and 2021. Management of EDIC prepared this discussion, and it should be read in conjunction with the financial statement and the notes thereto, which follow this section.

The Corporation as a Whole

EDIC, a quasi-public corporation, is a component unit of the City of Boston and an instrumentality of the Commonwealth of Massachusetts. The purpose of EDIC is to create and retain industrial companies and jobs in Boston's neighborhoods for Boston residents, including minorities and women, through economic development, industrial real estate management, financing and job training. EDIC is exempt from federal income taxes as a political subdivision under Section 115 of the Internal Revenue Code.

EDIC's Office of Workforce Development (OWD) is a multi-service agency that receives federal, state and city funds to run a comprehensive system of education, job training, job placement, counseling, human services and other support services for Boston residents.

EDIC's major sources of revenue during the years ended June 30, 2022 and 2021, include funds generated from lease operations at its Raymond L. Flynn Marine Park and grants/contracts with governmental agencies for OWD activities.

Basic Financial Statements

The basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as specified by the Governmental Accounting Standards Board's (GASB) requirements for a special-purpose government agency engaged solely in business type activities.

Revenue is recorded when earned and expense are recorded when incurred. The financial statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flow for each fiscal year. These are followed by notes to the financial statements.

The statement of net position presents information on EDIC's assets, liabilities and deferred inflows of resources, with the difference between the three reported as net position. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of EDIC is improving or weakening.

The statement of revenue, expenses and changes in net position reports the operating revenues and expenses of EDIC for each fiscal year. The difference – increase or decrease in net position – then determines the net change in net position for the fiscal year. That change combined with the net position from the end of the previous fiscal year equals the net position at the end of the fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, noncapital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year balance of cash and cash equivalents total to the cash and cash equivalent balance at the end of the fiscal year.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2022 and 2021

Condensed Financial Information and Analysis

Condensed financial information as of and for the years ended June 30, 2022, 2021 and 2020 is as follows:

Condensed Statements of Net Position

	<i>June 30,</i>			<i>Percentage Change</i>	
	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2022-2021</i>	<i>2021-2020</i>
Current assets	\$ 85,227,295	\$ 67,742,422	\$ 37,114,041	26%	83%
Noncurrent assets	1,536,559,184	980,671,419	1,814,977	57%	53932%
Capital assets, net	45,802,436	46,635,978	45,001,975	-2%	4%
Total assets	<u>\$ 1,667,588,915</u>	<u>\$ 1,095,049,819</u>	<u>\$ 83,930,993</u>	<u>52%</u>	<u>1205%</u>
Current liabilities	\$ 16,979,708	\$ 5,954,351	\$ 6,050,410	185%	-2%
Noncurrent liabilities	4,172,066	4,212,959	2,263,798	-1%	86%
Long-term debt	-	-	8,900,119	-	-100%
Total liabilities	<u>21,151,774</u>	<u>10,167,310</u>	<u>17,214,327</u>	<u>108%</u>	<u>-41%</u>
Deferred inflow of rental income	1,495,823,671	962,051,510	-	55%	-
<i>Net Position</i>					
Net investment in capital assets	45,802,436	46,635,978	35,242,973	-2%	32%
Restricted for grant programs	703,883	703,812	703,742	0%	0%
Unrestricted	104,107,151	75,491,209	30,769,951	38%	145%
Total net position	<u>150,613,470</u>	<u>122,830,999</u>	<u>66,716,666</u>	<u>23%</u>	<u>84%</u>
Total liabilities, deferred inflow and net position	<u>\$ 1,667,588,915</u>	<u>\$ 1,095,049,819</u>	<u>\$ 83,930,993</u>	<u>52%</u>	<u>1205%</u>

Financial Highlights – 2022 to 2021

- EDIC's net position at June 30, 2022 was \$150.6 million, an increase of \$27.8 million from the June 30, 2021 net position totaling \$122.8 million. This increase is primarily the result of excess operating income in fiscal year 2022 totaling \$27.8 million.
- EDIC's cash and cash equivalents at June 30, 2022 was \$64.9 million, an increase of \$9.6 million from June 30, 2021 cash and cash equivalents totaling \$55.3 million. EDIC's investments at June 30, 2022 was \$6.5 million, an increase of \$6.5 million from June 30, 2021 investments of \$0. The statement of cash flows identifies the sources and uses of cash and investments for each fiscal year. Board designated reserve funds are summarized in Note 15 and investments are summarized in Note 5 to the financial statements.
- EDIC's lease receivable and accrued interest on lease receivables at June 30, 2022 totaled \$1.538 billion, an increase of \$555 million from the June 30, 2021 lease receivable and accrued interest on lease receivables totaling \$983 million. This increase is primarily the result of executing new lease agreements and amending existing lease agreements. Lease receivable and accrued interest on lease receivables are summarized in Note 8 to the financial statements which have been accounted for under GASB 87, *Leases*.

Economic Development and Industrial Corporation of Boston

Management's Discussion and Analysis – *Continued*

(Unaudited)

June 30, 2022 and 2021

Financial Highlights – 2022 to 2021 – continued

- EDIC's capital assets at June 30, 2022 was \$101.8 million, an increase of \$1.8 million from June 30, 2021 capital assets totaling \$100 million. Capital asset acquisitions in fiscal year 2022 are detailed in Note 10 to the financial statements. Accumulated depreciation and amortization on capital assets at June 30, 2022 was \$56 million, an increase of \$2.6 million from prior year accumulated depreciation and amortization totaling \$53.4 million, this increase represents fiscal year 2022 depreciation and amortization on capital assets.
- EDIC's grants/contracts to related parties and community based organizations payable at June 30, 2022 was \$13.7 million, an increase of \$10.3 million from June 30, 2021 grants/contracts to related parties and community based organizations payable totaling \$3.4 million. The increase is primarily the result of a payable at June 30, 2022 to a related party which is detailed in Note 12 to the financial statements.
- EDIC's deferred inflow of resources relating to rental income at June 30, 2022 was \$1.5 billion, an increase of \$533 million from the June 30, 2021 deferred inflow of resources relating to rental income totaling \$962 million. This increase is primarily the result of executing new lease agreements and amending existing lease agreements. Lease receivable and accrued interest on lease receivables are summarized in Note 8 to the financial statements which have been accounted for under GASB 87, *Leases*.

Financial Highlights – 2021 to 2020

- EDIC's net position at June 30, 2021 was \$122.8 million, an increase of \$56 million from the June 30, 2020 net position totaling \$66.7 million. This increase is primarily the result of excess operating income in fiscal year 2021 totaling \$35.1 million and \$21 million from the adoption of GASB 87, *Leases* detailed in Note 2 to the financial statements.
- EDIC's cash and cash equivalents at June 30, 2021 was \$55.3 million, an increase of \$38.6 million from June 30, 2020 cash and cash equivalents totaling \$16.7 million. EDIC's investments at June 30, 2021 was \$0, a decrease of \$13.1 million from June 30, 2020 investments totaling \$13.1 million. The statement of cash flows identifies the sources and uses of cash and investments for each fiscal year. Board designated reserve funds are summarized in Note 15 and investments are summarized in Note 5 to the financial statements.
- EDIC's capital assets at June 30, 2021 was \$97.8 million, an increase of \$2 million from June 30, 2020 capital assets totaling \$95.8 million. Capital asset acquisitions in fiscal year 2021 are detailed in Note 10 to the financial statements. Accumulated depreciation and amortization on capital assets at June 30, 2021 was \$53.1 million, an increase of \$2.3 million from prior year accumulated depreciation and amortization totaling \$50.8 million, this increase represents fiscal year 2021 depreciation and amortization on capital assets.
- EDIC's bonds payable at June 30, 2021 was \$0, a decrease of \$9.8 million from June 30, 2020 bonds payable totaling \$9.8 million. Long-term debt for fiscal year 2021 is detailed in Note 11 to the financial statements.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2022 and 2021

Financial Highlights – 2021 to 2020 – continued

- EDIC's lease receivable and accrued interest on lease receivables at June 30, 2021 totaled \$983 million, an increase of \$983 million from the June 30, 2020 lease receivable totaling \$0. This increase is the result of the adoption of GASB 87, *Leases*.
- EDIC's deferred inflow of resources relating to rental income at June 30, 2021 was \$962 million, an increase of \$962 million from the June 30, 2020 deferred inflow of resources relating to rental income totaling \$0 million. This increase is the result of the adoption of GASB 87, *Leases*.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<i>June 30,</i>			<i>Percentage Change</i>	
	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2022-2021</i>	<i>2021-2020</i>
<i>Operating revenue</i>					
Grant/contract income	\$ 13,650,849	\$ 13,580,401	\$ 12,982,699	1%	5%
Interest income from leases	24,662,605	17,237,160	-	43%	-
Rent and other property payments	37,627,755	60,192,334	33,367,935	-37%	80%
Total operating revenues	<u>75,941,209</u>	<u>91,009,895</u>	<u>46,350,634</u>	<u>-17%</u>	<u>96%</u>
<i>Operating Expenses</i>					
Personnel and fringe benefits	18,350,607	17,066,779	15,233,905	8%	12%
Grants/contracts to related parties and community based organizations	19,801,349	9,941,025	12,756,691	99%	-22%
Contractual services, supplies and other	8,111,443	6,012,350	7,439,859	35%	-19%
Depreciation and amortization	2,602,389	2,604,947	2,225,962	0%	17%
Total operating expenses	<u>48,865,788</u>	<u>35,625,101</u>	<u>37,656,417</u>	<u>37%</u>	<u>-5%</u>
Operating income	27,075,421	55,384,794	8,694,217	-51%	537%
<i>Nonoperating revenue</i>					
Contributions	657,984	572,153	596,163	15%	-4%
Investment income	49,066	157,386	503,004	-69%	-69%
Total nonoperating revenues	<u>707,050</u>	<u>729,539</u>	<u>1,099,167</u>	<u>-3%</u>	<u>-34%</u>
Increase in net position	27,782,471	56,114,333	9,793,384	-50%	473%
Net position at beginning of year	<u>122,830,999</u>	<u>66,716,666</u>	<u>56,923,282</u>	<u>84%</u>	<u>17%</u>
Net position at end of year	<u>\$ 150,613,470</u>	<u>\$122,830,999</u>	<u>\$ 66,716,666</u>	<u>23%</u>	<u>84%</u>

Financial Highlights – 2022 to 2021

- EDIC ended fiscal years 2022 and 2021 with an increase in net position totaling \$28 million and \$56 million, respectively.
- EDIC's interest income from leases and rent and other property payments combined total in fiscal year 2022 were \$62.3 million, a decrease of \$15.1 million from fiscal year 2021 interest income from leases and rent and other property payments combined total of \$77.4 million. This decrease was a result of variable lease fees detailed in Note 8 to the financial statements.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2022 and 2021

Financial Highlights – 2022 to 2021 – continued

- EDIC's salaries and fringe benefits in fiscal year 2022 totaled \$18.4 million, an increase of \$1.3 million from fiscal year 2021 salaries and fringe benefits totaling \$17.1 million.
- EDIC's grants/contracts to related parties and community based organizations in fiscal year 2022 were \$19.8 million, an increase of \$9.9 million from fiscal year 2021 grants/contracts to related parties and community based organizations of \$9.9 million. This increase was a net result of a \$10 million increase in related party grants detailed in Note 12 to the financial statements.
- EDIC's contracted services, supplies and other costs in fiscal year 2022 were \$8.1 million, an increase of \$2.1 million from fiscal year 2021's contracted services, supplies and other costs totaling \$6 million. This increase was primarily the result of costs incurred in fiscal year 2021 of \$1.3 million of professional fees and \$.5 million of supplies and service related expenses.

Financial Highlights – 2021 to 2020

- EDIC ended fiscal years 2021 and 2020 with an increase in net position totaling \$56 million and \$9.8 million, respectively.
- EDIC's interest income from leases and rent and other property payments combined total in fiscal year 2021 were \$77.4 million, an increase of \$44 million from fiscal year 2020 interest income from leases and rent and other property payments combined total of \$33.4 million. This increase was a result of the adoption of GASB 87, *Leases* and variable lease fees detailed in Note 8 to the financial statements.
- EDIC's salaries and fringe benefits in fiscal year 2021 totaled \$17 million, an increase of \$1.8 million from fiscal year 2020 salaries and fringe benefits totaling \$15.2 million.
- EDIC's grants/contracts to related parties and community based organizations in fiscal year 2021 were \$9.9 million, a decrease of \$2.9 million from fiscal year 2020 grants/contracts to related parties and community based organizations of \$12.8 million. This decrease was a net result of a \$2.7 million decrease in related party grants detailed in Note 12 to the financial statements.
- EDIC's contracted services, supplies and other costs in fiscal year 2021 were \$6 million, a decrease of \$1.4 million from fiscal year 2020's contracted services, supplies and other costs totaling \$7.4 million. This decrease was primarily the result of costs incurred in fiscal year 2020 of \$.6 million of bad debt expense and \$.6 million of security and maintenance expenses.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2022 and 2021

Currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

In August 2022, a \$23 million, three year Good Jobs Challenge Grant was awarded to OWD. OWD anticipates future funding of \$7 million in FY23 and \$16 million for FY24 and FY25. The grant will create good job opportunities for Americans, as well as help local industries and economies develop the skilled workforce needed to innovate and compete globally.

In addition, in fiscal year 2023, EDIC will be implementing Government Accounting Standards Board Statement No. 96 (GASB 96) *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Under this Statement, a government recognizes an intangible right-to-use subscription asset and a corresponding subscription liability. It is expected that the implementation of this Standard will have a significant effect on financial position and results of operations.

Request for Information

This financial report is designed to provide a general overview of EDIC's finances and to demonstrate its accountability for the money it receives to carry out both economic development activities and fiscal agent responsibilities to the City of Boston for its Office of Workforce Development grant programs. If you have any questions about this report, contact the Secretary's Office, 9th Floor, Boston City Hall.

Economic Development and Industrial Corporation of Boston

Statements of Net Position

June 30, 2022 and 2021

<i>Assets</i>	<i>2022</i>	<i>As Restated 2021</i>
<i>Current assets:</i>		
Cash and cash equivalents	\$ 64,871,622	\$ 55,313,304
Lease receivable	4,538,285	4,456,121
Investments	6,545,284	-
Accounts receivable (net of allowance for doubtful accounts)	2,099,096	1,581,458
Grants/contracts receivable	6,560,804	5,761,588
Prepaid assets and deposits	<u>612,204</u>	<u>629,951</u>
Total current assets	<u>85,227,295</u>	<u>67,742,422</u>
<i>Noncurrent assets:</i>		
Lease receivable	1,516,870,549	971,792,904
Accrued interest receivable	17,270,570	6,843,473
Restricted cash and cash equivalents	703,883	703,812
Security deposits	<u>1,714,182</u>	<u>1,331,230</u>
Total noncurrent assets	<u>1,536,559,184</u>	<u>980,671,419</u>
<i>Capital assets:</i>		
Nondepreciable	9,160,241	7,755,279
Depreciable	90,443,650	90,079,765
Less accumulated depreciation	(55,394,305)	(53,079,671)
Right of use lease	2,164,090	2,164,090
Less accumulated amortization	<u>(571,240)</u>	<u>(283,485)</u>
Total capital assets - net	<u>45,802,436</u>	<u>46,635,978</u>
Total Assets	<u>\$ 1,667,588,915</u>	<u>\$ 1,095,049,819</u>
<i>Liabilities</i>		
<i>Current liabilities:</i>		
Accounts payable	\$ 1,350,982	\$ 900,735
Grants/contracts payable	14,038,690	3,352,911
Accrued expenses	400,379	690,045
Compensated absences	86,387	163,575
Unearned revenue	825,269	581,267
Leases obligations/payables	<u>278,001</u>	<u>265,818</u>
Total current liabilities	<u>16,979,708</u>	<u>5,954,351</u>
<i>Noncurrent liabilities:</i>		
Leases obligations/payables	1,369,177	1,647,178
Compensated absences	1,088,707	1,234,551
Security deposits	<u>1,714,182</u>	<u>1,331,230</u>
Total noncurrent liabilities	<u>4,172,066</u>	<u>4,212,959</u>
Total liabilities	<u>21,151,774</u>	<u>10,167,310</u>
<i>Deferred Inflow of Resources</i>		
Deferred inflow of rental income	<u>1,495,823,671</u>	<u>962,051,510</u>
<i>Net Position</i>		
Net investment in capital assets	45,802,436	46,635,978
Restricted for grant programs	703,883	703,812
Unrestricted	<u>104,107,151</u>	<u>75,491,209</u>
Total net position	<u>150,613,470</u>	<u>122,830,999</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 1,667,588,915</u>	<u>\$ 1,095,049,819</u>

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of Boston
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	<i>2022</i>	<i>As Restated 2021</i>
<i>Revenues</i>		
Grant/contract income	\$ 13,650,849	\$ 13,580,401
Rental income	37,148,078	59,893,858
Contributions	657,984	572,153
Interest income	24,708,883	17,394,546
Unrealized gain	2,788	-
Miscellaneous income	<u>479,677</u>	<u>298,476</u>
Total revenues	<u>76,648,259</u>	<u>91,739,434</u>
<i>Expenses</i>		
Salaries	14,002,105	13,042,255
Fringe benefits	4,348,502	4,024,524
Grants/contracts to related parties and community based organizations	19,801,349	9,941,025
Utilities	611,256	491,028
Security and maintenance	1,948,130	1,394,026
Travel and transportation	54,233	29,537
Insurance	654,439	561,992
Professional fees	3,282,564	2,017,215
Lease commissions	42,272	9,000
Printing	13,390	14,326
Bad debt expense	-	135,192
Depreciation	2,314,634	2,321,462
Amortization	287,755	283,485
Supplies	72,468	50,178
Rental expense	44,014	173,254
Telecommunications	114,112	76,776
Professional development	13,275	108,436
Data processing	825,755	477,262
Marketing	33,743	28,360
Educational supplies	10,289	15,183
Interest expense	15,686	249,202
Other expense	<u>375,817</u>	<u>181,383</u>
Total expenses	<u>48,865,788</u>	<u>35,625,101</u>
Change in net position	27,782,471	56,114,333
Net position at beginning of year	<u>122,830,999</u>	<u>66,716,666</u>
Net position at end of year	<u>\$ 150,613,470</u>	<u>\$ 122,830,999</u>

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of Boston

Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	2022	<i>As Restated</i> 2021
<i>Cash Flows from Operating Activities</i>		
Receipts from grants/contracts and contributions	\$ 13,753,619	\$ 12,852,450
Receipts from tenants	39,730,034	56,803,378
Receipts from interest	23,346	102,262
Payments to employees	(14,425,971)	(12,901,698)
Payments for employee benefits	(4,388,199)	(4,036,396)
Payments to community based organizations	(9,115,570)	(9,046,437)
Payments to related parties	(413,188)	(413,188)
Payments to vendors and suppliers	(7,028,431)	(5,545,896)
Payments for interest	<u>(15,686)</u>	<u>(233,084)</u>
Net cash provided by operating activities	<u>18,119,954</u>	<u>37,581,391</u>
<i>Cash Flows from Investing Activities</i>		
Interest on investments	23,346	90,190
Sale of investments	6,500,000	13,000,000
Purchase of investments	<u>(13,034,560)</u>	<u>-</u>
Net cash (used in)/provided by investing activities	<u>(6,511,214)</u>	<u>13,090,190</u>
<i>Cash Flows from Capital and Related Financing Activities</i>		
Acquisition of capital assets	(1,768,847)	(2,074,860)
Lease payments	(281,504)	(267,212)
Principal payments on debt	<u>-</u>	<u>(9,759,002)</u>
Net cash used in capital and related financing activities	<u>(2,050,351)</u>	<u>(12,101,074)</u>
Net increase in cash and cash equivalents	9,558,389	38,570,507
Cash and cash equivalents - beginning of year	<u>56,017,116</u>	<u>17,446,609</u>
Cash and cash equivalents - end of year	<u>\$ 65,575,505</u>	<u>\$ 56,017,116</u>

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of BostonStatements of Cash Flows – *Continued*

For the Years Ended June 30, 2022 and 2021

	2022	<i>As Restated</i> 2021
<i>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities</i>		
Change in net position	\$ 27,782,471	\$ 56,114,333
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation and amortization	2,602,389	2,604,947
Unrealized gain	(2,788)	-
Bad debt expense	-	135,192
Changes in operating assets and liabilities:		
Increase in lease receivable	(545,175,405)	(146,328,367)
Increase in deferred inflow of rental income	533,772,161	132,146,970
Increase in accrued interest receivable	(10,427,097)	(6,843,473)
(Increase)decrease in accounts receivable	(517,638)	430,992
Increase in grants/contracts receivable	(799,216)	(1,104,307)
Decrease/(increase) in other assets	17,747	(153,890)
Increase(decrease) in accounts payable	450,247	(325,563)
Increase in grants/contracts payable	10,685,779	894,588
(Decrease)/increase in accrued expenses	(289,666)	29,145
(Decrease)/increase in compensated absences	(223,032)	74,359
Increase/(decrease) in unearned revenue	<u>244,002</u>	<u>(93,535)</u>
Net cash provided by operating activities	<u>\$ 18,119,954</u>	<u>\$ 37,581,391</u>

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements

June 30, 2022 and 2021

1. *Financial Reporting Entity*

Economic Development and Industrial Corporation of Boston (EDIC), a quasi-public corporation, is a component unit of the City of Boston (the City) and an instrumentality of the Commonwealth of Massachusetts. The purpose of EDIC is to create and retain industrial companies and jobs in Boston's neighborhoods for Boston residents, including minorities and women, through economic development, industrial real estate management, financing, and job training. EDIC is exempt from federal income taxes as a political subdivision under Section 115 of the Internal Revenue Code.

EDIC owns and operates the Raymond L. Flynn Marine Park (RFMP), which is leased out to manufacturing, industrial and light industrial business tenants. Further, EDIC's Office of Workforce Development (OWD), is a multi-service agency that receives federal, state and city funds to run a comprehensive system of education, job training, job placement, counseling, human services and other support services for Boston residents.

On October 20, 2016, the board approved the renaming of EDIC to d/b/a the Boston Planning & Development Agency. For all legal documents and as a legal entity, EDIC shall remain the same.

2. *Summary of Significant Accounting Policies*

Basis of Accounting - EDIC's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as specified by the Governmental Accounting Standards Board's (GASB) requirements for a special-purpose government agency engaged solely in business type activities. Accordingly, revenue is recognized when earned and expenses are recorded when incurred.

Funding under cost reimbursement grants/contracts and contribution revenue are recognized as unearned revenue when received and recorded as income when all eligibility requirements are met. Funding received for the improvement of depreciable capital assets is considered to be nonexchange transactions and is recorded as revenue when the related cost is incurred.

Cash and Cash Equivalents - Cash and cash equivalents consist of funds in EDIC's cash accounts, certificates of deposit and all highly liquid investments with an initial maturity of three months or less to be cash equivalents, other than cash collected for security deposits.

Investments - Investments are presented in the accompanying basic financial statements at fair value, which is determined by reference to published market data for publicly traded securities.

Grants/Contracts and Accounts Receivable - Grants/contracts receivable represent amounts due from funding sources for capital improvements funded by the City of Boston (Note 12) and for OWD grant activity. Accounts receivable represent amounts due from tenants and related parties. Receivables are presented net of allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience and receivables are charged off when deemed uncollectible. Allowance for doubtful accounts receivable totaled \$95,883 and \$476,896 at June 30, 2022 and 2021, respectively. Management has determined that all grants/contracts receivable are collectible for the years then ended; therefore, no related allowance has been recorded.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

2. *Summary of Significant Accounting Policies - Continued*

Grants/Contracts and Accounts Payable - Grants/contracts payable represent grant funding amounts due to related parties (Note 12), and for community based organizations for OWD activities that are funded through grants/contracts with Federal, state and other agencies. Accounts payable represent operational amounts due to vendors and related parties.

Capital Assets - Capital assets in excess of \$10,000 are recorded on the statement of net position at historical cost less accumulated depreciation. Depreciation is provided using the straight-line method over the following useful lives:

<i>Capital Asset Category</i>	<i>Life</i>
Land Improvements	5-50 Years
Maritime Assets	10-50 Years
Buildings and Improvements	10-50 Years
Machinery and Equipment	3-5 Years
Other Assets	5 Years

All real estate and tangible personal property of EDIC is deemed to be public property used for essentially public and governmental purposes and is exempt from taxation, except that the City and EDIC may determine an amount to be paid annually in lieu of taxes. No such payments were made to the City for the years ended June 30, 2022 and 2021.

Leases (Lessor) – EDIC is a lessor for various noncancellable leases of land and buildings. For leases with a maximum possible term of 12 months or less at commencement, EDIC recognizes income based on the provisions of the lease contract. For all other leases (i.e. those that are not short-term), EDIC recognizes a lease receivable and an offsetting deferred inflow of resources.

At lease commencement, EDIC initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. EDIC recognizes interest income on the lease receivable, and lease revenue from the deferred inflows of resources on a systematic and rational manner over the term of the lease.

Key estimates and judgments include how EDIC determines the (1) discount rate it uses to calculate the present value of the expected lease payments to be received, (2) lease term, and (3) lease payments to be received.

Discount Rate - EDIC generally uses its estimated incremental borrowing rate as the discount rate for leases. EDIC's incremental borrowing rate for leases is based on the rate of interest it would need to pay if it issued general obligation bonds. This rate was determined through Standard and Poor's AA municipal yield curves, initially assessed at July 1, 2020 for 1 through 30 year terms, and a projected yield for each year beyond year 30. For new and amended leases after July 1, 2020, EDIC uses a similar yield curve that is updated every six months at December and June.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

2. *Summary of Significant Accounting Policies - Continued*

Leases (Lessor) – continued

Lease Term - The lease term includes the noncancellable portion of the lease, plus any additional periods covered by either EDIC's or lessee's unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both EDIC and the lessee have an option to terminate are excluded from the lease term.

Lease Payments - Lease payments to be received are evaluated by EDIC to determine if they should be included in the measurement of the lease receivable, including those payments that require a determination of whether they are reasonably certain of being received, such as base rent, percentage rent, and lease extension fees.

EDIC monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured and a corresponding adjustment is made to the deferred inflow of resources and rental income.

Lease receivable is reported within the noncurrent asset section of the statement of net position, net of the short-term portion of the lease receivable reported as a current asset.

Leases (Lessee) – EDIC is a lessee for two noncancellable leases of a building and equipment, for which EDIC recognizes a lease liability. For leases with a maximum possible term of 12 months or less at commencement, EDIC recognizes the expense based on the provisions of the lease contract. For all other leases, EDIC recognizes a lease liability and an intangible right-to-use lease asset.

At lease commencement, EDIC initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into amortization expense on a straight-line basis over the shorter of the lease term or useful life of the underlying asset. If EDIC is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

EDIC uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor/vendor charges is known. EDIC used the interest rate for the Standard and Poor's AA municipal yield curves to calculate the present value.

EDIC monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease, the liability is remeasured and a corresponding adjustment is made to the lease asset.

Lease assets are reported with capital assets and lease liability is reported with the noncurrent liability section of the statement of net position, net of the short-term portion of the lease liability reported as a current liability.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

2. *Summary of Significant Accounting Policies - Continued*

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Planned Major Maintenance - EDIC uses the direct expensing method to account for planned major maintenance activities, under which actual costs incurred are expensed directly when maintenance is performed.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. EDIC did not have any deferred outflows as of June 30, 2022 and 2021.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include leases which are related to the lease receivable and are being amortized to lease revenue in a systematic and rational manner over the terms of the leases. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. See Note 8.

Reclassifications - Certain fiscal year 2021 amounts have been reclassified to conform to the fiscal year 2022 financial statement presentation.

Adoption of Accounting Standard and Restatement – In fiscal year 2022, EDIC implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in EDIC’s financial statements and had an effect on the beginning net position and previously reported rental income, interest income, amortization and rent expense.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies - Continued

The implementation of GASB Statement No. 87 had the following effect on net position:

	<i>Statements of Changes in Net Position</i>	
	<i>June 30, 2021</i>	<i>July 1, 2020</i>
Net position, as previously reported	\$ 101,822,402	\$ 66,716,666
GASB 87 implementation:		
Lease receivable	976,249,024	829,904,540
Accrued interest receivable	6,843,473	-
Deferred inflows - leases	(962,051,510)	(829,904,540)
Net book value leased asset	1,880,606	2,010,366
Lease liability	<u>(1,912,996)</u>	<u>(2,010,366)</u>
Net Position, as restated	<u>\$ 122,830,999</u>	<u>\$ 66,716,666</u>

3. Net Investment in Capital Assets

Net investment in capital assets consisted of the following as of June 30,:

	<i>2022</i>	<i>2021</i>
Cost of capital assets acquired	\$101,767,981	\$ 99,999,134
Less accumulated depreciation and amortization	<u>(55,965,545)</u>	<u>(53,363,156)</u>
Net investment in capital assets	<u>\$ 45,802,436</u>	<u>\$ 46,635,978</u>

4. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of June 30,:

<i>Description</i>	<i>2022</i>	<i>2021</i>
Federally insured deposits	\$ 500,000	\$ 500,000
Securities Investor Protection Corporation deposits	500,000	500,000
Collateralized with Securities held by the Pledging Financial Institution's Trust Department or Agent, but not in EDIC's Name	48,274,078	38,958,359
Uncollateralized/unsecured deposits	<u>18,604,149</u>	<u>17,872,015</u>
Total	<u>\$ 67,878,227</u>	<u>\$ 57,830,374</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

4. *Cash and Cash Equivalents - Continued*

EDIC maintains its cash accounts at three financial institutions. Balances in two institutions are fully insured or collateralized. The balances in the other institution, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor. As of June 30, 2022 and 2021, included in cash is \$6,789,168 and \$13,366,263, respectively, that is held in an investment account which the Securities Investor Program Corporation insures balances up to \$500,000. Also included in cash are non-negotiable certificates of deposit with a balance of \$7,533,770 and \$7,076,375 as of June 30, 2022 and 2021, respectively, recorded at cost. EDIC has not experienced any losses in this uncollateralized/unsecured account. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institution minimizes such risk.

5. *Investments*

Authorized Investments – EDIC’s investments are governed by state and local statutes. EDIC’s investment instruments include United States treasury notes and United States treasury bills. EDIC’s investment policy permits funds to be invested within the following categories: U.S. Treasury/U.S. government guaranteed obligations, Federal agency or U.S. government sponsored enterprise obligations, negotiable bank deposit obligations, demand deposits in trust companies, savings banks, national banks, term deposits or certificates of deposit, money market funds, participation units of the Massachusetts Municipal Depository Trust (MMDT) cash portfolio, MMDT short-term bond fund or any other investment expressly permitted by the Massachusetts Commonwealth statute. EDIC did not hold investments as of June 30, 2021.

Custodial Credit Risk – Custodial credit risk for investments occurs when the securities are uninsured, are not registered in the name of the government and are held by the counterparty or the counterparty’s trust department. All of EDIC’s investments are held by third parties in EDIC’s name.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The following is a listing of EDIC’s investments and related maturity (in years) as of June 30, 2022:

<i>Description</i>	<u>Fair Value</u>	<u>Less than 1</u>
U.S. Treasury Bill	<u>\$ 6,545,284</u>	<u>\$ 6,545,284</u>

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. EDIC does not have a formal policy on managing credit risk. The following is a listing of EDIC’s investments and related credit risk rating as of June 30, 2022:

<i>Description</i>	<i>Fair Value</i>	
	<u>2022</u>	<u>Moody's Rating</u>
U.S. Treasury Bill	<u>\$ 6,545,284</u>	Unrated

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

6. Fair Value of Financial Instruments

Fair Value Hierarchy – EDIC categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. EDIC does not have any investments that are measured using Level 2 or Level 3 inputs. EDIC’s U.S. Treasury securities issued by the U.S. Government are valued using quoted prices. EDIC did not hold investments as of June 30, 2021.

The following is a summary of EDIC’s investments as of June 30, 2022:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)
U.S. Treasury Bill	\$ <u>6,545,284</u>	\$ <u>6,545,284</u>

The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of those financial instruments. The carrying value of accounts receivable, grants/contracts receivable, lease receivables and long-term receivables approximate fair value.

The carrying amounts of accounts payable, grants/contracts payable, compensated absences, leases and accrued expenses approximate fair value.

7. Lease Commitments

EDIC entered into a lease agreement for office space used for OWD programs that expired on December 31, 2018. During fiscal year 2019, the lease terms were amended extending the lease period for an additional ten years through December 31, 2028 and increasing the basic rent. EDIC is also responsible for additional rent for increases in real estate tax and building operating expenses over the base years of this lease. During fiscal year 2022, EDIC entered into a noncancellable lease agreement for copiers that expires in August 2023. A summary of lease assets is summarized as follows:

<i>Description</i>	<i>Date</i>	<i>Payment Terms</i>	<i>Annual Payment Amount</i>	<i>Interest Rate</i>	<i>Total Lease Liability</i>	<i>Balance June 30, 2022</i>
Building	1/1/2019	10 years	\$220,000 - \$260,000	0.90%	\$ 2,010,365	\$ 1,591,496
Equipment	8/1/2020	3 Years	\$ 51,504	0.35%	\$ 153,725	<u>55,682</u>
Total lease agreements						<u>\$ 1,647,178</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

7. Lease Commitments - Continued

<i>Description</i>	<i>Date</i>	<i>Payment Terms</i>	<i>Annual Payment Amount</i>	<i>Interest Rate</i>	<i>Total Lease Liability</i>	<i>Balance June 30, 2021</i>
Building	1/1/2019	10 years	\$220,000 - \$260,000	0.90%	\$ 2,010,365	\$ 1,806,103
Equipment	8/1/2020	3 Years	\$ 51,504	0.35%	\$ 153,725	<u>106,893</u>
Total lease agreements						<u>\$ 1,912,996</u>

Future minimum rental expense on noncancelable leases is as follows:

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 278,001	\$ 13,503	\$ 291,504
2024	232,948	11,344	244,292
2025	240,743	9,257	250,000
2026	252,982	7,018	260,000
2027	255,269	4,731	260,000
2028-2029	<u>387,235</u>	<u>2,765</u>	<u>390,000</u>
	<u>\$1,647,178</u>	<u>\$ 48,618</u>	<u>\$ 1,695,796</u>

8. Leasing Activities, Deferred Inflows, Lease Receivable and Accrued Interest Receivable

EDIC is a lessor for various noncancelable long-term leases of its land and buildings with tenants for space at the RFMP. Lease terms for the leases vary from 1 year to 100 years. The discount rates used for the calculation of the lease receivable per lease depends on the length of the respective lease and ranged from 0.19% - 2.07%.

Variable payments included in the leases that were not included in the measurement of the lease receivable include: percentage rent, where related payments are based on a percentage of gross receipts collected by the tenants, payments in lieu of taxes (PILOT) received from certain tenants under agreements with the City of Boston, parking income from a garage and other spaces, tenant reimbursements for utilities and maintenance and other lease fees relating to one-time transactions as defined in the lease agreements. The following is a summary of rental income and related variable lease payments for the years ended June 30, 2022 and 2021:

<i>Description</i>	<i>2022</i>	<i>2021</i>
Fixed rent	\$ 19,962,855	\$ 20,439,220
Percentage rent	294,489	404,412
PILOT	3,886,329	4,647,861
Parking fees	7,972,740	6,134,379
Tenant reimbursement	1,431,665	1,373,620
Other lease fees	<u>3,600,000</u>	<u>26,894,366</u>
Total	<u>\$ 37,148,078</u>	<u>\$ 59,893,858</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

8. *Leasing Activities - Continued*

Security deposits on these leases totaled \$1,714,182 and \$1,331,230 at June 30, 2022 and 2021, respectively. Lease interest income totaled \$24,662,605 and \$17,237,160, for the year ended June 30, 2022 and 2021, respectively. Deferred inflows relating to leases totaled \$1,495,823,671 and \$962,051,510 at June 30, 2022 and 2021, respectively. Accrued interest receivable totaled \$17,270,570 and \$6,843,473 at June 30, 2022 and 2021, respectively.

The cost of property held for leasing and total accumulated depreciation thereon is as follows:

	2022	2021
Land	\$ 2,080,941	\$ 2,080,941
Land improvements	20,613,303	20,249,418
Maritime assets	20,990,804	20,990,804
Buildings and improvements	<u>45,542,912</u>	<u>45,542,912</u>
Total	89,227,960	88,864,075
Less accumulated depreciation	<u>(52,828,333)</u>	<u>(50,758,136)</u>
Book value	<u>\$ 36,399,627</u>	<u>\$ 38,105,939</u>

Future minimum payments due to EDIC under non-cancelable agreements are as follows:

<i>Year Ending</i> <i>June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 4,538,285	\$ 14,375,381	\$ 18,913,666
2024	4,802,452	15,409,844	20,212,296
2025	4,683,413	16,643,623	21,327,036
2026	4,992,538	17,249,092	22,241,630
2027	5,126,381	17,465,766	22,592,147
2028 - 2032	22,913,205	91,619,065	114,532,270
2033 - 2037	15,535,909	100,970,752	116,506,661
2038 - 2042	19,143,834	111,896,160	131,039,994
2043 - 2047	22,723,426	124,391,414	147,114,840
2048 - 2052	26,813,671	138,685,552	165,499,223
2053 - 2057	25,834,267	155,415,411	181,249,678
2058 - 2062	46,889,537	142,891,336	189,780,873
2063 - 2067	73,917,205	138,758,247	212,675,452
2068 - 2072	96,974,183	137,046,916	234,021,099
2073 - 2077	125,224,740	138,980,026	264,204,766
2078 - 2082	146,289,276	139,366,556	285,655,832
2083 - 2087	36,089,593	145,369,388	181,458,981
2088 - 2092	21,811,008	155,777,088	177,588,096
2093 - 2097	12,558,811	177,308,596	189,867,407
2098 - 2102	15,631,254	202,656,959	218,288,213
2103 - 2107	85,100,671	165,998,534	251,099,205
2108 - 2112	234,663,031	55,326,358	289,989,389
2113 - 2117	297,268,336	30,369,110	327,637,446
2118 - 2122	<u>171,883,808</u>	<u>4,350,539</u>	<u>176,234,347</u>
Total	<u>\$ 1,521,408,834</u>	<u>\$ 2,438,321,713</u>	<u>\$ 3,959,730,547</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

9. *Revolving Loan Fund and Restricted Cash*

EDIC received a grant from the U.S. Environmental Protection Agency (EPA) in fiscal year 2011 to establish a revolving loan fund (RLF) that provides funding for cleanup of contaminated Brownsfield properties in the City of Boston. An intercompany loan to EDIC's Economic Development Division totaling \$703,531 was made from the RLF to fund the cleanup and remediate the vacant building located at 6 Tide Street within the RFMP, which was completed as of June 30, 2011.

The intercompany loan was noninterest bearing and was repaid to the RLF in a lump sum at the end of a five year period, fiscal year 2017. EDIC anticipates that it will use the RLF to fund other qualified Brownsfield properties during the life of the fund. Funding for the RLF and interest earned thereon has been classified as restricted cash and cash equivalents and net position restricted for grant programs on the statements of net position.

10. *Capital Assets*

Capital asset activity for the years ended June 30, 2022 was as follows:

	<i>Balance at</i>				<i>Balance at</i>
	<i>June 30, 2021</i>	<i>Additions</i>	<i>Disposals</i>		<i>June 30, 2022</i>
Nondepreciable assets:					
Land	\$ 2,080,941	\$ -	\$ -		\$ 2,080,941
Construction in progress	<u>5,674,338</u>	<u>1,404,962</u>	<u>-</u>		<u>7,079,300</u>
Total nondepreciable assets	<u>7,755,279</u>	<u>1,404,962</u>	<u>-</u>		<u>9,160,241</u>
Depreciable assets:					
Land improvements	20,249,418	363,885	-		20,613,303
Maritime assets	20,990,804	-	-		20,990,804
Buildings and improvements	45,542,912	-	-		45,542,912
Machinery and equipment	3,152,008	-	-		3,152,008
Other assets	<u>144,623</u>	<u>-</u>	<u>-</u>		<u>144,623</u>
Total depreciable assets	<u>90,079,765</u>	<u>363,885</u>	<u>-</u>		<u>90,443,650</u>
Totals at historical cost	<u>97,835,044</u>	<u>1,768,847</u>	<u>-</u>		<u>99,603,891</u>
Less accumulated depreciation for:					
Land improvements	(13,064,615)	(508,843)	-		(13,573,458)
Maritime assets	(11,567,027)	(500,683)	-		(12,067,710)
Buildings and improvements	(26,126,494)	(1,060,671)	-		(27,187,165)
Machinery and equipment	(2,176,912)	(244,437)	-		(2,421,349)
Other assets	<u>(144,623)</u>	<u>-</u>	<u>-</u>		<u>(144,623)</u>
Total accumulated depreciation	<u>(53,079,671)</u>	<u>(2,314,634)</u>	<u>-</u>		<u>(55,394,305)</u>
Right of Use Lease assets:					
Building	2,010,365	-	-		2,010,365
Equipment	<u>153,725</u>	<u>-</u>	<u>-</u>		<u>153,725</u>
Total right of use lease assets	<u>2,164,090</u>	<u>-</u>	<u>-</u>		<u>2,164,090</u>
Less accumulated amortization for right of use lease assets:					
Building	(236,513)	(236,513)	-		(473,026)
Equipment	<u>(46,972)</u>	<u>(51,242)</u>	<u>-</u>		<u>(98,214)</u>
Total accumulated amortization for right of use lease assets	<u>(283,485)</u>	<u>(287,755)</u>	<u>-</u>		<u>(571,240)</u>
Capital assets, net	<u>\$ 46,635,978</u>	<u>\$ (833,542)</u>	<u>\$ -</u>		<u>\$ 45,802,436</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

10. Capital Assets – Continued

Capital asset activity for the years ended June 30, 2021 was as follows:

	<i>Balance at</i>				<i>Balance at</i>
	<i>June 30, 2020</i>	<i>Additions</i>	<i>Disposals</i>		<i>June 30, 2021</i>
Nondepreciable assets:					
Land	\$ 2,080,941	\$ -	\$ -		\$ 2,080,941
Construction in progress	7,009,915	2,110,808	(3,446,385)		5,674,338
Total nondepreciable assets	<u>9,090,856</u>	<u>2,110,808</u>	<u>(3,446,385)</u>		<u>7,755,279</u>
Depreciable assets:					
Land improvements	18,573,155	1,676,263	-		20,249,418
Maritime assets	19,335,550	1,655,254	-		20,990,804
Buildings and improvements	45,463,992	78,920	-		45,542,912
Machinery and equipment	3,152,008	-	-		3,152,008
Other assets	144,623	-	-		144,623
Total depreciable assets	<u>86,669,328</u>	<u>3,410,437</u>	<u>-</u>		<u>90,079,765</u>
Totals at historical cost	<u>95,760,184</u>	<u>5,521,245</u>	<u>(3,446,385)</u>		<u>97,835,044</u>
Less accumulated depreciation for:					
Land improvements	(12,586,801)	(477,814)	-		(13,064,615)
Maritime assets	(11,079,737)	(487,290)	-		(11,567,027)
Buildings and improvements	(25,032,319)	(1,094,175)	-		(26,126,494)
Machinery and equipment	(1,914,729)	(262,183)	-		(2,176,912)
Other assets	(144,623)	-	-		(144,623)
Total accumulated depreciation	<u>(50,758,209)</u>	<u>(2,321,462)</u>	<u>-</u>		<u>(53,079,671)</u>
Right of Use Lease assets:					
Building	2,010,365	-	-		2,010,365
Equipment	-	153,725	-		153,725
Total right of use lease assets	<u>2,010,365</u>	<u>153,725</u>	<u>-</u>		<u>2,164,090</u>
Less accumulated amortization for right of use lease assets:					
Building	-	(236,513)	-		(236,513)
Equipment	-	(46,972)	-		(46,972)
Total accumulated amortization for right of use lease assets	<u>-</u>	<u>(283,485)</u>	<u>-</u>		<u>(283,485)</u>
Capital assets, net	<u>\$ 47,012,340</u>	<u>\$ 3,070,023</u>	<u>\$ (3,446,385)</u>		<u>\$ 46,635,978</u>

11. Long-Term Debt

Long-term debt activity for the year ended June 30, 2022, was as follows:

	<i>Balance at</i>			<i>Balance at</i>	<i>Amounts</i>
	<i>June 30, 2021</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30, 2022</i>	<i>Due Within</i>
					<i>One Year</i>
Security deposits	\$ 1,331,230	\$ 618,362	\$ (235,410)	\$ 1,714,182	\$ -
Leases	1,912,996	-	(265,818)	1,647,178	278,001
Compensated absences	1,398,126	994,803	(1,217,835)	1,175,094	86,387
Total	<u>\$ 4,642,352</u>	<u>\$ 1,613,165</u>	<u>\$ (1,719,063)</u>	<u>\$ 4,536,454</u>	<u>\$ 364,388</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

11. Long-Term Debt – Continued

Long-term debt activity for the year ended June 30, 2021 was as follows:

	<i>Balance at</i>			<i>Balance at</i>	<i>Amounts</i>
	<i>June 30, 2020</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30, 2021</i>	<i>Due Within</i>
					<i>One Year</i>
Security deposits	\$ 1,111,235	\$ 355,870	\$ (135,875)	\$ 1,331,230	\$ -
Leases	2,010,365	153,725	(251,094)	1,912,996	265,818
Compensated absences	<u>1,323,767</u>	<u>888,363</u>	<u>(814,004)</u>	<u>1,398,126</u>	<u>163,575</u>
Total	<u>\$ 4,445,367</u>	<u>\$ 1,397,958</u>	<u>\$ (1,200,973)</u>	<u>\$ 4,642,352</u>	<u>\$ 429,393</u>

Public Parking Facility Bond, 2010 Series was issued for construction additions and refinancing of the existing parking garage in the RLMP and additional mortgage refinancing in June 2010. The initial interest rate was 4.5% per annum for a period of ten years. The bond was refinanced in December 2011, to a fixed interest rate of 2.49%. The bond was refinanced again in March 2017 to a fixed rate of 2.795%. The bond matured on July 21, 2030; however, the bond owner has the right to accelerate the maturity date to December 31, 2021. The outstanding bond from direct borrowings contain a provision that in an event of default, as defined by the agreement, the timing of repayment of outstanding amounts become immediately due if the debt service coverage ratio is less than 120 percent with respect to the parking garage operation or if the issuer is unable to make a payment within ten days of written notice. During the year ended June 30, 2021, EDIC repaid the entire outstanding balance.

12. Related Party Transactions

Affiliated Nonprofit Organizations

Boston Local Development Corporation (BLDC) is a nonprofit corporation, established to provide long-term, low interest financing to firms and companies located in the City of Boston, Massachusetts in order to maintain and expand employment opportunities. Friends of Youth Opportunity Boston, Inc. (FYOB) is a nonprofit organization created to support the activities of Youth Opportunity Boston, an OWD program. Boston Industrial Development Financing Authority (BIDFA) was established as an industrial development financing authority, pursuant to Massachusetts General Laws Chapter 40D, acting by and on behalf of the City of Boston as its instrumentality. EDIC acts as fiscal agent for these entities.

For the years ended June 30, 2022 and 2021, EDIC has provided grants to BLDC totaling \$153,977 and \$148,041, respectively. For the years ended June 30, 2022 and 2021, EDIC has provided grants to BIDFA totaling \$88,000 and \$69,000, respectively. For the years ended June 30, 2022 and 2021, EDIC has provided grants to FYOB totaling \$169,969 and \$161,657, respectively. These transactions are recorded as grants/contracts to related parties and community based organization on the statement of revenues, expenses and changes in net position.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

12. Related Party Transactions - Continued

BLDC, FYOB and BIDFA, employees are paid through EDIC's payroll system and are covered under EDIC's fringe benefit policies. Related party transactions concerning these agencies are summarized as follows:

	<i>Payroll and Fringe Benefits</i>		<i>EDIC Receivable</i>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
BLDC	\$ 153,688	\$ 149,758	\$ 14,469	\$ 22,587
FYOB	\$ 198,551	\$ 203,799	\$ -	\$ -
BIDFA	\$ 64,181	\$ 61,875	\$ -	\$ -

The City of Boston

The City of Boston's Property Management Department provided security services to EDIC, totaling \$642,058 and \$628,700 for the years ended June 30, 2022 and 2021, respectively. Amounts payable to the City of Boston at June 30, 2022 and 2021 for these services totaled \$52,156 and 335,022, respectively.

EDIC received grants totaling and \$79,153 and \$1,073,497 from the City of Boston for the years ended June 30, 2022 and 2021, respectively, for reimbursement of a portion of capital improvement activity at the RFMP. Amounts receivable from the City of Boston at June 30, 2022 and 2021 for this activity totaled \$69,035 and \$15,358, respectively.

EDIC received grants totaling approximately \$3.3 million and \$3.6 million from various departments of the City of Boston for the years ended June 30, 2022 and 2021, respectively, for OWD activity.

Boston Redevelopment Authority

Commonwealth of Massachusetts legislation Chapter 341 named the Boston Redevelopment Authority (BRA) Board of Directors as the sole members of EDIC's Board of Directors. However, under the terms of Chapter 341, actions taken by the BRA Board of Directors on behalf of BRA are not binding on EDIC and actions taken by the EDIC Board of Directors on behalf of EDIC are not binding on BRA.

The cost of BRA employees working on EDIC projects and/or OWD grants were billed to EDIC for the years ended June 30, 2022 and 2021, and totaled \$206,052 and \$196,147, respectively. Further, EDIC paid operating costs for the benefit of BRA and subsequently billed BRA for these costs totaling \$308,825 and \$277,437 for the years ended June 30, 2022 and 2021, respectively. EDIC has recorded a net receivable from BRA for this activity totaling \$616,737 and \$277,437, at June 30, 2022 and 2021, respectively.

In addition, for the year ended June 30, 2021, BRA charged OWD for OWD's estimated share of BRA's administrative costs provided to OWD totaling \$424,422 and \$509,328, for the years ended June 30, 2022 and 2021, respectively, which comprised of salary and related fringe benefits.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

12. *Related Party Transactions - Continued*

Boston Redevelopment Authority – continued

During 2022, EDIC has provided a grant to BRA totaling \$10,000,000 for the purpose of funding a portion of BRA's capital reserves which was outstanding at June 30, 2022. EDIC did not provide any grants to BRA for the year ended June 30, 2021.

BRA provided funding to EDIC for an architectural contract totaling \$249,920 for the RFMP Master Plan through a grant provided to BRA from the City of Boston's Department of Neighborhood Development. As of June 30, 2022 and 2021, related cumulative costs, incurred by EDIC, totaled \$249,920.

13. *Risk Management*

EDIC is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment and employee health claims. EDIC carries commercial insurance for general liability, property and casualty, and workers' compensation. Losses are insured to the extent the losses exceed the deductibles. There have been no significant reductions in insurance coverage during fiscal years 2022 and 2021.

14. *Retirement Plans*

All regular employees of EDIC are eligible to participate in a Thrift Savings Plan (the Plan) after three months of service. The Plan is a defined contribution plan and an eligible tax-deferred plan under Internal Revenue Service (IRS) Code Sections 457 and 401(a). The Plan is serviced by The Great-West Life Assurance Company. Participants can contribute one percent (1%) to twenty-five percent (25%) of their taxable compensation on a pre-tax basis, subject to the maximum deferral limits as set by the Internal Revenue Code. EDIC will match the first six percent (6%) of compensation that is contributed by the participant. Participants can also contribute one percent (1%) to fifteen (15%) of their total compensation on an after-tax basis, also subject to a maximum deferral limit, which is inclusive of EDIC's match amount.

All regular non-union employees of EDIC are also eligible for per diem contributions made to a defined contribution plan, tax deferred under Section 401(a) of the Internal Revenue Code. The per diem amount of \$13 is paid by EDIC for all paid days of work, including vacation days, holidays, paid sick days and paid personal days. Participants of this plan, as well as the Thrift Savings Plan, are sixty percent (60%) vested after one year of service and one hundred percent (100%) vested after two years of service.

EDIC also contributes to the I.A.M. Pension Fund National Pension Plan on behalf of their custodial and maintenance workers based on a collective bargaining agreement with the related union. The contribution is calculated at \$13.00 per day per eligible employee.

Retirement plan expense for the years ending June 30, 2022 and 2021, was approximately \$1,300,000 and \$1,204,000, respectively. Employee contributions to the above plans for the years then ended totaled approximately \$1,170,000 and \$1,000,000, respectively.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

15. Board Designated Reserve Funds

During 2021, the board of directors of EDIC approved the establishment of marine reserve fund to invest in maritime infrastructure improvement projects and an operating reserve fund for future operations. During 2019, the board of directors of EDIC approved the establishment of a capital reserve fund to fund future capital needs of EDIC. The reserve funds are comprised of cash, cash equivalents and investments (see Note 4 and Note 5).

A summary of EDIC's cash, cash equivalents and investments held as June 30, 2022 and 2021 was as follows:

	2022	2021
Cash and cash equivalents	\$ 64,871,622	\$ 55,313,304
Investments	6,545,284	-
Total	<u>\$ 71,416,906</u>	<u>\$ 55,313,304</u>
Cash and cash equivalents for operations	\$ 24,416,906	\$ 15,813,304
Board designated capital reserve fund	19,000,000	19,000,000
Board designated marine reserve fund	18,000,000	18,000,000
Board designated operating reserve fund	10,000,000	2,500,000
Total	<u>\$ 71,416,906</u>	<u>\$ 55,313,304</u>

16. Contingency

Government Contracts

EDIC contracts with governmental agencies and third party payers. The contracts are subject to audit by the respective funding source and could result in the recapture of revenue previously reported by EDIC. Management does not believe that any such disallowance, if found, would be material to EDIC's financial statements. Accordingly, no provision for any liability that may result has been made in the financial statements.

COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to EDIC's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants' ability to pay their required rent. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of business decline or other pandemic related issues. The future effects of these issues are unknown.

17. Subsequent Events

EDIC has evaluated subsequent events through November 15, 2022, which is the date the financial statements were issued. There are no recognized subsequent events that provide additional evidence about conditions that existed at the statement of financial position date or non-recognized subsequent events or events that provide evidence about conditions that did not exist at the statement of financial position date, but would be necessary to disclose to keep the financial statements from being misleading.

**SCHEDULE OF
REVENUES AND EXPENSES**

Economic Development and Industrial Corporation of Boston
Schedule of Revenues and Expenses
For the Year Ended June 30, 2022

	<i>EDIC</i> <i>Operations</i>	<i>OWD</i> <i>Operations</i>	<i>Total</i>
<i>Revenues</i>			
Grant/contract income	\$ 819,135	\$ 12,831,714	\$ 13,650,849
Rental income	37,148,078	-	37,148,078
Contributions	-	657,984	657,984
Interest income	24,708,883	-	24,708,883
Unrealized gain	2,788	-	2,788
Inter-agency grant (expense)/income	(3,886,329)	3,886,329	-
Inter-agency income/(expense)	739,487	(739,487)	-
Miscellaneous income	429,768	49,909	479,677
	<u>59,961,810</u>	<u>16,686,449</u>	<u>76,648,259</u>
<i>Expenses</i>			
Salaries	9,724,401	4,277,704	14,002,105
Fringe benefits	3,115,327	1,233,175	4,348,502
Grants/contracts to related parties and community based organizations	10,234,853	9,566,496	19,801,349
Utilities	595,937	15,319	611,256
Security and maintenance	1,948,130	-	1,948,130
Travel and transportation	41,577	12,656	54,233
Insurance	645,203	9,236	654,439
Professional fees	1,385,461	1,897,103	3,282,564
Lease commissions	42,272	-	42,272
Printing	7,883	5,507	13,390
Depreciation	2,314,634	-	2,314,634
Amortization	-	287,755	287,755
Supplies	66,504	5,964	72,468
Rental expense	13,392	30,622	44,014
Telecommunications	99,917	14,195	114,112
Professional development	3,338	9,937	13,275
Data processing	798,337	27,418	825,755
Marketing	3,800	29,943	33,743
Educational supplies	-	10,289	10,289
Interest expense	-	15,686	15,686
Other expense	301,785	74,032	375,817
	<u>31,342,751</u>	<u>17,523,037</u>	<u>48,865,788</u>
Change in net position	<u>\$ 28,619,059</u>	<u>\$ (836,588)</u>	<u>\$ 27,782,471</u>