

**Economic Development and Industrial
Corporation of Boston**

Financial Statements
and
Auditors' Report

June 30, 2015 and 2014

Economic Development and Industrial Corporation of Boston

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Daniel Dennis & Company LLP

Certified Public Accountants

Independent Auditors' Report

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, 2015 and 2014, 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.

Auditor's 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 of 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 auditor's 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 EDIC'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 EDIC'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, 2015 and 2014, and the changes in its net position and its cash flows 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 9 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 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedule of revenues and expenses for the year ended June 30, 2015 on page 25 is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining 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 combining 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 LPA

October 21, 2015

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis
(Unaudited)
June 30, 2015

The following is the management's discussion and analysis of the financial performance of the Economic Development and Industrial Corporation of Boston (EDIC) for the fiscal year ended June 30, 2015. This discussion is a narrative overview and analysis of EDIC's financial operations and should be read in conjunction with the accompanying financial statements, which begin on page 10.

The Corporation as a Whole

The Economic Development and Industrial Corporation of Boston (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), formerly Office of Jobs and Community Services, 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 year ended June 30, 2015 include funds generated from lease operations at its Boston Marine Industrial Park (BMIP) 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 expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. This report also includes footnotes accompanying the statements to fully explain the activities reported in them.

The statement of net position presents information on the assets and liabilities of EDIC. The difference between the two is net position. Over time, increases and decreases in net position may be an indicator of the financial stability of EDIC.

The statement of revenues, expenses, and changes in net position reports the operating revenues and expenses of EDIC for the fiscal year. The difference (increase or decrease in net position) then determines the net change in net position for the fiscal year. This change in net position added to last year's net position will reconcile to the total net position reported at year-end on the statement of net position.

The statement of cash flows reports activity of cash and cash equivalents during the fiscal year resulting from operating activities, and capital and related financing activities. The net result of these activities is reconciled to the cash and cash equivalent balances reported at year-end on the statement of net position. This statement is prepared on a cash basis.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis - *Continued*
June 30, 2015

Financial Highlights

- Assets exceeded liabilities by \$36,114,283 at the close of the fiscal year.
- Revenues increased by \$2,824,346 or 8% from the previous fiscal year.
- Expenses increased by \$5,283,297 or 17% from the previous fiscal year.
- Net position increased \$1,622,600 from the previous fiscal year.

Statement of Net Position

The following table shows assets, liabilities and net position for the years ended June 30, 2015 and 2014, and the related fluctuations in these accounts between these two fiscal years:

	<i>2015</i>	<i>2014</i>	<i>Increase/ (Decrease)</i>
<i>Assets</i>			
Cash and cash equivalents	\$12,639,667	\$15,246,587	\$(2,606,920)
Accounts receivable (net)	1,537,829	889,833	647,996
Grants/contracts receivable	6,346,490	6,403,881	(57,391)
Other current assets	434,276	263,840	170,436
Capital assets	79,035,019	75,441,350	3,593,669
Accumulated depreciation	<u>(40,907,040)</u>	<u>(39,265,237)</u>	<u>(1,641,803)</u>
Total assets	<u>\$59,086,241</u>	<u>\$58,980,254</u>	<u>\$ 105,987</u>
<i>Liabilities</i>			
Accounts payable and accrued expenses	\$ 3,482,832	\$ 3,585,231	\$ (102,399)
Grant/contracts payable	4,847,013	5,054,096	(207,083)
Long-term debt (inclusive of the related short-term portion)	13,862,101	14,882,600	(1,020,499)
Other liabilities	<u>780,012</u>	<u>966,644</u>	<u>(186,632)</u>
Total liabilities	<u>22,971,958</u>	<u>24,488,571</u>	<u>(1,516,613)</u>
<i>Net Position</i>			
Net investment in capital assets	24,265,878	21,293,513	2,972,365
Restricted for grant programs	703,526	703,526	-
Unrestricted	<u>11,144,879</u>	<u>12,494,644</u>	<u>(1,349,765)</u>
Total net position	<u>36,114,283</u>	<u>34,491,683</u>	<u>1,622,600</u>
Total liabilities and net position	<u>\$59,086,241</u>	<u>\$58,980,254</u>	<u>\$ 105,987</u>

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis - *Continued*
June 30, 2015

Explanations for significant fluctuations noted in the above table are as follows:

Cash and Cash Equivalents

This decrease is the net result fiscal year 2015 net income, and increases in capital asset acquisitions and principal payments on debt. These fluctuations are highlighted on the statement of cash flows on page 12.

Accounts Receivable

This increase is primarily the combined result of insurance proceeds received after year end totaling approximately \$352,000 for roof repairs on leased property, billings on two new consulting service contracts performed by EDIC in the later part of fiscal year 2015 totaling approximately \$177,000, and advanced funding provided to one of EDIC's nonprofit affiliates totaling approximately \$158,000.

Capital Assets

This increase is primarily related to significant environmental, engineering, and security projects that were capitalized during fiscal year 2015.

Accumulated Depreciation

This increase is the result of normal depreciation of capital assets, taking into consideration additional capital assets being placed in service each fiscal year.

Long-Term Debt

This decrease is the result of normal principal payments on debt.

Net Investment in Capital Assets

This increase is the result of a net increase in capital assets after depreciation totaling approximately \$1.9 million and a decrease of outstanding debt related to capital assets totaling approximately \$1 million.

Unrestricted Net Position

This decrease is a net result of an increase in net investment in capital assets totaling approximately \$3 million and net profit in fiscal year 2015 totaling approximately \$1.4 million.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis - *Continued*
June 30, 2015

Statement of Revenues, Expenses, and Changes in Net Position

The following table shows revenues and expenses for the years ended June 30, 2015 and 2014, and the related fluctuations in these accounts between these two fiscal years:

	2015	2014	<i>Increase/ (Decrease)</i>
<i>Revenue</i>			
Grant/contract income	\$17,753,282	\$15,120,441	\$ 2,632,841
Contributions	364,127	1,336,128	(972,001)
Rental income	19,871,964	18,724,609	1,147,355
Other income	<u>17,674</u>	<u>1,523</u>	<u>16,151</u>
Total revenues	<u>38,007,047</u>	<u>35,182,701</u>	<u>2,824,346</u>
<i>Operating Expenses</i>			
Salaries and fringe benefits	12,486,159	12,496,501	(10,342)
Grants/contracts to related parties and community based organizations	15,207,200	11,206,202	4,000,998
Security and maintenance	1,313,067	1,452,845	(139,778)
Professional fees	3,018,826	2,428,720	590,106
Bad debt expense	311,417	-	311,417
Depreciation	1,641,803	1,403,149	238,654
Supplies and services	1,601,359	1,292,577	308,782
Rental expense	351,967	364,472	(12,505)
Interest expense	361,117	371,661	(10,544)
Other expenses	<u>91,532</u>	<u>85,023</u>	<u>6,509</u>
Total expenses	<u>36,384,447</u>	<u>31,101,150</u>	<u>5,283,297</u>
Change in net position	1,622,600	4,081,551	(2,458,951)
Net position at beginning of year	<u>34,491,683</u>	<u>30,410,132</u>	<u>4,081,551</u>
Net position at end of year	<u>\$36,114,283</u>	<u>\$34,491,683</u>	<u>\$ 1,622,600</u>

Explanations for significant fluctuations noted in the above table are as follows:

Grant/Contract Income

This increase is the net result of a decrease in capital grant funding from the City of Boston in fiscal year 2015 totaling approximately \$1 million, an increase of approximately \$177,000 due to two new consulting service contracts performed by EDIC in fiscal year 2015, and an increase in OWD grant funding totaling approximately \$3.5 million.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis - *Continued*
June 30, 2015

Contributions

This decrease is primarily the result of an OWD program, *Write Boston*, becoming a separate nonprofit organization in fiscal year 2015 that had related contribution income totaling approximately \$832,000 in fiscal year 2014.

Rental Income

This decrease is the result of an increase in lease income and tenant expense reimbursements totaling approximately \$1 million and \$220,000, respectively, due to additional leases; a decrease in percentage rent totaling approximately \$491,000 as a result of one time settlement payments in fiscal year 2014 due to related tenants achieving certain benchmarks; and an increase in parking revenue totaling approximately \$388,000 primarily due to increased event parking.

Grants/Contracts to Related Parties and Community Based Organizations

This increase is the combined result of an increase in grants made to the Boston Redevelopment Authority totaling approximately \$704,000, a new grant in fiscal year 2015 to the City of Boston to fund future activities of the City's Office of Economic Development, and an increase in grants made to community based organizations totaling approximately \$2.9 million in fiscal year 2015 as a result of increased OWD grant funding.

Professional Services

This increase is the combined result of an increase in planning and economic development expenses totaling approximately \$178,000 as a result of two new grants received in fiscal year to fund this activity, an increase in parking management expenses totaling approximately \$226,000 as a result of expenses associated with event staffing which is more than offset by the additional event revenue, and an increase in individual training services totaling approximately \$185,000 as a result of increased OWD grant funding in fiscal year 2015

Bad Debt Expense

This increase is due to an allowance for doubtful accounts recorded in fiscal year 2015 for balances owed from two BMIP tenants and a nonprofit related party.

Supplies and Services

This increase is primarily the combined result of an increase in electricity expense totaling approximately \$137,000 as a result of both pricing and usage demands, and an increase in Read Boston expenses totaling approximately \$64,000 as a result of increased education and reading materials.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis - *Continued*
June 30, 2015

Analysis of Significant Variations between Budget Amounts

The following table shows a comparison of revenues and expenses for the year ended June 30, 2015 and budgeted revenue and expenses, and the related fluctuations:

	<i>2015</i>	<i>Budget</i>	<i>Increase/ (Decrease)</i>
<i>Revenue</i>			
Grant/contract income	\$ 17,753,282	\$ 16,658,827	\$ 1,094,455
Rental income	19,871,964	19,411,681	460,283
Contributions	364,127	365,186	(1,059)
Other income	<u>17,674</u>	<u>146,500</u>	<u>(128,826)</u>
Total revenues	<u>38,007,047</u>	<u>36,582,194</u>	<u>1,424,853</u>
<i>Expenses</i>			
Salaries and fringe benefits	12,486,159	13,366,367	(880,208)
Grants/contracts to related party and community based organizations	15,207,200	14,117,173	1,090,027
Security and maintenance	1,313,067	1,205,032	108,035
Professional fees	3,018,826	3,179,633	(160,807)
Bad debt expense	311,417	400,000	(88,583)
Depreciation	1,641,803	1,350,000	291,803
Supplies and services	1,601,359	1,295,692	305,667
Rental expense	351,967	354,119	(2,152)
Interest expense	361,117	600,000	(238,883)
Other expenses	<u>91,532</u>	<u>193,235</u>	<u>(101,703)</u>
Total expenses	<u>36,384,447</u>	<u>36,061,251</u>	<u>323,196</u>
Change in net position	<u>\$ 1,622,600</u>	<u>\$ 520,943</u>	<u>\$ 1,101,657</u>

Explanations for significant fluctuations noted in the above table are as follows:

Rental Income

Rental income exceeded budget by approximately \$460,000 due to an unanticipated increase in event parking income.

Grant/Contract Income

This increase is a combination of unanticipated new grants. Federal grants increased by approximately \$300,000, State grants increased by approximately \$540,000 and private grants increased by approximately \$200,000.

Economic Development and Industrial Corporation of Boston

Management's Discussion and Analysis - *Continued*

June 30, 2015

Salaries and Fringe Benefits

This decrease is a result of twenty-one budgeted staff openings filled later than anticipated.

Grants/Contracts to Related Parties and Community Based Organizations

This increase is primarily due to an unanticipated increase in the grant/contract income listed above result in increased grant expenditures.

Supplies and Services

This increase is primarily the combined result of an unanticipated increase in electricity expense totaling approximately \$137,000 as a result of both pricing and usage demands, and an unanticipated increase in Read Boston expenses totaling approximately \$64,000 as a result of increased education and reading materials.

Current Know Facts, Decisions, and Conditions

There are no currently known facts, decisions, or conditions that are expected to have a significant effect on EDIC's net position or results 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 Jobs and Community Services 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, 2015 and 2014

<i>Assets</i>	<i>2015</i>	<i>2014</i>
Current assets:		
Cash and cash equivalents	\$12,639,667	\$15,246,587
Accounts receivable (net of allowance for doubtful accounts)	1,537,829	889,833
Grants/contracts receivable	6,346,490	6,403,881
Prepaid assets and deposits	<u>434,276</u>	<u>263,840</u>
Total current assets	<u>20,958,262</u>	<u>22,804,141</u>
Capital assets:		
Nondepreciable	2,184,211	3,446,667
Depreciable	76,850,808	71,994,683
Less accumulated depreciation	<u>(40,907,040)</u>	<u>(39,265,237)</u>
Total capital assets - net	<u>38,127,979</u>	<u>36,176,113</u>
<i>Total Assets</i>	<u><u>\$59,086,241</u></u>	<u><u>\$58,980,254</u></u>
<i>Liabilities</i>		
Current liabilities:		
Accounts payable	\$ 1,816,910	\$ 1,987,353
Grants/contracts payable	4,847,013	5,054,096
Accrued expenses	1,665,922	1,597,878
Unearned revenue	105,371	21,848
Current portion of long-term debt	<u>903,002</u>	<u>1,162,828</u>
Total current liabilities	<u>9,338,218</u>	<u>9,824,003</u>
Noncurrent liabilities:		
Security deposits	<u>674,641</u>	<u>944,796</u>
Long-term debt:		
Bonds payable	<u>12,959,099</u>	<u>13,719,772</u>
Total long-term debt	<u>12,959,099</u>	<u>13,719,772</u>
Total liabilities	<u>22,971,958</u>	<u>24,488,571</u>
<i>Total Liabilities</i>	<u><u>22,971,958</u></u>	<u><u>24,488,571</u></u>
<i>Net Position</i>		
Net investment in capital assets	24,265,878	21,293,513
Restricted for grant programs	703,526	703,526
Unrestricted	<u>11,144,879</u>	<u>12,494,644</u>
Total net position	<u>36,114,283</u>	<u>34,491,683</u>
<i>Total Liabilities and Net Position</i>	<u><u>\$59,086,241</u></u>	<u><u>\$58,980,254</u></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, 2015 and 2014

	<i>2015</i>	<i>2014</i>
<i>Revenues</i>		
Grant/contract income	\$17,753,282	\$ 15,120,441
Contributions	364,127	1,336,128
Rental income	19,871,964	18,724,609
Interest income	2,830	1,523
Miscellaneous income	<u>14,844</u>	<u>-</u>
Total revenues	<u>38,007,047</u>	<u>35,182,701</u>
<i>Expenses</i>		
Salaries	9,504,557	9,448,967
Fringe benefits	2,981,602	3,047,534
Grants/contracts to related parties and community based organizations	15,207,200	11,206,202
Utilities	551,175	341,857
Security and maintenance	1,313,067	1,452,845
Travel and transportation	109,932	89,264
Insurance	309,585	346,039
Professional fees	3,018,826	2,428,720
Printing	43,620	36,786
Bad debt expense	311,417	-
Depreciation	1,641,803	1,403,149
Supplies	93,830	53,062
Rental expense	351,967	364,472
Telecommunications	77,386	57,712
Professional development	53,497	29,113
Data processing	148,061	195,294
Marketing	51,581	44,383
Educational supplies	162,692	99,067
Interest expense	361,117	371,661
Other expense	<u>91,532</u>	<u>85,023</u>
Total expenses	<u>36,384,447</u>	<u>31,101,150</u>
Change in net position	1,622,600	4,081,551
Net position at beginning of year	<u>34,491,683</u>	<u>30,410,132</u>
Net position at end of year	<u>\$36,114,283</u>	<u>\$ 34,491,683</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, 2015 and 2014

	<i>2015</i>	<i>2014</i>
<i>Cash Flows from Operating Activities</i>		
Receipts from grants/contracts and contributions	\$ 18,258,323	\$ 14,350,308
Receipts from tenants	18,657,240	19,219,701
Receipts from interest	2,830	1,523
Payments to employees	(9,414,317)	(9,461,123)
Payments for employee benefits	(2,884,922)	(3,034,139)
Payments to community based organizations	(15,414,283)	(8,774,827)
Payments to vendors and suppliers	(6,832,301)	(4,685,193)
Payments for interest	<u>(365,322)</u>	<u>(378,342)</u>
Net cash provided by operating activities	<u>2,007,248</u>	<u>7,237,908</u>
<i>Cash Flows from Capital and Related Financing Activities</i>		
Acquisition of capital assets	(3,593,669)	(4,616,633)
Principal payments on debt	<u>(1,020,499)</u>	<u>(926,203)</u>
Net cash used in capital and related financing activities	<u>(4,614,168)</u>	<u>(5,542,836)</u>
Net increase/(decrease) in cash and cash equivalents	(2,606,920)	1,695,072
Cash and cash equivalents - beginning of year	<u>15,246,587</u>	<u>13,551,515</u>
Cash and cash equivalents - end of year	<u>\$ 12,639,667</u>	<u>\$ 15,246,587</u>

Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities

	<i>2015</i>	<i>2014</i>
Change in net position	\$ 1,622,600	\$ 4,081,551
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	1,641,803	1,403,149
Bad debt expense	311,417	-
Changes in operating assets and liabilities:		
(Increase)/decrease in accounts receivable	(959,413)	477,104
(Increase) in grants/contracts receivable	57,391	(2,020,586)
(Increase)/decrease in other assets	(170,436)	156,959
Increase in accounts payable	(170,443)	910,686
Increase/(decrease) in grants/contracts payable	(207,083)	2,431,375
Increase/(decrease) in accrued expenses	68,044	(134,662)
Increase/(decrease) in security deposits	(270,155)	18,007
Increase/(decrease) in unearned revenue	<u>83,523</u>	<u>(85,675)</u>
Net cash provided by operating activities	<u>\$ 2,007,248</u>	<u>\$ 7,237,908</u>

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements

June 30, 2015 and 2014

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 the 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 Boston Marine Industrial Park (BMIP), which is leased out to manufacturing, industrial and light industrial business tenants. Further, EDIC's Office of Workforce Development (OWD), formerly the Office of Jobs and Community Services, 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.

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.

New Accounting Pronouncements - During fiscal year 2014, EDIC adopted the following GASB Statements:

Statement No. 65, *Items Previously Reported as Assets and Liabilities* - the objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues).

Grants/Contracts and Accounts Receivable - Grants/contracts receivable represent amounts due from funding sources for capital improvements funded by the City of Boston (Note 11) and for grant OWD 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 \$424,724 and \$180,069 at June 30, 2015 and 2014, 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, 2015 and 2014

2. *Summary of Significant Accounting Policies - Continued*

Cash and Cash Equivalents - Cash and cash equivalents consist of funds in EDIC's cash accounts and all highly liquid investments. EDIC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Capital Assets - Capital assets in excess of \$5,000 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:

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 are deemed to be public property used for essentially public and governmental purposes and are 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, 2015 and 2014.

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.

Grants/Contracts and Accounts Payable - Grants/contracts payable represent grant funding amounts due to related parties (Note 11), 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.

Interest Cost - EDIC follows a policy of capitalizing interest as a component of construction in progress, where applicable. Interest incurred for the years ending June 30, 2015 and 2014 totaled \$361,117 and \$371,661, respectively, all of which was expensed.

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 reclassifications have been made to the fiscal year 2014 amounts to conform with the fiscal year 2015 presentation.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

3. *Net Investment in Capital Assets*

Net investment in capital assets consisted of the following:

	2015	2014
Cost of capital assets acquired	\$ 79,035,019	\$75,441,350
Less accumulated depreciation	(40,907,040)	(39,265,237)
Less outstanding debt related to capital assets	<u>(13,862,101)</u>	<u>(14,882,600)</u>
Net investment in capital assets	<u>\$ 24,265,878</u>	<u>\$21,293,513</u>

4. *Cash and Cash Equivalents*

Cash and cash equivalents as of June 30, 2015 and 2014 consisted of the following:

<i>Description</i>	2015	2014
Federally insured (FDIC) 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	5,787,999	4,944,820
Uncollateralized/unsecured deposits	<u>7,017,707</u>	<u>10,327,467</u>
Sub-total	13,305,706	15,772,287
Less net outstanding transactions	<u>(666,039)</u>	<u>(525,700)</u>
Total cash and cash equivalents	<u>\$12,639,667</u>	<u>\$15,246,587</u>

EDIC maintains its cash accounts at three financial institutions. Balances in one institution are fully insured or collateralized. The balances in the other three institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor. EDIC has not experienced any losses in uncollateralized/unsecured accounts. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institutions minimizes such risk.

5. *Lease Commitments*

EDIC has entered into a five year operating lease agreement for office space used for OWD programs that expires on December 31, 2017. EDIC is also responsible for additional rent for increases in real estate tax and building operating expenses over the base years of this lease. In addition, EDIC has several operating leases for office equipment that expire on various dates through fiscal year 2017. Rental expense on operating leases totaled \$351,967 and \$364,472 for the years ended June 30, 2015 and 2014, respectively. Future minimum payments for these lease commitments total \$200,329, \$199,468, and \$95,000 for the years ended June 30, 2016, 2017 and 2018, respectively.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

6. *Leasing Activities*

EDIC has numerous operating leases with tenants for space at the BMIP. Rental income totaled \$13,544,492 and \$13,004,993, for the years ended June 30, 2015 and 2014, 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 BMIP, totaling \$5,130,545 and \$4,742,814 for the years then ended, respectively, is included in rental income on the statement of revenue, expenses and changes in net position. In addition, tenant reimbursements for utilities and maintenance totaling \$1,196,927 and \$976,802, respectively, for the years then ended are included in rental income. Security deposits on these leases totaled \$674,631 and \$944,796 at June 30, 2015 and 2014, respectively.

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

<i>June 30,</i>	<i>Amount</i>
2016	\$11,019,982
2017	\$11,028,857
2018	\$10,050,954
2019	\$ 9,284,727
2020	\$ 8,416,205

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 \$2,401,771 and \$2,869,190 for the years ended June 30, 2015 and 2014, respectively.

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

	<i>2015</i>	<i>2014</i>
Land	\$ 2,080,941	\$ 2,080,941
Land improvements	18,521,655	16,736,877
Maritime assets	15,126,493	12,561,630
Buildings and improvements	<u>41,018,632</u>	<u>40,647,312</u>
Total	76,747,721	72,026,760
Less accumulated depreciation	<u>(39,820,265)</u>	<u>(38,337,383)</u>
Book value	<u>\$ 36,927,456</u>	<u>\$ 33,689,377</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

7. *Revolving Loan Fund*

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 \$703,526 was made from the RLF to fund the cleanup and remediate the vacant building located at 6 Tide Street within the BMIP, which was completed as of June 30, 2011.

The intercompany loan is noninterest bearing and will be paid to the RLF in a lump sum at the end of a five year period. EDIC anticipates that it will use the RLF to fund other qualified Brownsfield properties during the life of the fund. Funding for the RLF has been classified as net position restricted for grant purposes on the statement of net position.

8. *Capital Assets*

Capital asset activity for the years ended June 30, 2015 was as follows:

	<i>Balance at</i>			<i>Balance at</i>
	<i>June 30, 2014</i>	<i>Additions</i>	<i>Disposals</i>	<i>June 30, 2015</i>
Nondepreciable assets:				
Land	\$ 2,080,941	\$ -	\$ -	\$ 2,080,941
Construction in progress	<u>1,365,726</u>	<u>(1,262,456)</u>	<u>-</u>	<u>103,270</u>
Total nondepreciable assets	<u>3,446,667</u>	<u>(1,262,456)</u>	<u>-</u>	<u>2,184,211</u>
Depreciable assets:				
Land improvements	16,736,877	1,784,778	-	18,521,655
Maritime assets	12,561,630	2,564,863	-	15,126,493
Buildings and improvements	40,647,312	371,320	-	41,018,632
Machinery and equipment	1,921,585	135,164	-	2,056,749
Other assets	<u>127,279</u>	<u>-</u>	<u>-</u>	<u>127,279</u>
Total depreciable assets	<u>71,994,683</u>	<u>4,856,125</u>	<u>-</u>	<u>76,850,808</u>
Totals at historical cost	<u>75,441,350</u>	<u>3,593,669</u>	<u>-</u>	<u>79,035,019</u>
Less accumulated depreciation for:				
Land improvements	(9,996,086)	(368,518)	-	(10,364,604)
Maritime assets	(9,282,089)	(157,006)	-	(9,439,095)
Buildings and improvements	(19,059,208)	(957,358)	-	(20,016,566)
Machinery and equipment	(814,112)	(154,981)	-	(969,093)
Other assets	<u>(113,742)</u>	<u>(3,940)</u>	<u>-</u>	<u>(117,682)</u>
Total accumulated depreciation	<u>(39,265,237)</u>	<u>(1,641,803)</u>	<u>-</u>	<u>(40,907,040)</u>
Capital assets, net	<u>\$ 36,176,113</u>	<u>\$ 1,951,866</u>	<u>\$ -</u>	<u>\$ 38,127,979</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

8. ***Capital Assets - Continued***

Capital asset activity for the years ended June 30, 2014 was as follows:

	<i>Balance at June 30, 2013</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance at June 30, 2014</i>
Nondepreciable assets:				
Land	\$ 2,080,941	\$ -	\$ -	\$ 2,080,941
Construction in progress	<u>2,944,214</u>	<u>-</u>	<u>(1,578,488)</u>	<u>1,365,726</u>
Total nondepreciable assets	<u>5,025,155</u>	<u>-</u>	<u>(1,578,488)</u>	<u>3,446,667</u>
Depreciable assets:				
Land improvements	12,742,090	3,994,787	-	16,736,877
Maritime assets	12,561,630	-	-	12,561,630
Buildings and improvements	38,453,939	2,193,373	-	40,647,312
Machinery and equipment	1,923,300	(1,715)	-	1,921,585
Other assets	<u>118,603</u>	<u>8,676</u>	<u>-</u>	<u>127,279</u>
Total depreciable assets	<u>65,799,562</u>	<u>6,195,121</u>	<u>-</u>	<u>71,994,683</u>
Totals at historical cost	<u>70,824,717</u>	<u>6,195,121</u>	<u>(1,578,488)</u>	<u>75,441,350</u>
Less accumulated depreciation for:				
Land improvements	(9,690,308)	(305,778)	-	(9,996,086)
Maritime assets	(9,135,198)	(146,891)	-	(9,282,089)
Buildings and improvements	(18,237,464)	(821,744)	-	(19,059,208)
Machinery and equipment	(688,075)	(126,037)	-	(814,112)
Other assets	<u>(111,043)</u>	<u>(2,699)</u>	<u>-</u>	<u>(113,742)</u>
Total accumulated depreciation	<u>(37,862,088)</u>	<u>(1,403,149)</u>	<u>-</u>	<u>(39,265,237)</u>
Capital assets, net	<u>\$ 32,962,629</u>	<u>\$ 4,791,972</u>	<u>\$ (1,578,488)</u>	<u>\$ 36,176,113</u>

Depreciation expense for the years ended June 30, 2015 and 2014 totaled \$1,641,803 and \$1,403,149, respectively.

9. ***Fair Value of Financial Instruments***

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 and accrued expenses approximate fair value. The carrying amounts of notes and mortgage payable approximates fair value because those financial instruments bear interest at variable rates that approximate current market rates for notes of similar maturities and credit quality. The carrying amount of bonds payable is based on the current traded value.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

10. **Long Term Debt**

<i>Bonds Payable</i>	<i>2015</i>	<i>2014</i>
Public Parking Facility Bond, 2010 Series issued for construction additions and refinancing of the existing parking garage in the BMIP, and additional mortgage refinancing in June 2010. The term bond's 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%. This fixed rate will be readjusted after a subsequent ten year period based on the Federal Home Loan Bank plus 1.02%. The bond matures on July 21, 2030; however, the bond owner has the right to accelerate the maturity date to December 31, 2021.	\$13,720,431	\$14,463,041
Less current portion	<u>(761,332)</u>	<u>(743,269)</u>
Total long-term portion	<u>\$12,959,099</u>	<u>\$13,719,772</u>

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.

Future maturities of principal and interest on bonds payable are as follows:

<i>June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 761,332	\$ 338,524	\$ 1,099,856
2017	781,696	318,160	1,099,856
2018	801,661	298,195	1,099,856
2019	822,135	277,721	1,099,856
2020	842,437	257,419	1,099,856
2021 - 2025	4,549,327	949,955	5,499,282
2026 - 2030	<u>5,161,843</u>	<u>338,287</u>	<u>5,500,130</u>
Total	<u>\$13,720,431</u>	<u>\$2,778,261</u>	<u>\$16,498,692</u>

<i>Notes Payable</i>	<i>2015</i>	<i>2014</i>
US Housing and Urban Development (HUD) Section 108 loan due in March, 2015, bearing an interest rate of 2% at June 30, 2015 and 2014. This loan was paid in full in August 2015.	\$ 141,670	\$ 419,559
Less current portion	<u>(141,670)</u>	<u>(419,559)</u>
Total long-term portion	<u>\$ -</u>	<u>\$ -</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

10. ***Long-Term Debt - Continued***

The HUD note was issued through the City of Boston's Department of Neighborhood Development for the purpose of renovating Building No. 54 of the BMIP in order to become the permanent home for an EDIC tenant. The loan is paid back through rent received from the tenant, and is secured by a mortgage on the property.

Future maturities of principal and interest on notes payable total \$141,679 and \$1,005, respectively, for the year ended June 30, 2016.

Long-term debt activity for the year ended June 30, 2015 was as follows:

	<i>Balance at</i>			<i>Balance at</i>	<i>Amounts</i>
	<i>June 30, 2014</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30, 2015</i>	<i>Due Within</i>
					<i>One Year</i>
Notes	\$ 419,559	\$ -	\$ (277,889)	\$ 141,670	\$ 141,670
Bonds	<u>14,463,041</u>	<u>-</u>	<u>(742,610)</u>	<u>13,720,431</u>	<u>761,332</u>
Total	<u>\$ 14,882,600</u>	<u>\$ -</u>	<u>\$ (1,020,499)</u>	<u>\$ 13,862,101</u>	<u>\$ 903,002</u>

Long-term debt activity for the year ended June 30, 2014 was as follows:

	<i>Balance at</i>			<i>Balance at</i>	<i>Amounts</i>
	<i>June 30, 2013</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30, 2014</i>	<i>Due Within</i>
					<i>One Year</i>
Notes	\$ 503,309	\$ -	\$ (83,750)	\$ 419,559	\$ 419,559
Mortgages	117,663	-	(117,663)	-	-
Bonds	<u>15,187,831</u>	<u>-</u>	<u>(724,790)</u>	<u>14,463,041</u>	<u>743,269</u>
Total	<u>\$ 15,808,803</u>	<u>\$ -</u>	<u>\$ (926,203)</u>	<u>\$ 14,882,600</u>	<u>\$ 1,162,828</u>

11. ***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. Write Boston, Inc. (WBI) is a nonprofit corporation that was established in fiscal year 2015 to promote deep learning through writing. Write Boston was an OWD program in fiscal year 2014. EDIC acts as fiscal agent for these entities.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

11. ***Related Party Transactions - Continued***

BLDC, FYOB, BIDFA, and WBI 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/(Payable)</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
BLDC	\$ 191,371	\$ 175,317	\$ 13,351	\$ -
FYOB	\$ 194,322	\$ 115,030	\$ 242,258	\$ (4,733)
BIDFA	\$ 122,451	\$ 259,414	\$ -	\$ -
WBI	\$ 703,608	\$ -	\$ 158,432	\$ -

For the years ended June 30, 2015 and 2014, EDIC has provided grants to BLDC totaling \$191,371 and \$247,228, respectively, recorded as grants/contracts to related parties and community based organization on the statement of revenues, expenses and changes in net position. For the years ended June 30, 2015 and 2014, EDIC has provided grants to BIDFA totaling \$122,451 and \$183,222, respectively, recorded as grants/contracts to related parties and community based organization on the statement revenues, expenses and changes in net position

The City of Boston

The City of Boston's Property Management Department provided security services to EDIC, totaling \$633,246 and \$654,776 for the years ended June 30, 2015 and 2014, respectively. Amounts payable to the City of Boston at June 30, 2015 and 2014 for these services totaled \$383,799 and \$180,889, respectively.

EDIC received grants totaling and \$2,378,680 and \$3,388,082 from the City of Boston for the years ended June 30, 2015 and 2014, respectively, for reimbursement of a portion of capital improvement activity at the BMIP and the Boston Redevelopment Authority's Charlestown Navy Yard property. Amounts receivable from the City of Boston at June 30, 2015 and June 30, 2014 for this activity totaled \$356,412 and \$364,766, respectively.

EDIC has received grants totaling approximately \$3.4 million \$3 million from various departments of the City of Boston for the years ended June 30, 2015 and 2014, respectively, for OWD activity.

EDIC has provided a grant to the City of Boston totaling \$500,000 for the year ended June 30, 2015 to fund future activities of the City's Office of Economic Development. EDIC has also committed similar funding for the years ending June 30, 2016 and 2017; however, this future commitment can be rescinded by EDIC with thirty days' notice.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

11. *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 the 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 costs of BRA employees working on EDIC projects and/or OWD grants were billed to EDIC for the years ended June 30, 2015 and 2014 totaling \$218,433 and \$109,689, respectively. Further, EDIC paid operating costs for the benefit of BRA and subsequently billed BRA for these costs totaling \$120,592 and \$161,021 for the years ended June 30, 2015 and 2014, respectively. EDIC has recorded a net payable to BRA for this activity totaling \$177,110 and \$79,268 at June 30, 2015 and 2014, respectively.

BRA is funding EDIC for an architectural contract totaling \$249,000 for the BMIP Master Plan through a grant provided to BRA from the City of Boston's Department of Neighborhood Development. EDIC has recorded a receivable from BRA for this project totaling \$159,833 at June 30, 2015.

EDIC has provided a grant to BRA totaling \$2,500,000 for the year ended June 30, 2015 for the purpose of funding a portion of BRA's unfunded pension liability. EDIC has also provided a grant to BRA totaling \$1,125,000 and \$1,923,610 for the years ended June 30, 2015 and 2014, respectively, to fund various redevelopment projects within the City of Boston. EDIC has recorded a payable to BRA for this funding totaling \$1,125,000 and \$1,793,010 at June 30, 2015 and 2014, respectively.

EDIC has made capital improvements to BRA real property at the Charlestown Navy Yard, which are funded through the City of Boston, totaling \$996,475 for the year ended June 30, 2014. This activity is classified as grants/contracts to related parties and community based organizations on the statement of revenues, expenses and changes in net position.

12. *Contingencies*

EDIC contracts with governmental agencies and third party payors. 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.

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 year 2015.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

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 Service. 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) on the IRS 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 Saving 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, 2015 and 2014 was approximately \$915,000 and \$882,000, respectively. Employee contributions to the above plans for the years then ended totaled approximately \$648,000 and \$737,000, respectively.

15. *Subsequent Events*

EDIC has evaluated subsequent events through October 21, 2015, 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.

**COMBINING SCHEDULE OF
REVENUES AND EXPENSES**

Economic Development and Industrial Corporation of Boston
Combining Schedule of Revenues and Expenses
For the Year Ended June 30, 2015

	<i>EDIC</i>	<i>JCS</i>	<i>Total</i>
	<i>Operations</i>	<i>Operations</i>	
<i>Revenues</i>			
Grant/contract income	\$2,556,123	\$15,197,159	\$17,753,282
Contributions	-	364,127	364,127
Rental income	19,871,964	-	19,871,964
Interest income	2,830	-	2,830
Miscellaneous income	14,844	-	14,844
	<u>22,445,761</u>	<u>15,561,286</u>	<u>38,007,047</u>
<i>Expenses</i>			
Salaries	5,768,559	3,735,998	9,504,557
Fringe benefits	1,646,384	1,335,218	2,981,602
Grants/contracts to related parties and community based organizations	4,462,891	10,744,309	15,207,200
Utilities	545,002	6,173	551,175
Security and maintenance	1,299,708	13,359	1,313,067
Travel and transportation	49,106	60,826	109,932
Insurance	309,585	-	309,585
Professional fees	1,366,717	1,652,109	3,018,826
Printing	21,968	21,652	43,620
Bad debt expense	311,417	-	311,417
Depreciation	1,641,803	-	1,641,803
Supplies	44,176	49,654	93,830
Rental expense	20,134	331,833	351,967
Telecommunications	51,475	25,911	77,386
Professional development	21,152	32,345	53,497
Data processing	101,933	46,128	148,061
Marketing	47,264	4,317	51,581
Educational supplies	-	162,692	162,692
Interest expense	361,117	-	361,117
Other expense	77,905	13,627	91,532
	<u>18,148,296</u>	<u>18,236,151</u>	<u>36,384,447</u>
Change in net position	<u>\$4,297,465</u>	<u>\$ (2,674,865)</u>	<u>\$ 1,622,600</u>