

**Economic Development and Industrial
Corporation of Boston**

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

Boston Planning & Development Agency

Financial Statements
and Independent Auditors' Report

June 30, 2017 and 2016

Economic Development and Industrial Corporation of Boston

Contents

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14
Combining 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, 2017 and 2016, 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 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 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 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, 2017 and 2016, 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 10 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 combining schedule of revenues and expenses for the year ended June 30, 2017 on page 26 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

November 2, 2017

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis
(Unaudited)
June 30, 2017

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, 2017. 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 11.

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) 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, 2017 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 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, 2017

Financial Highlights

- Assets exceeded liabilities by approximately \$42,300,000 at the close of the fiscal year.
- Revenues increased by approximately \$10,000,000 or 26% from the previous fiscal year.
- Expenses increased by approximately \$3,900,000 or 10% from the previous fiscal year.
- Net position increased approximately \$6,100,000 from the previous fiscal year.

Statement of Net Position

The following table shows assets, liabilities and net position for the years ended June 30, 2017 and 2016, and the related fluctuations in these accounts between these two fiscal years:

	<i>2017</i>	<i>2016</i>	<i>Increase/ (Decrease)</i>
<i>Assets</i>			
Cash and cash equivalents	\$ 11,197,836	\$ 8,990,305	\$ 2,207,531
Accounts receivable (net)	710,977	948,043	(237,066)
Grants/contracts receivable	7,410,720	7,029,716	381,004
Advance to related parties	-	500,000	(500,000)
Other current assets	426,023	348,944	77,079
Security deposits	831,219	682,189	149,030
Restricted cash and cash equivalents	703,531	-	703,531
Capital assets	84,721,972	80,138,948	4,583,024
Accumulated depreciation	<u>(44,517,991)</u>	<u>(42,736,398)</u>	<u>(1,781,593)</u>
Total assets	<u>\$ 61,484,287</u>	<u>\$ 55,901,747</u>	<u>\$ 5,582,540</u>
<i>Liabilities</i>			
Accounts payable and accrued expenses	\$ 3,779,265	\$ 2,965,303	\$ 813,962
Grants/contracts payable	2,094,774	2,696,263	(601,489)
Long-term debt (inclusive of the related short-term portion)	12,181,775	12,959,059	(777,284)
Other liabilities	<u>1,127,006</u>	<u>1,122,466</u>	<u>4,540</u>
Total liabilities	<u>19,182,820</u>	<u>19,743,091</u>	<u>(560,271)</u>
<i>Net Position</i>			
Net investment in capital assets	28,022,206	24,443,491	3,578,715
Restricted for grant programs	703,531	703,526	5
Unrestricted	<u>13,575,730</u>	<u>11,011,639</u>	<u>2,564,091</u>
Total net position	<u>42,301,467</u>	<u>36,158,656</u>	<u>6,142,811</u>
Total liabilities and net position	<u>\$ 61,484,287</u>	<u>\$ 55,901,747</u>	<u>\$ 5,582,540</u>

Economic Development and Industrial Corporation of Boston

Management's Discussion and Analysis - *Continued*

June 30, 2017

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

Cash and Cash Equivalents

This increase is the net result of significant increases in year end accounts payable and accrued expenses, a decrease in grants/contracts payables, an increase in lease fees and related income, increases in salaries and fringe benefits payments, an increase in payments to grants/contracts and related parties and increase in lease commission payments. These fluctuations are highlighted on the statement of cash flows on page 13.

Grants/Contracts Receivable

This increase is primarily the result of an increase in capital improvement grants receivable from the City of Boston of approximately \$530,000 at the end of fiscal year 2017.

Advance to Related Parties

This decrease is the result of providing advance funding to the Boston Redevelopment Authority in fiscal year 2016 for fiscal year 2017 projects throughout the City of Boston.

Restricted Cash and Cash Equivalents

This increase is the result of an internal revolving loan being repaid to EDIC during fiscal year 2017 which became restricted for certain projects.

Capital Assets

This increase is primarily related to significant environmental, engineering, and other projects that were capitalized during fiscal year 2017.

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.

Accounts Payable and Accrued Expenses

This increase is the result of more timely vendor payments made at the end of fiscal year 2016 as compared to fiscal year 2017.

Grants/Contracts Payable

This decrease is the result of more timely OWD disbursements at the end of fiscal year 2017 as compared to fiscal year 2016.

Long-Term Debt

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

Economic Development and Industrial Corporation of Boston

Management's Discussion and Analysis - *Continued*

June 30, 2017

Restricted Net Position

This increase is the result of a net increase in capital assets after depreciation totaling approximately \$1.8 million and a decrease of outstanding debt related to capital assets totaling approximately \$780,000.

Unrestricted Net Position

This increase is the net result of the fiscal year 2017 net income totaling approximately \$6,100,000 and the increase in net position/net investments in capital assets totaling approximately \$3,600,000.

Statement of Revenues, Expenses, and Changes in Net Position

The following table shows revenues and expenses for the years ended June 30, 2017 and 2016, and the related fluctuations in these accounts between these two fiscal years:

	2017	2016	Increase/ (Decrease)
<i>Revenue</i>			
Grant/contract income	\$ 16,733,552	\$ 16,502,695	\$ 230,857
Contributions	747,754	531,896	215,858
Rental income	22,039,028	21,041,287	997,741
Lease fees and related income	8,965,000	500,000	8,465,000
Other income	<u>137,571</u>	<u>32,331</u>	<u>105,240</u>
Total revenues	<u>48,622,905</u>	<u>38,608,209</u>	<u>10,014,696</u>
<i>Operating Expenses</i>			
Salaries and fringe benefits	14,835,225	14,592,802	242,423
Grants/contracts to related parties and community based organizations	16,836,185	15,402,628	1,433,557
Security and maintenance	1,698,418	1,226,494	471,924
Professional fees	2,713,341	3,038,938	(325,597)
Lease commisions	1,396,163	-	1,396,163
Bad debt expense	999,241	176,824	822,417
Depreciation	1,781,593	1,829,358	(47,765)
Supplies and services	1,644,593	1,690,533	(45,940)
Rental expense	114,974	137,716	(22,742)
Interest expense	329,227	338,524	(9,297)
Other expenses	<u>131,133</u>	<u>130,019</u>	<u>1,114</u>
Total expenses	<u>42,480,094</u>	<u>38,563,836</u>	<u>3,916,258</u>
Change in net position	6,142,811	44,373	6,098,438
Net position at beginning of year	<u>36,158,656</u>	<u>36,114,283</u>	<u>44,373</u>
Net position at end of year	<u>\$42,301,467</u>	<u>\$36,158,656</u>	<u>\$ 6,142,811</u>

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis - *Continued*
June 30, 2017

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

Rental Income

This increase is the net result of an increase in lease income of approximately \$1.2 million due to additional leases and restructuring current leases, and a decrease in parking revenue totaling approximately \$190,000 primarily due to decreased event parking.

Lease Fees and Related Income

This increase is the result of fees earned from both the restructuring of a lease agreement and a one-time event in accordance with this same lease agreement.

Grant/Contracts to Related Parties and Community Based Organizations

This increase is the net result of an increase in related party grants of approximately \$2.6 million and a decrease in grants to community based organizations of approximately \$1.2 million.

Security and Maintenance

This increase is the combined result of an increase in snow removal costs of approximately \$200,000 and an increase in security costs of approximately \$200,000.

Professional Fees

This decrease is the combined result of a decrease in planning and economic development of approximately \$200,000 and a decrease in parking management of approximately \$50,000.

Lease Commissions

This increase is the result of lease commission costs incurred in fiscal year 2017 relating to new lease agreements.

Bad Debt

This increase is the result of a related party receivable written off of approximately \$475,000, uncollectable rent from prior tenants of approximately \$200,000 and uncollectable OWD program billings of approximately \$85,000.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis - *Continued*
June 30, 2017

Analysis of Significant Variations between Budget Amounts

The following table shows a comparison of revenues and expenses for the year ended June 30, 2017 and budgeted revenue and expenses, and the related fluctuations:

	<i>2017</i>	<i>Budget</i>	<i>Increase/ (Decrease)</i>
<i>Revenue</i>			
Grant/contract income	\$ 16,733,552	\$ 15,965,830	\$ 767,722
Rental income	22,039,028	22,547,896	(508,868)
Lease fees and related income	8,965,000	2,000,000	6,965,000
Contributions	747,754	592,300	155,454
Other income	<u>137,571</u>	<u>3,000</u>	<u>134,571</u>
Total revenues	<u>48,622,905</u>	<u>41,109,026</u>	<u>7,513,879</u>
<i>Expenses</i>			
Salaries and fringe benefits	14,835,225	15,975,592	(1,140,367)
Grants/contracts to related party and community based organizations	16,836,185	14,895,784	1,940,401
Security and maintenance	1,698,418	1,208,000	490,418
Professional fees	2,713,341	3,791,824	(1,078,483)
Lease commissions	1,396,163	-	1,396,163
Bad debt expense	999,241	100,000	899,241
Depreciation	1,781,593	1,800,000	(18,407)
Supplies and services	1,644,593	1,972,639	(328,046)
Rental expense	114,974	350,252	(235,278)
Interest expense	329,227	318,160	11,067
Other expenses	<u>131,133</u>	<u>224,574</u>	<u>(93,441)</u>
Total expenses	<u>42,480,094</u>	<u>40,636,825</u>	<u>1,843,269</u>
Change in net position	<u>\$ 6,142,811</u>	<u>\$ 472,201</u>	<u>\$ 5,670,610</u>

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

Grant/Contract Income

This increase is the net result of an increase totaling approximately \$2,716,000 from City of Boston Grants and a decrease of approximately \$1,965,000 from various federal funding agencies.

Economic Development and Industrial Corporation of Boston

Management's Discussion and Analysis - *Continued*

June 30, 2017

Rental Income

This decrease is the net result of a decrease in anticipated lease revenue totaling approximately \$1,140,000 and an increase of approximately \$650,000 in other leasing activity

Lease Fees and Related Income

This increase is the result of fees earned from both the restructuring of a lease agreement and a one-time event in accordance with this same lease agreement which occurred one year earlier than anticipated.

Salaries and Fringe Benefits

This decrease is the result of a decrease totaling approximately \$530,000 of anticipated grant funding for additional positions and approximately \$610,000 from unfilled positions and agency turnover.

Grants/Contracts to Related Parties and Community Based Organizations

This increase is the result of an increase in intercompany grants totaling approximately \$2,000,000 higher than anticipated due to the timing of planned construction expenditures.

Security and Maintenance

This increase is the combined result of unanticipated increases in security costs totaling approximately \$305,000, snow removal costs totaling approximately \$105,000 and facility repairs totaling approximately \$80,000.

Professional Fees

This decrease is the net result of unanticipated decrease in costs for contracts regarding planning totaling approximately \$1,420,000 and in parking management totaling approximately \$93,000, and an unanticipated increase in OWD job training contracting totaling approximately \$450,000.

Lease Commissions

This increase is the result of unanticipated lease commission costs incurred relating to new lease agreements.

Bad Debt Expense

This increase is the result of EDIC forgiving receivables from a related party totaling approximately \$560,000 and approximately \$360,000 relating to adjustments to a long term lease agreement.

Supplies and Services

This decrease is the result of an unanticipated reduced spending on costs.

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 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, 2017 and 2016

<i>Assets</i>	<i>2017</i>	<i>2016</i>
Current assets:		
Cash and cash equivalents	\$ 11,197,836	\$ 8,990,305
Accounts receivable (net of allowance for doubtful accounts)	710,977	948,043
Grants/contracts receivable	7,410,720	7,029,716
Advance to related parties	-	500,000
Prepaid assets and deposits	<u>426,023</u>	<u>348,944</u>
Total current assets	<u>19,745,556</u>	<u>17,817,008</u>
Noncurrent assets:		
Restricted cash and cash equivalents	703,531	-
Security deposits	<u>831,219</u>	<u>682,189</u>
Total noncurrent assets	<u>1,534,750</u>	<u>682,189</u>
Capital assets:		
Nondepreciable	7,185,596	3,093,647
Depreciable	77,536,376	77,045,301
Less accumulated depreciation	<u>(44,517,991)</u>	<u>(42,736,398)</u>
Total capital assets - net	<u>40,203,981</u>	<u>37,402,550</u>
<i>Total Assets</i>	<u>\$ 61,484,287</u>	<u>\$ 55,901,747</u>
<i>Liabilities</i>		
Current liabilities:		
Accounts payable	\$ 1,109,410	\$ 1,006,320
Grants/contracts payable	2,094,774	2,696,263
Accrued expenses	2,669,855	1,958,983
Unearned revenue	295,787	440,277
Current portion of long-term debt	<u>789,875</u>	<u>781,696</u>
Total current liabilities	<u>6,959,701</u>	<u>6,883,539</u>
Noncurrent liabilities:		
Security deposits	<u>831,219</u>	<u>682,189</u>
Long-term debt:		
Bonds payable	<u>11,391,900</u>	<u>12,177,363</u>
Total liabilities	<u>19,182,820</u>	<u>19,743,091</u>
<i>Net Position</i>		
Net investment in capital assets	28,022,206	24,443,491
Restricted for grant programs	703,531	703,526
Unrestricted	<u>13,575,730</u>	<u>11,011,639</u>
Total net position	<u>42,301,467</u>	<u>36,158,656</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 61,484,287</u>	<u>\$ 55,901,747</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, 2017 and 2016

	<i>2017</i>	<i>2016</i>
<i>Revenues</i>		
Grant/contract income	\$ 16,733,552	\$ 16,502,695
Contributions	747,754	531,896
Rental income	22,039,028	21,041,287
Lease fees and related income	8,965,000	500,000
Interest income	10,014	1,414
Miscellaneous income	<u>127,557</u>	<u>30,917</u>
Total revenues	<u>48,622,905</u>	<u>38,608,209</u>
<i>Expenses</i>		
Salaries	11,160,922	11,151,453
Fringe benefits	3,674,303	3,441,349
Grants/contracts to related parties and community based organizations	16,836,185	15,402,628
Utilities	630,089	609,944
Security and maintenance	1,698,418	1,226,494
Travel and transportation	122,976	79,697
Insurance	340,580	358,677
Professional fees	2,713,341	3,038,938
Lease commisions	1,396,163	-
Printing	36,372	47,058
Bad debt expense	999,241	176,824
Depreciation	1,781,593	1,829,358
Supplies	72,111	86,650
Rental expense	114,974	137,716
Telecommunications	55,137	89,787
Professional development	75,796	31,744
Data processing	191,585	245,693
Marketing	46,418	31,108
Educational supplies	73,529	110,175
Interest expense	329,227	338,524
Other expense	<u>131,133</u>	<u>130,019</u>
Total expenses	<u>42,480,094</u>	<u>38,563,836</u>
Change in net position	6,142,811	44,373
Net position at beginning of year	<u>36,158,656</u>	<u>36,114,283</u>
Net position at end of year	<u>\$42,301,467</u>	<u>\$ 36,158,656</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, 2017 and 2016

	2017	2016
<i>Cash Flows from Operating Activities</i>		
Receipts from grants/contracts and contributions	\$ 16,955,812	\$ 16,686,271
Receipts from tenants	30,369,410	21,985,166
Receipts from interest	10,014	1,414
Payments to employees	(11,624,696)	(10,813,454)
Payments for employee benefits	(3,602,572)	(3,452,399)
Payments to community based organizations	(11,407,677)	(11,561,547)
Payments to related parties	(5,529,997)	(6,491,831)
Payments to vendors and suppliers	(6,559,705)	(6,982,846)
Payments for interest	<u>(339,219)</u>	<u>(338,524)</u>
Net cash provided by/(used in) operating activities	<u>8,271,370</u>	<u>(967,750)</u>
<i>Cash Flows from Capital and Related Financing Activities</i>		
Acquisition of capital assets	(4,583,024)	(1,103,929)
Principal payments on debt	<u>(777,284)</u>	<u>(903,042)</u>
Net cash used in capital and related financing activities	<u>(5,360,308)</u>	<u>(2,006,971)</u>
Net increase/(decrease) in cash and cash equivalents	2,911,062	(2,974,721)
Cash and cash equivalents - beginning of year	<u>8,990,305</u>	<u>11,965,026</u>
Cash and cash equivalents - end of year	<u>\$ 11,901,367</u>	<u>\$ 8,990,305</u>
<i>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities</i>		
Change in net position	\$ 6,142,811	\$ 44,373
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	1,781,593	1,829,358
Bad debt expense	999,241	176,824
Changes in operating assets and liabilities:		
(Increase)/decrease in accounts receivable	(762,175)	412,962
(Increase) in grants/contracts receivable	(381,004)	(683,226)
(Increase)/decrease in other assets	(77,079)	85,332
Decrease/(increase) in advance to related parties	500,000	(500,000)
Increase/(decrease) in accounts payable	103,090	(810,590)
(Decrease) in grants/contracts payable	(601,489)	(2,150,750)
Increase in accrued expenses	710,872	293,061
(Decrease)/increase in unearned revenue	<u>(144,490)</u>	<u>334,906</u>
Net cash provided by/(used in) operating activities	<u>\$ 8,271,370</u>	<u>\$ (967,750)</u>

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements

June 30, 2017 and 2016

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 and 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 and all highly liquid investments, other than cash collected for security deposits. EDIC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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 \$109,837 and \$485,222 at June 30, 2017 and 2016, respectively. Management has determined that all grants/contracts receivable are collectible for the years then ended; therefore, no related allowance has been recorded.

Reclassifications - Certain reclassifications have been made to the fiscal year 2016 amounts to conform to the fiscal year 2017 presentation.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2017 and 2016

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 \$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:

<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 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, 2017 and 2016.

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.

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, 2017 and 2016 totaled \$329,227 and \$338,524, 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.

3. *Net Investment in Capital Assets*

Net investment in capital assets consisted of the following:

	<i>2017</i>	<i>2016</i>
Cost of capital assets acquired	\$ 84,721,972	\$ 80,138,948
Less accumulated depreciation	(44,517,991)	(42,736,398)
Less outstanding debt related to capital assets	<u>(12,181,775)</u>	<u>(12,959,059)</u>
Net investment in capital assets	<u>\$ 28,022,206</u>	<u>\$ 24,443,491</u>

Economic Development and Industrial Corporation of Boston
Notes to Financial Statements - *Continued*
June 30, 2017 and 2016

4. ***Cash and Cash Equivalents***

Cash and cash equivalents as of June 30, 2017 and 2016 consisted of the following:

<i>Description</i>	<i>2017</i>	<i>2016</i>
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	11,460,211	6,885,645
Uncollateralized/unsecured deposits	<u>2,156,320</u>	<u>3,532,013</u>
Total	<u>\$14,116,531</u>	<u>\$10,917,658</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. EDIC has not experienced any losses in this uncollateralized/unsecured account. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institution minimizes such risk.

5. ***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 had several operating leases for office equipment that expired on various dates through fiscal year 2017. Rental expense on operating leases totaled \$114,974 and \$137,716 for the years ended June 30, 2017 and 2016, respectively. Future minimum payments for these lease commitments total \$195,000 and \$100,000, for the years ended June 30, 2018 and 2019, respectively.

6. ***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, 2017 and 2016

7. *Leasing Activities*

EDIC has numerous operating leases with tenants for space at the RFMP. Rental income totaled \$15,487,762 and \$14,207,112, for the years ended June 30, 2017 and 2016, 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 \$5,490,643 and \$5,683,584, respectively, for the years then ended, 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 \$1,064,623 and \$1,150,591, respectively, for the years then ended are included in rental income. Security deposits on these leases totaled \$831,219 and \$682,189 at June 30, 2017 and 2016, respectively. Other lease fees and related income totaled \$8,965,000 and \$500,000, for the years ended June 30, 2017 and 2016, 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>
2018	\$ 12,806,770
2019	\$ 12,486,922
2020	\$ 11,990,163
2021	\$ 11,333,401
2022	\$ 10,719,162

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 \$2,876,269 and \$2,705,419 for the years ended June 30, 2017 and 2016, respectively.

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

	<i>2017</i>	<i>2016</i>
Land	\$ 2,080,941	\$ 2,080,941
Land improvements	18,573,155	18,573,155
Maritime assets	15,126,493	15,126,493
Buildings and improvements	<u>41,429,304</u>	<u>41,105,205</u>
Total	77,209,893	76,885,794
Less accumulated depreciation	<u>(43,101,205)</u>	<u>(41,475,622)</u>
Book value	<u>\$ 34,108,688</u>	<u>\$ 35,410,172</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2017 and 2016

8. *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 has been classified as restricted cash and net position restricted for grant purposes on the statement of net position.

9. *Capital Assets*

Capital asset activity for the year ended June 30, 2017 was as follows:

	<i>Balance at</i>			<i>Balance at</i>
	<i>June 30, 2016</i>	<i>Additions</i>	<i>Disposals</i>	<i>June 30, 2017</i>
Nondepreciable assets:				
Land	\$ 2,080,941	\$ -	\$ -	\$ 2,080,941
Construction in progress	<u>1,012,706</u>	<u>4,091,949</u>	<u>-</u>	<u>5,104,655</u>
Total nondepreciable assets	<u>3,093,647</u>	<u>4,091,949</u>	<u>-</u>	<u>7,185,596</u>
Depreciable assets:				
Land improvements	18,573,155	-	-	18,573,155
Maritime assets	15,126,493	-	-	15,126,493
Buildings and improvements	41,105,205	324,099	-	41,429,304
Machinery and equipment	2,113,169	149,632	-	2,262,801
Other assets	<u>127,279</u>	<u>17,344</u>	<u>-</u>	<u>144,623</u>
Total depreciable assets	<u>77,045,301</u>	<u>491,075</u>	<u>-</u>	<u>77,536,376</u>
Totals at historical cost	<u>80,138,948</u>	<u>4,583,024</u>	<u>-</u>	<u>84,721,972</u>
Less accumulated depreciation for:				
Land improvements	(10,815,899)	(452,764)	-	(11,268,663)
Maritime assets	(9,687,661)	(249,484)	-	(9,937,145)
Buildings and improvements	(20,972,062)	(923,335)	-	(21,895,397)
Machinery and equipment	(1,139,695)	(129,749)	-	(1,269,444)
Other assets	<u>(121,081)</u>	<u>(26,261)</u>	<u>-</u>	<u>(147,342)</u>
Total accumulated depreciation	<u>(42,736,398)</u>	<u>(1,781,593)</u>	<u>-</u>	<u>(44,517,991)</u>
Capital assets, net	<u>\$ 37,402,550</u>	<u>\$ 2,801,431</u>	<u>\$ -</u>	<u>\$ 40,203,981</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2017 and 2016

9. **Capital Assets - Continued**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<i>Balance at</i>			<i>Balance at</i>
	<i>June 30, 2015</i>	<i>Additions</i>	<i>Disposals</i>	<i>June 30, 2016</i>
Nondepreciable assets:				
Land	\$ 2,080,941	\$ -	\$ -	\$ 2,080,941
Construction in progress	<u>103,270</u>	<u>909,436</u>	<u>-</u>	<u>1,012,706</u>
Total nondepreciable assets	<u>2,184,211</u>	<u>909,436</u>	<u>-</u>	<u>3,093,647</u>
Depreciable assets:				
Land improvements	18,521,655	51,500	-	18,573,155
Maritime assets	15,126,493	-	-	15,126,493
Buildings and improvements	41,018,632	86,573	-	41,105,205
Machinery and equipment	2,056,749	56,420	-	2,113,169
Other assets	<u>127,279</u>	<u>-</u>	<u>-</u>	<u>127,279</u>
Total depreciable assets	<u>76,850,808</u>	<u>194,493</u>	<u>-</u>	<u>77,045,301</u>
Totals at historical cost	<u>79,035,019</u>	<u>1,103,929</u>	<u>-</u>	<u>80,138,948</u>
Less accumulated depreciation for:				
Land improvements	(10,364,604)	(451,295)	-	(10,815,899)
Maritime assets	(9,439,095)	(248,566)	-	(9,687,661)
Buildings and improvements	(20,016,566)	(955,496)	-	(20,972,062)
Machinery and equipment	(969,093)	(170,602)	-	(1,139,695)
Other assets	<u>(117,682)</u>	<u>(3,399)</u>	<u>-</u>	<u>(121,081)</u>
Total accumulated depreciation	<u>(40,907,040)</u>	<u>(1,829,358)</u>	<u>-</u>	<u>(42,736,398)</u>
Capital assets, net	<u>\$ 38,127,979</u>	<u>\$ (725,429)</u>	<u>\$ -</u>	<u>\$ 37,402,550</u>

Depreciation expense for the years ended June 30, 2017 and 2016 totaled \$1,781,593 and \$1,829,358, respectively.

10. **Contingencies**

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, 2017 and 2016

11. ***Long Term Debt***

<i>Bonds Payable</i>	2017	2016
<i>Public Parking Facility Bond, 2010 Series</i>		
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.		
	\$ 12,181,775	\$12,959,059
Less current portion	<u>(789,875)</u>	<u>(781,696)</u>
Total long-term portion	<u>\$ 11,391,900</u>	<u>\$ 12,177,363</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>
2018	\$ 789,875	\$ 329,941	\$ 1,119,816
2019	812,239	307,577	1,119,816
2020	835,235	284,581	1,119,816
2021	858,880	260,936	1,119,816
2022	883,194	236,622	1,119,816
2023 - 2027	4,805,497	793,583	5,599,080
2028 - 2031	<u>3,196,855</u>	<u>137,183</u>	<u>3,334,038</u>
Total	<u>\$ 12,181,775</u>	<u>\$ 2,350,423</u>	<u>\$ 14,532,198</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2017 and 2016

11. ***Long-Term Debt - Continued***

Long-term debt activity for the year ended June 30, 2017 was as follows:

	<i>Balance at</i>			<i>Balance at</i>	<i>Amounts</i>
	<i>June 30, 2016</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30, 2017</i>	<i>Due Within</i>
					<i>One Year</i>
Bonds	<u>\$ 12,959,059</u>	<u>\$ -</u>	<u>\$ (777,284)</u>	<u>\$ 12,181,775</u>	<u>\$ 789,875</u>

Long-term debt activity for the year ended June 30, 2016 was as follows:

	<i>Balance at</i>			<i>Balance at</i>	<i>Amounts</i>
	<i>June 30, 2015</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30, 2016</i>	<i>Due Within</i>
					<i>One Year</i>
Notes	\$ 141,670	\$ -	\$ (141,670)	\$ -	\$ -
Bonds	<u>13,720,431</u>	<u>-</u>	<u>(761,372)</u>	<u>12,959,059</u>	<u>781,696</u>
Total	<u>\$ 13,862,101</u>	<u>\$ -</u>	<u>\$ (903,042)</u>	<u>\$ 12,959,059</u>	<u>\$ 781,696</u>

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. Write Boston, Inc. (WBI) is a nonprofit corporation that was established in fiscal year 2015 to promoted deep learning through writing. EDIC acts as fiscal agent for these entities.

For the years ended June 30, 2017 and 2016, EDIC has provided grants to BLDC totaling \$90,000 and \$116,530, respectively. For the years ended June 30, 2017 and 2016, EDIC has provided grants to BIDFA totaling \$0 and \$63,539, respectively. For the years ended June 30, 2017, and 2016, EDIC has provided grants to WBI totaling \$200,000 and \$0, respectively. These transactions are recorded as grants/contracts to related parties and community based organization on the statement revenues, expenses and changes in net position.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2017 and 2016

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

For the years ended June 30, 2017 and 2016, EDIC wrote off the total receivable balanced due from FYOB totaling \$475,848 and \$0, respectively and recorded related bad debt expense on the statement of revenues, expenses and changes in net position.

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>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
BLDC	\$ 93,425	\$ 191,530	\$ -	\$ 75,000
FYOB	\$ 108,833	\$ 67,804	\$ -	\$ 245,738
BIDFA	\$ 92,607	\$ 63,539	\$ -	\$ -
WBI	\$ 785,410	\$ 666,350	\$ (95,238)	\$ 124,204

The City of Boston

The City of Boston's Property Management Department provided security services to EDIC, totaling \$837,927 and \$683,896 for the years ended June 30, 2017 and 2016, respectively. Amounts payable to the City of Boston at June 30, 2017 and 2016 for these services totaled \$332,682 and \$287,612, respectively.

EDIC received grants totaling and \$3,128,209 and \$716,114 from the City of Boston for the years ended June 30, 2017 and 2016, respectively, for reimbursement of a portion of capital improvement activity at the RFMP. Amounts receivable from the City of Boston at June 30, 2017 and June 30, 2016 for this activity totaled \$1,408,408 and \$764,528, respectively.

EDIC has received grants totaling approximately \$1.8 million and \$1.3 million from various departments of the City of Boston for the years ended June 30, 2017 and 2016, respectively, for OWD activity.

EDIC has provided a grant to the City of Boston totaling \$500,000 for the year ended June 30, 2017 to fund future activities of the City's Office of Economic Development.

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.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2017 and 2016

12. *Related Party Transactions - Continued*

The cost of BRA employees working on EDIC projects and/or OWD grants were billed to EDIC for the years ended June 30, 2017 and 2016 totaling \$181,584 and \$388,937, respectively. Further, EDIC paid operating costs for the benefit of BRA and subsequently billed BRA for these costs totaling \$208,111 and \$329,610 for the years ended June 30, 2017 and 2016, respectively. EDIC has recorded a net receivable to BRA for this activity totaling \$26,527 and \$0 at June 30, 2017 and 2016, respectively.

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, 2017 and 2016, cumulative costs, incurred by EDIC, totaled \$249,920 and \$248,508, respectively, relating to this project.

EDIC has provided a grant to BRA totaling \$1,530,000 and \$1,528,198, respectively, for the years ended June 30, 2017 and 2016, for the purpose of funding a portion of BRA's unfunded other postemployment benefits pension liability. EDIC has also provided a grant to BRA totaling \$4,600,000 and \$2,083,563 for the years ended June 30, 2017 and 2016, respectively, to fund various redevelopment projects within the City of Boston. EDIC has recorded a payable to BRA for this funding totaling \$300,003 and \$0 at June 30, 2017 and 2016, respectively. During 2016, EDIC advanced the BRA \$500,000 for future funding of various projects within the City of Boston.

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 2017.

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, 2017 and 2016

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) 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 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, 2017 and 2016 was approximately \$1,079,000 and \$1,007,000, respectively. Employee contributions to the above plans for the years then ended totaled approximately \$872,000 and \$759,000, respectively.

15. ***Concentrations***

For the year ended June 30, 2017, EDIC received approximately 24% of its total revenue from one tenant.

16. ***Subsequent Events***

EDIC has evaluated subsequent events through November 2, 2017, 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, 2017

	<i>EDIC</i>	<i>OWD</i>	<i>Total</i>
	<i>Operations</i>	<i>Operations</i>	
<i>Revenues</i>			
Grant/contract income	\$ 3,233,241	\$ 13,500,311	\$ 16,733,552
Contributions	-	747,754	747,754
Rental income	22,039,028	-	22,039,028
Lease fees and related income	8,965,000	-	8,965,000
Interest income	10,014	-	10,014
Miscellaneous income	<u>127,557</u>	<u>-</u>	<u>127,557</u>
Total revenues	<u>34,374,840</u>	<u>14,248,065</u>	<u>48,622,905</u>
<i>Expenses</i>			
Salaries	7,255,843	3,905,079	11,160,922
Fringe benefits	2,468,764	1,205,539	3,674,303
Grants/contracts to related parties and community based organizations	6,920,000	9,916,185	16,836,185
Utilities	622,082	8,007	630,089
Security and maintenance	1,698,152	266	1,698,418
Travel and transportation	93,451	29,525	122,976
Insurance	338,199	2,381	340,580
Professional fees	1,095,605	1,617,736	2,713,341
Lease commissions	1,396,163	-	1,396,163
Printing	14,904	21,468	36,372
Bad debt expense	436,762	562,479	999,241
Depreciation	1,781,593	-	1,781,593
Supplies	60,730	11,381	72,111
Rental expense	20,793	94,181	114,974
Telecommunications	46,074	9,063	55,137
Professional development	75,796	-	75,796
Data processing	173,733	17,852	191,585
Marketing	26,645	19,773	46,418
Educational supplies	-	73,529	73,529
Interest expense	329,227	-	329,227
Other expense	<u>76,759</u>	<u>54,374</u>	<u>131,133</u>
Total expenses	<u>24,931,275</u>	<u>17,548,819</u>	<u>42,480,094</u>
Change in net position	<u>\$ 9,443,565</u>	<u>\$ (3,300,754)</u>	<u>\$ 6,142,811</u>