

**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, 2021 and 2020

Economic Development and Industrial Corporation of Boston

Contents

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	12
Schedule of Revenues and Expenses	26



DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

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

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, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EDIC as of June 30, 2021 and 2020, and the changes in its net position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, 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 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenses for the year ended June 30, 2021 on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of revenues and expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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
October 19, 2021

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis
(Unaudited)
June 30, 2021 and 2020

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, 2021 and 2020. 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, 2021 and 2020, 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 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 and liabilities, with the difference between the two 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, 2021 and 2020

Condensed Financial Information and Analysis

Condensed financial information as of and for the years ended June 30, 2021, 2020 and 2019 is as follows:

Condensed Statements of Net Position

	<i>June 30,</i>			<i>Percentage Change</i>	
	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2021-2020</i>	<i>2020-2019</i>
Current assets	\$ 63,286,301	\$ 37,114,041	\$ 28,703,498	71%	29%
Noncurrent assets	2,035,042	1,814,977	4,866,615	12%	-63%
Capital assets, net	44,755,373	45,001,975	41,076,721	-1%	10%
Total assets	<u>\$ 110,076,716</u>	<u>\$ 83,930,993</u>	<u>\$ 74,646,834</u>	<u>31%</u>	<u>12%</u>
Current liabilities	\$ 5,688,533	\$ 6,050,410	\$ 5,861,085	-6%	3%
Noncurrent liabilities	2,565,781	2,263,798	2,108,645	13%	7%
Long-term debt	-	8,900,119	9,753,822	-100%	-9%
Total liabilities	<u>8,254,314</u>	<u>17,214,327</u>	<u>17,723,552</u>	<u>-52%</u>	<u>-3%</u>
<i>Net Position</i>					
Net investment in capital assets	44,755,373	35,242,973	30,487,664	27%	16%
Restricted for grant programs	703,812	703,742	703,671	0%	0%
Unrestricted	56,363,217	30,769,951	25,731,947	83%	20%
Total net position	<u>101,822,402</u>	<u>66,716,666</u>	<u>56,923,282</u>	<u>53%</u>	<u>17%</u>
Total liabilities and net position	<u>\$ 110,076,716</u>	<u>\$ 83,930,993</u>	<u>\$ 74,646,834</u>	<u>31%</u>	<u>12%</u>

Financial Highlights – 2021 to 2020

- EDIC's net position at June 30, 2021 was \$101.8 million, an increase of \$35.1 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.
- 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.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2021 and 2020

Financial Highlights – 2021 to 2020 – continued

- 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 on capital assets at June 30, 2021 was \$53.1 million, an increase of \$2.3 million from prior year accumulated depreciation totaling \$50.8 million, this increase represents fiscal year 2021 depreciation 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.

Financial Highlights – 2020 to 2019

- EDIC's net position at June 30, 2020 was \$66.7 million, an increase of \$9.8 million from the June 30, 2019 net position totaling \$56.9 million. This increase is primarily the result of excess operating income in fiscal year 2020 totaling \$8.7 million.
- EDIC's investments at June 30, 2020 was \$13.1 million, an increase of \$4.1 million from June 30, 2019 investments totaling \$9 million. The statement of cash flows identifies the sources and uses of investments for each fiscal year. Investments are summarized in Note 5 to the financial statements.
- EDIC's accounts receivable, net of allowance for doubtful accounts, at June 30, 2020 was \$2.1 million, an increase of \$.8 million from June 30, 2019 accounts receivable, net of allowance for doubtful accounts, totaling \$1.3 million. The statement of cash flows identifies the sources and uses of accounts receivable, net of allowance for doubtful accounts, for each fiscal year.
- EDIC's capital assets at June 30, 2020 was \$95.8 million, an increase of \$6.2 million from June 30, 2019 capital assets totaling \$89.6 million. Capital asset acquisitions in fiscal year 2020 are detailed in Note 10 to the financial statements. Accumulated depreciation on capital assets at June 30, 2020 was \$50.8 million, an increase of \$2.2 million from prior year accumulated depreciation totaling \$48.6 million, this increase represents fiscal year 2020 depreciation on capital assets.
- EDIC's bonds payable at June 30, 2020 was \$9.8 million, a decrease of \$.8 million from June 30, 2019 bonds payable totaling \$10.6 million. Long-term debt for fiscal year 2020 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, 2021 and 2020

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

	<i>June 30,</i>			<i>Percentage Change</i>	
	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2020-2019</i>	<i>2019-2018</i>
<i>Operating revenue</i>					
Grant/contract income	\$ 13,580,401	\$ 12,982,699	\$ 11,504,099	5%	13%
Rent and other property payments	56,215,000	33,367,935	34,136,907	68%	-2%
Total operating revenues	69,795,401	46,350,634	45,641,006	51%	2%
<i>Operating Expenses</i>					
Personnel and fringe benefits	17,066,779	15,233,905	14,908,115	12%	2%
Grants/contracts to related parties and community based organizations	9,941,025	12,756,691	9,049,210	-22%	41%
Contractual services, supplies and other	6,089,938	7,439,859	6,201,590	-18%	20%
Depreciation	2,321,462	2,225,962	2,197,439	4%	1%
Total operating expenses	35,419,204	37,656,417	32,356,354	-6%	16%
Operating income	34,376,197	8,694,217	13,284,652	295%	-35%
<i>Nonoperating revenue</i>					
Contributions	572,153	596,163	859,795	-4%	-31%
Investment income	157,386	503,004	224,209	-69%	124%
Total nonoperating revenues	729,539	1,099,167	1,084,004	-34%	1%
Increase in net position	35,105,736	9,793,384	14,368,656	258%	-32%
Net position at beginning of year	66,716,666	56,923,282	42,554,626	17%	34%
Net position at end of year	\$101,822,402	\$ 66,716,666	\$ 56,923,282	53%	17%

Financial Highlights – 2021 to 2020

- EDIC's rent and other property payments in fiscal year 2021 were \$56.2 million, an increase of \$22.8 million from fiscal year 2020 rent and other property payments of \$33.4 million. This increase was a result of \$23 million in one time lease fees detailed in Note 8 to the financial statements.
- EDIC ended fiscal years 2021 and 2020 with an increase in net position totaling \$35 million and \$9.8 million, respectively.
- 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.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2021 and 2020

Financial Highlights – 2021 to 2020 – continued

- EDIC's contracted services, supplies and other costs in fiscal year 2021 were \$6.1 million, a decrease of \$1.3 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.

Financial Highlights – 2020 to 2019

- EDIC ended fiscal years 2020 and 2019 with an increase in net position totaling \$9.8 million and \$14.4 million, respectively.
- EDIC's grants/contracts to related parties and community based organizations in fiscal year 2020 were \$12.8 million, an increase of \$3.8 million from fiscal year 2019 grants/contracts to related parties and community based organizations of \$9 million. This increase was a net result of a \$2.6 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 2020 were \$7.4 million, an increase of \$1.2 million from fiscal year 2019's contracted services, supplies and other costs totaling \$6.2 million. This increase was primarily the result of an additional \$.6 million of bad debt expense and \$.6 million of security and maintenance expenses in fiscal year 2020.

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

The current pandemic resulting from the COVID-19 outbreak has caused a number of conditions regarding EDIC's financial outlook. Certain tenants of EDIC have suffered from the shut-down of their business, bringing into question their ability to make monthly lease payments. This has resulted in a higher than normal bad debt allowances. Tenants of EDIC were extended rent deferrals beginning in March, 2020 that continued through fiscal year 2021, which has resulted in higher rent receivable balances. Both short-term leases for seasonal business and parking revenue were significantly scaled back during the summer of 2020 and 2021. While short-term leases on seasonal business were still impacted in the summer of 2021, budgeted parking revenue for fiscal year 2022 has rebounded to almost to pre-pandemic level.

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, 2021 and 2020

<i>Assets</i>	<i>2021</i>	<i>2020</i>
<i>Current assets:</i>		
Cash and cash equivalents	\$ 55,313,304	\$ 16,742,867
Investments	-	13,090,190
Accounts receivable (net of allowance for doubtful accounts)	1,581,458	2,147,642
Grants/contracts receivable	5,761,588	4,657,281
Prepaid assets and deposits	<u>629,951</u>	<u>476,061</u>
Total current assets	<u>63,286,301</u>	<u>37,114,041</u>
<i>Noncurrent assets:</i>		
Restricted cash and cash equivalents	703,812	703,742
Security deposits	<u>1,331,230</u>	<u>1,111,235</u>
Total noncurrent assets	<u>2,035,042</u>	<u>1,814,977</u>
<i>Capital assets:</i>		
Nondepreciable	7,755,279	9,090,856
Depreciable	90,079,765	86,669,328
Less accumulated depreciation	<u>(53,079,671)</u>	<u>(50,758,209)</u>
Total capital assets - net	<u>44,755,373</u>	<u>45,001,975</u>
Total Assets	<u>\$ 110,076,716</u>	<u>\$ 83,930,993</u>
<i>Liabilities</i>		
<i>Current liabilities:</i>		
Accounts payable	\$ 900,735	\$ 1,226,298
Grants/contracts payable	3,352,911	2,458,323
Accrued expenses	690,045	660,900
Compensated absences	163,575	171,204
Unearned revenue	581,267	674,802
Current portion of long-term debt	<u>-</u>	<u>858,883</u>
Total current liabilities	<u>5,688,533</u>	<u>6,050,410</u>
<i>Noncurrent liabilities:</i>		
Compensated absences	1,234,551	1,152,563
Security deposits	<u>1,331,230</u>	<u>1,111,235</u>
Total noncurrent liabilities	<u>2,565,781</u>	<u>2,263,798</u>
<i>Long-term debt:</i>		
Bonds payable	<u>-</u>	<u>8,900,119</u>
Total long-term debt	<u>-</u>	<u>8,900,119</u>
Total liabilities	<u>8,254,314</u>	<u>17,214,327</u>
<i>Net Position</i>		
Net investment in capital assets	44,755,373	35,242,973
Restricted for grant programs	703,812	703,742
Unrestricted	<u>56,363,217</u>	<u>30,769,951</u>
Total net position	<u>101,822,402</u>	<u>66,716,666</u>
Total Liabilities and Net Position	<u>\$ 110,076,716</u>	<u>\$ 83,930,993</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, 2021 and 2020

	2021	2020
<i>Revenues</i>		
Grant/contract income	\$ 13,580,401	\$ 12,982,699
Rental income	29,195,665	29,287,903
Lease fees and related income	26,894,366	3,934,151
Contributions	572,153	596,163
Interest income	157,386	329,927
Unrealized gain	-	173,077
Miscellaneous income	124,969	145,881
	<u>70,524,940</u>	<u>47,449,801</u>
<i>Expenses</i>		
Salaries	13,042,255	11,630,978
Fringe benefits	4,024,524	3,602,927
Grants/contracts to related parties and community based organizations	9,941,025	12,756,691
Utilities	491,028	524,231
Security and maintenance	1,394,026	2,131,888
Travel and transportation	29,537	73,070
Insurance	561,992	483,028
Professional fees	2,017,215	2,217,683
Lease commissions	9,000	-
Printing	14,326	20,245
Bad debt expense	135,192	551,039
Depreciation	2,321,462	2,225,962
Supplies	50,178	62,415
Rental expense	245,729	166,926
Telecommunications	76,776	94,022
Professional development	108,436	148,682
Data processing	477,262	432,884
Marketing	28,360	23,452
Educational supplies	15,183	27,597
Interest expense	233,084	289,765
Other expense	202,614	192,932
	<u>35,419,204</u>	<u>37,656,417</u>
Change in net position	35,105,736	9,793,384
Net position at beginning of year	66,716,666	56,923,282
Net position at end of year	<u>\$ 101,822,402</u>	<u>\$ 66,716,666</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, 2021 and 2020

	2021	2020
<i>Cash Flows from Operating Activities</i>		
Receipts from grants/contracts and contributions	\$ 12,852,450	\$ 13,807,220
Receipts from tenants	56,803,378	31,956,078
Receipts from interest	102,262	308,351
Payments to employees	(12,901,698)	(11,272,753)
Payments for employee benefits	(4,036,396)	(3,579,953)
Payments to community based organizations	(9,046,437)	(13,317,534)
Payments to related parties	(413,188)	(3,075,389)
Payments to vendors and suppliers	(5,813,108)	(3,031,921)
Payments for interest	<u>(233,084)</u>	<u>(289,765)</u>
Net cash provided by operating activities	<u>37,314,179</u>	<u>11,504,334</u>
<i>Cash Flows from Investing Activities</i>		
Interest on investments	90,190	21,576
Sale of investments	13,000,000	6,000,000
Purchase of investments	<u>-</u>	<u>(9,988,057)</u>
Net cash provided by/(used in) investing activities	<u>13,090,190</u>	<u>(3,966,481)</u>
<i>Cash Flows from Capital and Related Financing Activities</i>		
Acquisition of capital assets	(2,074,860)	(6,151,217)
Principal payments on debt	<u>(9,759,002)</u>	<u>(830,055)</u>
Net cash used in capital and related financing activities	<u>(11,833,862)</u>	<u>(6,981,272)</u>
Net increase in cash and cash equivalents	38,570,507	556,581
Cash and cash equivalents - beginning of year	<u>17,446,609</u>	<u>16,890,028</u>
Cash and cash equivalents - end of year	<u>\$ 56,017,116</u>	<u>\$ 17,446,609</u>

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of Boston

Statements of Cash Flows – *Continued*

For the Years Ended June 30, 2021 and 2020

	<i>2021</i>	<i>2020</i>
<i>Reconciliation of Change in Net Position to Net Cash</i>		
<i>Provided by Operating Activities</i>		
Change in net position	\$ 35,105,736	\$ 9,793,384
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	2,321,462	2,225,962
Unrealized gain	-	(173,077)
Bad debt expense	135,192	551,039
Changes in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	430,992	(1,433,363)
(Increase)/decrease in grants/contracts receivable	(1,104,307)	223,248
Increase in other assets	(153,890)	(59,838)
(Decrease)/increase in accounts payable	(325,563)	560,087
Increase/(decrease) in grants/contracts payable	894,588	(560,843)
Increase in accrued expenses	29,145	156,224
Increase in compensated absences	74,359	216,401
(Decrease)/increase in unearned revenue	(93,535)	5,110
Net cash provided by operating activities	<u>\$ 37,314,179</u>	<u>\$ 11,504,334</u>

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements

June 30, 2021 and 2020

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 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 \$476,896 and \$624,988 at June 30, 2021 and 2020, 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, 2021 and 2020

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, 2021 and 2020.

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.

Reclassifications - Certain 2020 amounts have been reclassified to conform to the 2021 financial statement presentation.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

3. *Net Investment in Capital Assets*

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

	<i>2021</i>	<i>2020</i>
Cost of capital assets acquired	\$ 97,835,044	\$ 95,760,184
Less accumulated depreciation	(53,079,671)	(50,758,209)
Less outstanding debt related to capital assets	<u>-</u>	<u>(9,759,002)</u>
Net investment in capital assets	<u>\$ 44,755,373</u>	<u>\$ 35,242,973</u>

4. *Cash and Cash Equivalents*

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

<i>Description</i>	<i>2021</i>	<i>2020</i>
Federally insured deposits	\$ 500,000	\$ 500,000
Securities Investor Protection Corporation deposits	500,000	277,741
Collateralized with Securities held by the Pledging Financial Institution's Trust Department or Agent, but not in EDIC's Name	38,958,359	17,739,624
Uncollateralized/unsecured deposits	<u>17,872,015</u>	<u>1,574,573</u>
Total	<u>\$ 57,830,374</u>	<u>\$ 20,091,938</u>

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, 2021 and 2020, included in cash is \$13,366,263 and \$277,741, 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 \$7,076,375 and \$7,000,000 as of June 30, 2021 and 2020, 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.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

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, 2020:

<i>Description</i>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 2</u>
U.S. Treasury Notes	\$ 10,095,170	\$ 10,095,170	\$ -
U.S. Treasury Bill	<u>2,995,020</u>	<u>2,995,020</u>	<u>-</u>
Total	<u>\$ 13,090,190</u>	<u>\$ 13,090,190</u>	<u>\$ -</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, 2020:

<i>Description</i>	<u>Fair Value</u>	<u>Moody's Rating</u>
	<u>2020</u>	
U.S. Treasury Notes	\$ 10,095,170	Aaa
U.S. Treasury Bill	<u>2,995,020</u>	Unrated
Total	<u>\$ 13,090,190</u>	

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

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, 2020:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)
	<u> </u>	<u> </u>
U.S. Treasury Notes	\$ 10,095,170	\$ 10,095,170
U.S. Treasury Bill	<u>2,995,020</u>	<u>2,995,020</u>
Total investments	<u>\$ 13,090,190</u>	<u>\$ 13,090,190</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 and long-term receivables approximate fair value.

The carrying amounts of accounts payable, grants/contracts payable, compensated absences and accrued expenses approximate fair value. The carrying amounts of bonds payable approximates fair value because those financial instruments bear interest at variable rates that approximate current market rates for debt of similar maturities and credit quality. The carrying amount of bonds payable is based on the current traded value.

7. *Lease Commitments*

EDIC entered into an operating 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. Rental expense on operating leases totaled \$245,729 and \$166,926 for the years ended June 30, 2021 and 2020, respectively.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

7. ***Lease Commitments - Continued***

Future minimum rental expense on noncancelable operating leases over the next five years is as follows:

<i>June 30,</i>	<i>Amount</i>
2022	\$ 230,000
2023	\$ 240,000
2024	\$ 240,000
2025	\$ 250,000
2026	\$ 260,000

8. ***Leasing Activities***

EDIC has numerous operating leases with tenants for space at the RFMP. Rental income totaled \$21,687,666 and \$20,743,553, for the years ended June 30, 2021 and 2020, respectively, inclusive of in lieu of tax payments received from certain tenants under agreements with the City of Boston. Parking income from a garage and other spaces at the RFMP, totaling \$6,134,379 and \$7,138,041, respectively, for the years then ended, is included in rental income on the statements of revenue, expenses and changes in net position. In addition, tenant reimbursements for utilities and maintenance totaling \$1,373,620 and \$1,406,309, respectively, for the years then ended are included in rental income on the statement of revenue, expenses and changes in net position. Security deposits on these leases totaled \$1,331,230 and \$1,111,235 at June 30, 2021 and 2020, respectively. Other lease fees and related income totaled \$26,894,366 and \$3,934,151, for the years ended June 30, 2021 and 2020, respectively, were received from one-time events in accordance with the lease agreements.

Future minimum rental income on noncancelable operating leases over the next five years is as follows:

<i>June 30,</i>	<i>Amount</i>
2022	\$ 17,349,288
2023	\$ 17,095,532
2024	\$ 16,947,609
2025	\$ 16,382,163
2026	\$ 16,688,797

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

8. *Leasing Activities - Continued*

The above amounts do not include in lieu of tax payments and percentage rent for those tenants where related lease amounts are based on a percentage of gross receipts collected by the tenants from sublease agreements. In lieu of tax payments and percentage rent for such tenants totaled \$5,052,273 and \$5,313,253 for the years ended June 30, 2021 and 2020, respectively.

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

	<i>2021</i>	<i>2020</i>
Land	\$ 2,080,941	\$ 2,080,941
Land improvements	20,249,418	18,573,155
Maritime assets	20,990,804	19,335,550
Buildings and improvements	<u>45,542,912</u>	<u>45,463,992</u>
Total	88,864,075	85,453,638
Less accumulated depreciation	<u>(50,758,136)</u>	<u>(48,698,857)</u>
Book value	<u>\$ 38,105,939</u>	<u>\$ 36,754,781</u>

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.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

10. *Capital Assets*

Capital asset activity for the years ended June 30, 2021 and 2020 was as follows:

	<i>Balance at</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance at</i>
	<i>June 30, 2020</i>			<i>June 30, 2021</i>
Nondepreciable assets:				
Land	\$ 2,080,941	\$ -	\$ -	\$ 2,080,941
Construction in progress	<u>7,009,915</u>	<u>2,110,808</u>	<u>(3,446,385)</u>	<u>5,674,338</u>
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	<u>144,623</u>	<u>-</u>	<u>-</u>	<u>144,623</u>
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	<u>(144,623)</u>	<u>-</u>	<u>-</u>	<u>(144,623)</u>
Total accumulated depreciation	<u>(50,758,209)</u>	<u>(2,321,462)</u>	<u>-</u>	<u>(53,079,671)</u>
Capital assets, net	<u>\$ 45,001,975</u>	<u>\$ 3,199,783</u>	<u>\$ (3,446,385)</u>	<u>\$ 44,755,373</u>
	<i>Balance at</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance at</i>
	<i>June 30, 2019</i>			<i>June 30, 2020</i>
Nondepreciable assets:				
Land	\$ 2,080,941	\$ -	\$ -	\$ 2,080,941
Construction in progress	<u>1,941,380</u>	<u>5,767,216</u>	<u>(698,681)</u>	<u>7,009,915</u>
Total nondepreciable assets	<u>4,022,321</u>	<u>5,767,216</u>	<u>(698,681)</u>	<u>9,090,856</u>
Depreciable assets:				
Land improvements	18,573,155	-	-	18,573,155
Maritime assets	19,335,550	-	-	19,335,550
Buildings and improvements	44,864,173	599,819	-	45,463,992
Machinery and equipment	2,669,145	482,863	-	3,152,008
Other assets	<u>144,623</u>	<u>-</u>	<u>-</u>	<u>144,623</u>
Total depreciable assets	<u>85,586,646</u>	<u>1,082,682</u>	<u>-</u>	<u>86,669,328</u>
Totals at historical cost	<u>89,608,967</u>	<u>6,849,898</u>	<u>(698,681)</u>	<u>95,760,184</u>
Less accumulated depreciation for:				
Land improvements	(12,146,238)	(440,563)	-	(12,586,801)
Maritime assets	(10,629,230)	(450,507)	-	(11,079,737)
Buildings and improvements	(23,939,439)	(1,092,880)	-	(25,032,319)
Machinery and equipment	(1,672,716)	(242,013)	-	(1,914,729)
Other assets	<u>(144,623)</u>	<u>-</u>	<u>-</u>	<u>(144,623)</u>
Total accumulated depreciation	<u>(48,532,246)</u>	<u>(2,225,963)</u>	<u>-</u>	<u>(50,758,209)</u>
Capital assets, net	<u>\$ 41,076,721</u>	<u>\$ 4,623,935</u>	<u>\$ (698,681)</u>	<u>\$ 45,001,975</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

10. **Capital Assets - Continued**

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$2,321,462 and \$2,225,962, respectively.

11. **Long-Term Debt**

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 matures 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. At June 30, 2020 the outstanding principal balance was \$9,759,002.

The Public Parking Facility Bond Series 2010 was issued in June, 2010 and is secured by all income and receipts of the parking garage. Debt service payments are deposited into a Bond Fund account held by the Trustee, Peoples United Bank, and the Trustee makes the bond payments from this account.

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>
Bonds	\$ 9,759,002	\$ -	\$ (9,759,002)	\$ -	\$ -
Security deposits	1,111,235	355,870	(135,875)	1,331,230	-
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>\$ 12,194,004</u>	<u>\$ 1,244,233</u>	<u>\$(10,708,881)</u>	<u>\$ 2,729,356</u>	<u>\$ 163,575</u>

Long-term debt activity for the year ended June 30, 2020 was as follows:

	<i>Balance at</i>			<i>Balance at</i>	<i>Amounts</i>
	<i>June 30, 2019</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30, 2020</i>	<i>Due Within</i>
					<i>One Year</i>
Bonds	\$ 10,589,057	\$ -	\$ (830,055)	\$ 9,759,002	\$ 858,883
Security deposits	1,167,384	139,120	(195,269)	1,111,235	-
Compensated absences	<u>1,107,366</u>	<u>901,964</u>	<u>(685,563)</u>	<u>1,323,767</u>	<u>171,204</u>
Total	<u>\$ 12,863,807</u>	<u>\$ 1,041,084</u>	<u>\$(1,710,887)</u>	<u>\$ 12,194,004</u>	<u>\$ 1,030,087</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

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, 2021 and 2020, EDIC has provided grants to BLDC totaling \$148,041 and \$139,352, respectively. For the years ended June 30, 2021 and 2020, EDIC has provided grants to BIDFA totaling \$69,000 and \$62,918, respectively. For the years ended June 30, 2021 and 2020, EDIC has provided grants to FYOB totaling \$161,657 and \$268,680, 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.

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</i>		<i>EDIC</i>	
	<i>Benefits</i>		<i>Receivable</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
BLDC	\$ 149,758	\$ 139,352	\$ 22,587	\$ 18,407
FYOB	\$ 203,799	\$ 246,374	\$ -	\$ -
BIDFA	\$ 61,875	\$ 62,918	\$ -	\$ -

The City of Boston

The City of Boston's Property Management Department provided security services to EDIC, totaling \$628,700 and \$634,735 for the years ended June 30, 2021 and 2020, respectively. Amounts payable to the City of Boston at June 30, 2021 and 2020 for these services totaled \$335,022 and \$52,012, respectively.

EDIC received grants totaling and \$1,073,497 and \$666,265 from the City of Boston for the years ended June 30, 2021 and 2020, respectively, for reimbursement of a portion of capital improvement activity at the RFMP. Amounts receivable from the City of Boston at June 30, 2021 and 2020 for this activity totaled \$15,358 and \$181,262, respectively.

EDIC received grants totaling approximately \$3.6 million and \$2.1 million from various departments of the City of Boston for the years ended June 30, 2021 and 2020, respectively, for OWD activity.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

12. ***Related Party Transactions - Continued***

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, 2021 and 2020, and totaled \$196,147 and \$197,763, respectively. Further, EDIC paid operating costs for the benefit of BRA and subsequently billed BRA for these costs totaling \$277,437 and \$157,951 for the years ended June 30, 2021 and 2020, respectively. EDIC has recorded a net receivable from BRA for this activity totaling \$277,437 and \$640,606, at June 30, 2021 and 2020, 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 \$509,328 which comprised of salary and related fringe benefits which was outstanding at 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, 2021 and 2020, related cumulative costs, incurred by EDIC, totaled \$249,920.

EDIC has provided a grant to BRA totaling \$2,733,565, for the year ended June 30, 2020, for the purpose of funding a portion of BRA's unfunded other postemployment benefits pension liability. EDIC did not provide any grants to BRA for the year ended June 30, 2021.

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 2021 and 2020.

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.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

14. *Retirement Plans - Continued*

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 \$12.60 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 \$12.40 per day per eligible employee.

Retirement plan expense for the years ending June 30, 2021 and 2020, was approximately \$1,204,000 and \$1,127,000, respectively. Employee contributions to the above plans for the years then ended totaled approximately \$1,000,000 and \$927,000, respectively.

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, 2021 and 2020 was as follows:

	<i>2021</i>	<i>2020</i>
Cash and cash equivalents	\$ 55,313,304	\$ 16,742,867
Investments	-	13,090,190
Total	<u>\$ 55,313,304</u>	<u>\$ 29,833,057</u>
Cash and cash equivalents for operations	\$ 15,813,304	\$ 10,833,057
Board designated capital reserve fund	19,000,000	19,000,000
Board designated marine reserve fund	18,000,000	-
Board designated operating reserve fund	2,500,000	-
Total	<u>\$ 55,313,304</u>	<u>\$ 29,833,057</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.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2021 and 2020

16. ***Contingency - Continued***

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 October 19, 2021, 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, 2021

	<i>EDIC</i>	<i>OWD</i>	
	<i>Operations</i>	<i>Operations</i>	<i>Total</i>
<i>Revenues</i>			
Grant/contract income	\$ 1,078,797	\$ 12,501,604	\$ 13,580,401
Rental income	29,195,665	-	29,195,665
Lease fees and related income	26,894,366	-	26,894,366
Contributions	-	572,153	572,153
Interest income	157,386	-	157,386
Inter-agency grant (expense)/income	(4,647,861)	4,647,861	-
Inter-agency income/(expense)	672,656	(672,656)	-
Miscellaneous income	124,969	-	124,969
	<u>53,475,978</u>	<u>17,048,962</u>	<u>70,524,940</u>
<i>Expenses</i>			
Salaries	8,710,134	4,332,121	13,042,255
Fringe benefits	2,717,038	1,307,486	4,024,524
Grants/contracts to related parties and community based organizations	217,041	9,723,984	9,941,025
Utilities	481,072	9,956	491,028
Security and maintenance	1,394,026	-	1,394,026
Travel and transportation	27,826	1,711	29,537
Insurance	553,454	8,538	561,992
Professional fees	1,147,593	869,622	2,017,215
Lease commissions	9,000	-	9,000
Printing	2,528	11,798	14,326
Bad debt expense	135,192	-	135,192
Depreciation	2,321,462	-	2,321,462
Supplies	41,351	8,827	50,178
Rental expense	53,515	192,214	245,729
Telecommunications	68,188	8,588	76,776
Professional development	108,436	-	108,436
Data processing	412,314	64,948	477,262
Marketing	2,024	26,336	28,360
Educational supplies	-	15,183	15,183
Interest expense	233,084	-	233,084
Other expense	131,748	70,866	202,614
	<u>18,767,026</u>	<u>16,652,178</u>	<u>35,419,204</u>
Change in net position	<u>\$ 34,708,952</u>	<u>\$ 396,784</u>	<u>\$ 35,105,736</u>