

**Economic Development and Industrial
Corporation of Boston**

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

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

Financial Statements,
Required Supplementary Information
and Independent Auditors' Report

June 30, 2023 and 2022

**Economic Development and Industrial
Corporation of Boston**

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DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

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

Opinion

We have audited the accompanying statements of net position of Economic Development and Industrial Corporation of Boston (EDIC), a quasi-public corporation and component unit of the City of Boston, as of and for the years ended June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows, and the related notes to the financial statements, which collectively comprise the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of EDIC, as of June 30, 2023 and 2022, and the respective changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EDIC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As disclosed in Note 17 to the financial statements, EDIC restated certain prior year amounts for the correction of errors. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about EDIC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EDIC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EDIC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise EDIC's basic financial statements. The schedule of revenues and expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Daniel Dennis & Company LLP
January 16, 2024

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis
(Unaudited)
June 30, 2023 and 2022

The following management's discussion and analysis of the financial performance of Economic Development and Industrial Corporation of Boston (EDIC), d/b/a the Boston Planning & Development Agency (BPDA), is intended to provide an introduction to and an overview and analysis of the basic financial statement of EDIC for the fiscal years ended June 30, 2023 and 2022. Management of EDIC prepared this discussion, and it should be read in conjunction with the financial statement and the notes thereto, which follow this section.

The Corporation as a Whole

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

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

EDIC's major sources of revenue during the years ended June 30, 2023 and 2022, include funds generated from lease operations at its Raymond L. Flynn Marine Park and grants/contracts with governmental agencies for OWD activities.

Basic Financial Statements

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

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

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

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

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

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2023 and 2022

Condensed Financial Information and Analysis

Condensed financial information as of and for the years ended June 30, 2023, 2022 and 2021 is as follows:

Condensed Statements of Net Position

	<i>June 30,</i>			<i>Percentage Change</i>	
	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2022-2021</i>	<i>2021-2020</i>
Current assets	\$ 86,539,899	\$ 85,227,295	\$ 67,742,422	2%	26%
Noncurrent assets	1,563,819,345	1,545,522,693	980,671,419	1%	58%
Capital assets, net	46,934,311	46,094,292	46,635,978	2%	-1%
Total assets	<u>\$1,697,293,555</u>	<u>\$1,676,844,280</u>	<u>\$1,095,049,819</u>	1%	53%
Current liabilities	\$ 10,266,736	\$ 17,110,217	\$ 5,954,351	-40%	187%
Noncurrent liabilities	4,384,424	4,302,941	4,212,959	2%	2%
Total liabilities	<u>14,651,160</u>	<u>21,413,158</u>	<u>10,167,310</u>	-32%	111%
Deferred inflow of rental income	<u>1,480,920,691</u>	<u>1,497,672,705</u>	<u>962,051,510</u>	-1%	56%
<i>Net Position</i>					
Net investment in capital assets	46,934,311	46,094,292	46,635,978	2%	-1%
Restricted for grant programs	703,953	703,883	703,812	0%	0%
Unrestricted	154,083,440	110,960,242	75,491,209	39%	47%
Total net position	<u>201,721,704</u>	<u>157,758,417</u>	<u>122,830,999</u>	28%	28%
Total liabilities, deferred inflow and net position	<u>\$1,697,293,555</u>	<u>\$1,676,844,280</u>	<u>\$1,095,049,819</u>	1%	53%

Financial Highlights – 2023 to 2022

- EDIC's net position at June 30, 2023 was \$201.7 million, an increase of \$44 million from the June 30, 2022 net position totaling \$157.8 million. This increase is primarily the result of excess operating income in fiscal year 2023 totaling \$44 million.
- EDIC's cash and cash equivalents at June 30, 2023 was \$31.6 million, a decrease of \$33.3 million from June 30, 2022 cash and cash equivalents totaling \$64.9 million. EDIC's investments at June 30, 2023 was \$33.6 million, an increase of \$27.1 million from June 30, 2022 investments of \$6.5. The statement of cash flows identifies the sources and uses of cash and investments for each fiscal year. Board designated reserve funds are summarized in Note 15 and investments are summarized in Note 5 to the financial statements.
- EDIC's lease receivable and accrued interest on lease receivables at June 30, 2023 totaled \$1.566 billion, an increase of \$18 million from the June 30, 2022 lease receivable and accrued interest on lease receivables totaling \$1.548 billion. This increase is primarily the result of executing new lease agreements and amending existing lease agreements. Lease receivable and accrued interest on lease receivables are summarized in Note 8 to the financial statements which have been accounted for under GASB 87, *Leases*.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2023 and 2022

Financial Highlights – 2023 to 2022 – continued

- EDIC's capital assets at June 30, 2023 was \$105.7 million, an increase of \$3.5 million from June 30, 2022 capital assets totaling \$102.2 million. Capital asset acquisitions in fiscal year 2023 are detailed in Note 9 to the financial statements. Accumulated depreciation and amortization on capital assets at June 30, 2023 was \$58.7 million, an increase of \$2.6 million from prior year accumulated depreciation and amortization totaling \$56.1 million, this increase represents fiscal year 2023 depreciation and amortization on capital assets.
- EDIC's grants/contracts to related parties and community based organizations payable at June 30, 2023 was \$6.9 million, a decrease of \$7.1 million from June 30, 2022 grants/contracts to related parties and community based organizations payable totaling \$14 million. The decrease is primarily the result of a payable at June 30, 2022 to a related party which is detailed in Note 12 to the financial statements.
- EDIC's deferred inflow of resources relating to rental income at June 30, 2023 was \$1.481 billion, a decrease of \$17 million from the June 30, 2022 deferred inflow of resources relating to rental income totaling \$1.498. This increase is primarily the result of executing new lease agreements and amending existing lease agreements. Lease receivable and accrued interest on lease receivables are summarized in Note 8 to the financial statements which have been accounted for under GASB 87, *Leases*.

Financial Highlights – 2022 to 2021

- EDIC's net position at June 30, 2022 was \$157.8 million, an increase of \$33.3 million from the June 30, 2021 net position totaling \$124.4 million. This increase is primarily the result of excess operating income in fiscal year 2022 totaling \$27.8 million. In addition, during fiscal year 2023, EDIC restated its net position at June 30, 2022 as summarized in Note 17 to the financial statements.
- EDIC's cash and cash equivalents at June 30, 2022 was \$64.9 million, an increase of \$9.6 million from June 30, 2021 cash and cash equivalents totaling \$55.3 million. EDIC's investments at June 30, 2022 was \$6.5 million, an increase of \$6.5 million from June 30, 2021 investments of \$0. The statement of cash flows identifies the sources and uses of cash and investments for each fiscal year. Board designated reserve funds are summarized in Note 15 and investments are summarized in Note 5 to the financial statements.
- EDIC's lease receivable and accrued interest on lease receivables at June 30, 2022 totaled \$1.538 billion, an increase of \$555 million from the June 30, 2021 lease receivable and accrued interest on lease receivables totaling \$983 million. This increase is primarily the result of executing new lease agreements and amending existing lease agreements. Lease receivable and accrued interest on lease receivables are summarized in Note 8 to the financial statements which have been accounted for under GASB 87, *Leases*.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2023 and 2022

Financial Highlights – 2022 to 2021 – continued

- EDIC's capital assets at June 30, 2022 was \$101.8 million, an increase of \$1.8 million from June 30, 2021 capital assets totaling \$100 million. Capital asset acquisitions in fiscal year 2022 are detailed in Note 9 to the financial statements. Accumulated depreciation and amortization on capital assets at June 30, 2022 was \$56 million, an increase of \$2.6 million from prior year accumulated depreciation and amortization totaling \$53.4 million, this increase represents fiscal year 2022 depreciation and amortization on capital assets.
- EDIC's grants/contracts to related parties and community based organizations payable at June 30, 2022 was \$14.1 million, an increase of \$10.3 million from June 30, 2021 grants/contracts to related parties and community based organizations payable totaling \$3.4 million. The increase is primarily the result of a payable at June 30, 2022 to a related party which is detailed in Note 12 to the financial statements.
- EDIC's deferred inflow of resources relating to rental income at June 30, 2022 was \$1.5 billion, an increase of \$533 million from the June 30, 2021 deferred inflow of resources relating to rental income totaling \$962 million. This increase is primarily the result of executing new lease agreements and amending existing lease agreements. Lease receivable and accrued interest on lease receivables are summarized in Note 8 to the financial statements which have been accounted for under GASB 87, Leases.

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

	<i>June 30,</i>			<i>Percentage Change</i>	
	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2022-2021</i>	<i>2021-2020</i>
<i>Operating revenue</i>					
Grant/contract income	\$ 24,229,462	\$ 13,650,849	\$ 13,580,401	77%	1%
Rent and other property payments	43,647,919	41,911,765	60,192,334	4%	-30%
Total operating revenues	<u>67,877,381</u>	<u>55,562,614</u>	<u>73,772,735</u>	<u>22%</u>	<u>-25%</u>
<i>Operating Expenses</i>					
Personnel and fringe benefits	25,638,210	18,350,607	17,066,779	40%	8%
Grants/contracts to related parties and community based organizations	17,700,730	19,801,349	9,941,025	-11%	99%
Contractual services, supplies and other	10,677,741	7,952,896	6,012,350	34%	32%
Depreciation and amortization	2,527,082	2,730,464	2,604,947	-7%	5%
Total operating expenses	<u>56,543,763</u>	<u>48,835,316</u>	<u>35,625,101</u>	<u>16%</u>	<u>37%</u>
Operating income	11,333,618	6,727,298	38,147,634	68%	-82%
<i>Nonoperating revenue</i>					
Contributions	922,723	657,984	572,153	40%	15%
Interest income from leases	30,175,487	25,900,615	17,237,160	17%	50%
Investment income	1,531,459	49,066	157,386	3021%	-69%
Total nonoperating revenues	<u>32,629,669</u>	<u>26,607,665</u>	<u>17,966,699</u>	<u>23%</u>	<u>48%</u>
Increase in net position	43,963,287	33,334,963	56,114,333	32%	-41%
Net position at beginning of year	<u>157,758,417</u>	<u>124,423,454</u>	<u>66,716,666</u>	<u>27%</u>	<u>86%</u>
Net position at end of year	<u>\$201,721,704</u>	<u>\$157,758,417</u>	<u>\$122,830,999</u>	<u>28%</u>	<u>28%</u>

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2023 and 2022

Financial Highlights – 2023 to 2022

- EDIC ended fiscal years 2023 and 2022 with an increase in net position totaling \$44 million and \$33 million, respectively.
- EDIC's interest income from leases and rent and other property payments combined total in fiscal year 2023 were \$73.8 million, an increase of \$6 million from fiscal year 2022 interest income from leases and rent and other property payments combined total of \$67.8 million. This increase was a result of the net leasing activity detailed in Note 8 to the financial statements.
- EDIC's salaries and fringe benefits in fiscal year 2023 totaled \$25.6 million, an increase of \$7.2 million from fiscal year 2022 salaries and fringe benefits totaling \$18.4 million.
- EDIC's grants/contracts to related parties and community based organizations in fiscal year 2023 were \$17.7 million, a decrease of \$2.1 million from fiscal year 2022 grants/contracts to related parties and community based organizations of \$19.8 million. This decrease was the net result of an increase in community based organizations of \$8 million and a \$10 million decrease in related party grants detailed in Note 12 to the financial statements.
- EDIC's contracted services, supplies and other costs in fiscal year 2023 were \$10.7 million, an increase of \$2.7 million from fiscal year 2022's contracted services, supplies and other costs totaling \$8 million. This increase was primarily the result of costs incurred in fiscal year 2022 of \$1.6 million of professional fees and \$.8 million of supplies and service related expenses.

Financial Highlights – 2022 to 2021

- EDIC ended fiscal years 2022 and 2021 with an increase in net position totaling \$33 million and \$56 million, respectively.
- EDIC's interest income from leases and rent and other property payments combined total in fiscal year 2022 were \$67.8 million, a decrease of \$9.6 million from fiscal year 2021 interest income from leases and rent and other property payments combined total of \$77.4 million. This decrease was a result of variable lease fees detailed in Note 8 to the financial statements.
- EDIC's salaries and fringe benefits in fiscal year 2022 totaled \$18.4 million, an increase of \$1.3 million from fiscal year 2021 salaries and fringe benefits totaling \$17.1 million.
- EDIC's grants/contracts to related parties and community based organizations in fiscal year 2022 were \$19.8 million, an increase of \$9.9 million from fiscal year 2021 grants/contracts to related parties and community based organizations of \$9.9 million. This increase was a net result of a \$10 million increase in related party grants detailed in Note 12 to the financial statements.

Economic Development and Industrial Corporation of Boston
Management's Discussion and Analysis – *Continued*
(Unaudited)
June 30, 2023 and 2022

Financial Highlights – 2022 to 2021 – continued

- EDIC's contracted services, supplies and other costs in fiscal year 2022 were \$8.1 million, an increase of \$2.1 million from fiscal year 2021's contracted services, supplies and other costs totaling \$6 million. This increase was primarily the result of costs incurred in fiscal year 2021 of \$1.3 million of professional fees and \$.5 million of supplies and service related expenses.

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

In August 2022, a \$23 million, three year Good Jobs Challenge Grant was awarded to OWD which OWD expended approximately \$2.5 million during FY23. OWD anticipates future funding of \$20.4 million in FY24 and FY25. The grant will create good job opportunities for Americans, as well as help local industries and economies develop the skilled workforce needed to innovate and compete globally.

Since 2016, the BPDA has been the operating name of two legal entities: the Boston Redevelopment Authority (BRA) and EDIC. In January 2023, the Mayor of Boston submitted to the City Council a proposed Home Rule Petition to end Urban Renewal in Boston. This measure is currently being considered by the legislature as Bill H.4065.

The proposed legislation would simplify Boston's quasi-governmental entity by merging the BRA and EDIC into a single entity and transferring the powers and duties of those entities into a new singular entity, which will be named Boston Planning and Development Agency.

Leadership at BPDA and the City is preparing for this transition per the Mayor's vision, which includes restoring planning as a core function of City government and integrating this work with other City departments in order to ensure a coordinated, comprehensive vision for Boston. The Mayor will introduce a City Ordinance to create the City Planning and Design Department. Starting July 1, 2024, most BRA and EDIC employees will move to the City's payroll. The BPDA will transfer revenue to the City to cover the cost of functions that are moving from the BPDA to the City. These changes will have a significant impact on BRA's and EDIC's financial statements.

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, 2023 and 2022

	<i>2023</i>	<i>As Restated 2022</i>
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 31,567,940	\$ 64,871,622
Lease receivable	4,669,616	4,538,285
Investments	33,629,680	6,545,284
Accounts receivable, net	3,996,692	2,099,096
Grants/contracts receivable	11,824,872	6,560,804
Prepaid assets and deposits	851,099	612,204
Total current assets	86,539,899	85,227,295
Noncurrent assets:		
Lease receivable	1,527,933,285	1,524,911,992
Accrued interest receivable	33,398,027	18,192,636
Restricted cash and cash equivalents	703,953	703,883
Security deposits	1,784,080	1,714,182
Total noncurrent assets	1,563,819,345	1,545,522,693
Capital assets, net	46,934,311	46,094,292
Total Assets	\$ 1,697,293,555	\$ 1,676,844,280
<i>Liabilities</i>		
Current liabilities:		
Accounts payable	\$ 1,869,287	\$ 1,350,982
Grants/contracts payable	6,931,841	14,038,690
Accrued expenses	649,236	400,379
Compensated absences	112,946	86,387
Unearned revenue	296,052	825,269
Leases obligations/payables	233,121	278,001
Subscription IT payable	174,253	130,509
Total current liabilities	10,266,736	17,110,217
Noncurrent liabilities:		
Leases obligations/payables	1,137,081	1,369,177
Compensated absences	1,418,757	1,088,707
Security deposits	1,784,080	1,714,182
Subscription IT payable	44,506	130,875
Total noncurrent liabilities	4,384,424	4,302,941
Total liabilities	14,651,160	21,413,158
<i>Deferred Inflow of Resources</i>		
Deferred inflow of rental income	1,480,920,691	1,497,672,705
<i>Net Position</i>		
Net investment in capital assets	46,934,311	46,094,292
Restricted for grant programs	703,953	703,883
Unrestricted	154,083,440	110,960,242
Total net position	201,721,704	157,758,417
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 1,697,293,555	\$ 1,676,844,280

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, 2023 and 2022

	<i>2023</i>	<i>As Restated 2022</i>
<i>Operating Revenue</i>		
Grant/contract income	\$ 24,229,462	\$ 13,650,849
Rental income	43,473,441	41,432,088
Contributions	922,723	657,984
Miscellaneous income	174,478	479,677
Total operating revenues	68,800,104	56,220,598
<i>Operating Expenses</i>		
Salaries	19,833,061	14,002,105
Fringe benefits	5,805,149	4,348,502
Grants/contracts to related parties and community based organizations	17,700,730	19,801,349
Utilities	684,315	611,256
Security and maintenance	2,017,420	1,948,130
Travel and transportation	91,311	54,233
Insurance	766,246	654,439
Professional fees	4,878,663	3,282,564
Lease commissions	21,960	42,272
Printing	5,262	13,390
Depreciation	2,239,327	2,442,709
Amortization	287,755	287,755
Supplies	134,990	72,468
Rental expense	110,847	44,014
Telecommunications	95,612	114,112
Professional development	79,271	13,275
Data processing	1,179,447	666,425
Marketing	22,981	33,743
Educational supplies	20,924	10,289
Interest expense	13,318	16,469
Other expense	555,174	375,817
Total operating expenses	56,543,763	48,835,316
Operating income	12,256,341	7,385,282
<i>Nonoperating Revenue</i>		
Interest income from leases	30,175,487	25,900,615
Interest income	1,118,852	46,278
Unrealized gain	412,607	2,788
Total nonoperating revenue	31,706,946	25,949,681
Change in net position	43,963,287	33,334,963
Net position at beginning of year	157,758,417	124,423,454
Net position at end of year	\$ 201,721,704	\$ 157,758,417

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of Boston

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	2023	<i>As Restated</i> 2022
<i>Cash Flows from Operating Activities</i>		
Receipts from grants/contracts and contributions	\$ 19,358,900	\$ 13,753,619
Receipts from tenants	21,812,643	25,176,208
Payments to employees	(19,289,377)	(14,425,971)
Payments for employee benefits	(5,769,626)	(4,388,199)
Payments to community based organizations	(24,807,579)	(9,115,570)
Payments to related parties	(711,006)	(413,188)
Payments to vendors and suppliers	(9,444,521)	(7,028,431)
Payments for interest	<u>(13,318)</u>	<u>(15,686)</u>
Net cash (used in)/provided by operating activities	<u>(18,863,884)</u>	<u>3,542,782</u>
<i>Cash Flows from Investing Activities</i>		
Interest on investments	1,009,489	23,346
Sale of investments	6,500,000	6,500,000
Purchase of investments	<u>(33,266,278)</u>	<u>(13,034,560)</u>
Net cash used in investing activities	<u>(25,756,789)</u>	<u>(6,511,214)</u>
<i>Cash Flows from Capital and Related Financing Activities</i>		
Receipts from interest on leases	15,079,459	14,577,172
Acquisition of capital assets	(3,484,397)	(1,768,847)
Lease payments	<u>(278,001)</u>	<u>(281,504)</u>
Net cash provided by capital and related financing activities	<u>11,317,061</u>	<u>12,526,821</u>
Net (decrease)/increase in cash and cash equivalents	(33,303,612)	9,558,389
Cash and cash equivalents - beginning of year	<u>65,575,505</u>	<u>56,017,116</u>
Cash and cash equivalents - end of year	<u>\$ 32,271,893</u>	<u>\$ 65,575,505</u>

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of Boston

Statements of Cash Flows – *Continued*

For the Years Ended June 30, 2023 and 2022

	2023	<i>As Restated</i> 2022
<i>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities</i>		
Operating income	\$ 12,256,341	\$ 7,385,282
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation and amortization	2,527,082	2,730,464
Unrealized gain	(412,607)	(2,788)
Changes in operating assets and liabilities:		
Increase in lease receivable	(3,152,624)	(551,759,594)
(Decrease)/increase in deferred inflow of rental income	(16,752,014)	535,621,195
Increase in accounts receivable	(1,897,596)	(517,638)
Increase in grants/contracts receivable	(5,264,068)	(799,216)
(Increase)/decrease in other assets	(238,895)	17,747
Increase in accounts payable	518,305	450,247
(Decrease)/increase in grants/contracts payable	(6,392,808)	10,685,779
Increase/(decrease) in accrued expenses	248,857	(289,666)
Increase/(decrease) in compensated absences	356,609	(223,032)
Decrease leases obligations/payables	(44,880)	-
Decrease subscription IT payable	(86,369)	-
(Decrease)/increase in unearned revenue	<u>(529,217)</u>	<u>244,002</u>
Net cash (used in)/provided by operating activities	<u>\$ (18,863,884)</u>	<u>\$ 3,542,782</u>

See accompanying notes to basic financial statements.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements

June 30, 2023 and 2022

1. *Financial Reporting Entity*

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

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

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

2. *Summary of Significant Accounting Policies*

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

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

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

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

Grants/Contracts and Accounts Receivable - Grants/contracts receivable represent amounts due from funding sources for capital improvements funded by the City of Boston (Note 12) and for OWD grant activity. Accounts receivable represent amounts due from tenants and related parties. Receivables are presented net of allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience and receivables are charged off when deemed uncollectible. Allowance for doubtful accounts receivable totaled \$77,844 and \$95,883 at June 30, 2023 and 2022, 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, 2023 and 2022

2. *Summary of Significant Accounting Policies - Continued*

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

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

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

All real estate and tangible personal property of EDIC is deemed to be public property used for essentially public and governmental purposes and is exempt from taxation, except that the City and EDIC may determine an amount to be paid annually in lieu of taxes. No such payments were made to the City for the years ended June 30, 2023 and 2022.

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

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

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

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

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

2. *Summary of Significant Accounting Policies - Continued*

Leases (Lessor) – continued

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

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

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

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

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

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

EDIC uses its estimated incremental borrowing rate as the discount rate for leases. EDIC's incremental borrowing rate for leases is based on the rate of interest it would need to pay if it issued general obligation bonds. This rate was determined through AA municipal yield curves for 1 through 30-year terms, and a projected yield for each year beyond year 30.

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

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

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

2. *Summary of Significant Accounting Policies - Continued*

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

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. EDIC did not have any deferred outflows as of June 30, 2023 and 2022.

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

Reclassifications - Certain fiscal year 2022 amounts have been reclassified to conform to the fiscal year 2023 financial statement presentation.

Adoption of Accounting Standard – In fiscal year 2023, EDIC implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 enhances the relevance and consistency of information related to the government's information technology subscriptions. It establishes requirements for reporting subscription-based technology arrangements based on the principle that subscriptions are financings of the right to use an underlying asset. A government is required to recognize a subscription liability and an intangible right to use subscription asset. These changes were incorporated in EDIC's financial statements and had an effect on the previously reported subscription IT assets, accumulated amortization for subscription IT assets, subscription IT payable, depreciation expense, data processing expense and beginning net position. The implementation of GASB Statement No. 96 had the following impact on net position:

	<i>Statements of Changes in Net Position</i>	
	<i>June 30, 2022</i>	<i>July 1, 2021</i>
Net position, as previously reported	\$ 150,613,470	\$ 122,830,999
GASB 96 implementation:		
Net book value subscription IT	291,856	185,445
Subscription IT payable	<u>(261,384)</u>	<u>(185,445)</u>
Net Position, as restated	<u>\$ 150,643,942</u>	<u>\$ 122,830,999</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

3. *Net Investment in Capital Assets*

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

	2023	2022
Cost of capital assets acquired	\$105,672,309	\$102,187,912
Less accumulated depreciation and amortization	<u>(58,737,998)</u>	<u>(56,093,620)</u>
Net investment in capital assets	<u>\$ 46,934,311</u>	<u>\$ 46,094,292</u>

4. *Cash and Cash Equivalents*

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

<i>Description</i>	2023	2022
Federally insured deposits	\$ 500,000	\$ 500,000
Securities Investor Protection Corporation deposits	500,000	500,000
Collateralized with Securities held by the Pledging Financial Institution's Trust Department or Agent, but not in EDIC's Name	33,705,856	48,274,078
Uncollateralized/unsecured deposits	<u>356,885</u>	<u>18,604,149</u>
Total	<u>\$ 35,062,741</u>	<u>\$ 67,878,227</u>

EDIC maintains its cash accounts at three financial institutions. Balances in two institutions are fully insured or collateralized. The balances in the other institution, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor. As of June 30, 2023 and 2022, included in cash is \$741,364 and \$6,789,168, respectively, that is held in an investment account which the Securities Investor Program Corporation insures balances up to \$500,000. Also included in cash are non-negotiable certificates of deposit with a balance of \$7,533,770 as of June 30, 2023 and 2022, recorded at cost. EDIC has not experienced any losses in this uncollateralized/unsecured account. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institution minimizes such risk.

5. *Investments*

Authorized Investments – EDIC's investments are governed by state and local statutes. EDIC's investment instruments include United States treasury notes and United States treasury bills. EDIC's investment policy permits funds to be invested within the following categories: U.S. Treasury/U.S. government guaranteed obligations, Federal agency or U.S. government sponsored enterprise obligations, negotiable bank deposit obligations, demand deposits in trust companies, savings banks, national banks, term deposits or certificates of deposit, money market funds, participation units of the Massachusetts Municipal Depository Trust (MMDT) cash portfolio, MMDT short-term bond fund or any other investment expressly permitted by the Massachusetts Commonwealth statute.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

5. Investments - Continued

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

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The following is a listing of EDIC’s investments and related maturity (in years) as of June 30, 2023 and 2022:

June 30, 2023

<i>Description</i>	<u>Fair Value</u>	<u>Less than 1</u>
U.S. Treasury Bill	<u>\$ 33,629,680</u>	<u>\$ 33,629,680</u>

June 30, 2022

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

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. EDIC does not have a formal policy on managing credit risk. The following is a listing of EDIC’s investments and related credit risk rating as of June 30, 2023 and 2022:

Fair Value

<i>Description</i>	<u>2023</u>	<u>Moody's Rating</u>
U.S. Treasury Bill	<u>\$ 33,629,680</u>	Unrated

Fair Value

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

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

6. Fair Value of Financial Instruments

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

The following is a summary of EDIC’s investments as of June 30, 2023 and 2022:

	<i>June 30, 2023</i>	
	<u>Total</u>	<u>(Level 1)</u>
U.S. Treasury Bill	<u>\$ 33,629,680</u>	<u>\$ 33,629,680</u>
	 <i>June 30, 2022</i>	
	<u>Total</u>	<u>(Level 1)</u>
U.S. Treasury Bill	<u>\$ 6,545,284</u>	<u>\$ 6,545,284</u>

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

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

7. Lease Commitments

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

<i>Description</i>	<i>Date</i>	<i>Payment Terms</i>	<i>Annual Payment Amount</i>	<i>Interest Rate</i>	<i>Total Lease Liability</i>	<i>Balance June 30, 2023</i>
Building	1/1/2019	10 years	\$220,000 - \$260,000	0.90%	\$ 2,010,365	\$ 1,365,910
Equipment	8/1/2020	3 Years	\$51,504	0.35%	\$ 153,725	<u>4,292</u>
Total lease agreements						<u>\$ 1,370,202</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

7. Lease Commitments - Continued

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

Future minimum rental expense on noncancelable leases is as follows:

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$ 233,121	\$ 11,171	\$ 244,292
2025	240,923	9,077	250,000
2026	253,172	6,828	260,000
2027	255,460	4,540	260,000
2028	257,769	2,231	260,000
2029	<u>129,757</u>	<u>243</u>	<u>130,000</u>
	<u>\$1,370,202</u>	<u>\$ 34,090</u>	<u>\$ 1,404,292</u>

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

EDIC is a lessor for various noncancelable long-term leases of its land and buildings with tenants for space at the RFMP. Lease terms for the leases vary from 1 year to 100 years. The discount rates used for the calculation of the lease receivable per lease depends on the length of the respective lease and ranged from 0.19% - 2.99%.

Variable payments included in the leases that were not included in the measurement of the lease receivable include: percentage rent, where related payments are based on a percentage of gross receipts collected by the tenants, payments in lieu of taxes (PILOT) received from certain tenants under agreements with the City of Boston, parking income from a garage and other spaces, tenant reimbursements for utilities and maintenance and other lease fees relating to one-time transactions as defined in the lease agreements. The following is a summary of rental income and related variable lease payments for the years ended June 30, 2023 and 2022:

<i>Description</i>	<i>2023</i>	<i>2022</i>
Fixed rent	\$ 25,398,075	\$ 24,246,865
Percentage rent	1,433,958	294,489
PILOT	4,302,712	3,886,329
Parking fees	10,963,144	7,972,740
Tenant reimbursement	1,375,552	1,431,665
Other lease fees	<u>-</u>	<u>3,600,000</u>
Total	<u>\$ 43,473,441</u>	<u>\$ 41,432,088</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

8. *Leasing Activities - Continued*

Security deposits on these leases totaled \$1,784,080 and \$1,714,182 at June 30, 2023 and 2022, respectively. Lease interest income totaled \$30,175,487 and \$25,900,615, for the year ended June 30, 2023 and 2022, respectively. Deferred inflows relating to leases totaled \$1,480,920,691 and \$1,497,672,705 at June 30, 2023 and 2022, respectively. Accrued interest receivable totaled \$33,398,027 and \$18,192,636 at June 30, 2023 and 2022, respectively.

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

	2023	2022
Land	\$ 2,080,941	\$ 2,080,941
Land improvements	20,613,303	20,613,303
Maritime assets	21,464,434	20,990,804
Buildings and improvements	<u>45,542,912</u>	<u>45,542,912</u>
Total	89,701,590	89,227,960
Less accumulated depreciation	<u>(54,841,281)</u>	<u>(52,828,333)</u>
Book value	<u>\$ 34,860,309</u>	<u>\$ 36,399,627</u>

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

<i>Year Ending</i> <i>June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$ 4,669,616	\$ 16,027,712	\$ 20,697,328
2025	4,949,895	17,226,275	22,176,170
2026	5,358,075	17,792,799	23,150,874
2027	5,613,639	17,966,093	23,579,732
2028	5,381,847	18,106,194	23,488,041
2029 - 2033	25,979,674	95,028,950	121,008,624
2034 - 2038	23,894,235	103,384,708	127,278,943
2039 - 2043	19,846,748	114,221,582	134,068,330
2044 - 2048	23,795,053	127,053,186	150,848,239
2049 - 2053	26,900,428	141,751,260	168,651,688
2054 - 2058	26,162,105	158,299,595	184,461,700
2059 - 2063	53,282,770	138,796,142	192,078,912
2064 - 2068	79,478,528	137,767,252	217,245,780
2069 - 2073	101,557,204	137,345,003	238,902,207
2074 - 2078	132,699,528	138,964,868	271,664,396
2079 - 2083	125,601,442	139,578,727	265,180,169
2084 - 2088	32,851,650	146,806,021	179,657,671
2089 - 2093	18,870,436	159,679,795	178,550,231
2094 - 2098	13,166,956	182,068,503	195,235,459
2099 - 2103	16,333,285	208,151,008	224,484,293
2104 - 2108	123,273,814	134,979,357	258,253,171
2109 - 2113	247,815,258	50,436,379	298,251,637
2114 - 2118	306,787,951	24,269,427	331,057,378
2119 - 2123	<u>108,332,764</u>	<u>1,540,722</u>	<u>109,873,486</u>
Total	<u>\$ 1,532,602,901</u>	<u>\$ 2,427,241,558</u>	<u>\$ 3,959,844,459</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

9. Capital Assets

Capital asset activity for the years ended June 30, 2023 was as follows:

	<i>Balance at</i>			<i>Balance at</i>
	<i>June 30, 2022</i>	<i>Additions</i>	<i>Disposals</i>	<i>June 30, 2023</i>
Nondepreciable assets:				
Land	\$ 2,080,941	\$ -	\$ -	\$ 2,080,941
Construction in progress	<u>7,079,300</u>	<u>3,178,336</u>	<u>(525,376)</u>	<u>9,732,260</u>
Total nondepreciable assets	<u>9,160,241</u>	<u>3,178,336</u>	<u>(525,376)</u>	<u>11,813,201</u>
Depreciable assets:				
Land improvements	20,613,303	-	-	20,613,303
Maritime assets	20,990,804	473,630	-	21,464,434
Buildings and improvements	45,542,912	-	-	45,542,912
Machinery and equipment	3,152,008	-	-	3,152,008
Other assets	<u>144,623</u>	<u>260,299</u>	<u>-</u>	<u>404,922</u>
Total depreciable assets	<u>90,443,650</u>	<u>733,929</u>	<u>-</u>	<u>91,177,579</u>
Totals at historical cost	<u>99,603,891</u>	<u>3,912,265</u>	<u>(525,376)</u>	<u>102,990,780</u>
Less accumulated depreciation for:				
Land improvements	(13,573,458)	(448,797)	-	(14,022,255)
Maritime assets	(12,067,710)	(501,998)	-	(12,569,708)
Buildings and improvements	(27,187,165)	(1,062,153)	-	(28,249,318)
Machinery and equipment	(2,421,349)	(203,122)	-	(2,624,471)
Other assets	<u>(144,623)</u>	<u>(23,257)</u>	<u>-</u>	<u>(167,880)</u>
Total accumulated depreciation	<u>(55,394,305)</u>	<u>(2,239,327)</u>	<u>-</u>	<u>(57,633,632)</u>
Right of Use Lease assets:				
Building	2,010,365	-	-	2,010,365
Equipment	<u>153,725</u>	<u>-</u>	<u>-</u>	<u>153,725</u>
Total right of use lease assets	<u>2,164,090</u>	<u>-</u>	<u>-</u>	<u>2,164,090</u>
Less accumulated amortization for right of use lease assets:				
Building	(473,026)	(236,513)	-	(709,539)
Equipment	<u>(98,214)</u>	<u>(51,242)</u>	<u>-</u>	<u>(149,456)</u>
Total accumulated amortization for right of use lease assets	<u>(571,240)</u>	<u>(287,755)</u>	<u>-</u>	<u>(858,995)</u>
Subscription IT assets	<u>419,931</u>	<u>97,508</u>	<u>-</u>	<u>517,439</u>
Less accumulated amortization, subscription IT assets	<u>(128,075)</u>	<u>(117,296)</u>	<u>-</u>	<u>(245,371)</u>
Capital assets, net	<u>\$ 46,094,292</u>	<u>\$ 1,365,395</u>	<u>\$ (525,376)</u>	<u>\$ 46,934,311</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

9. Capital Assets – Continued

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

	<i>Balance at</i>			<i>Balance at</i>
	<i>June 30, 2021</i>	<i>Additions</i>	<i>Disposals</i>	<i>June 30, 2022</i>
Nondepreciable assets:				
Land	\$ 2,080,941	\$ -	\$ -	\$ 2,080,941
Construction in progress	<u>5,674,338</u>	<u>1,404,962</u>	<u>-</u>	<u>7,079,300</u>
Total nondepreciable assets	<u>7,755,279</u>	<u>1,404,962</u>	<u>-</u>	<u>9,160,241</u>
Depreciable assets:				
Land improvements	20,249,418	363,885	-	20,613,303
Maritime assets	20,990,804	-	-	20,990,804
Buildings and improvements	45,542,912	-	-	45,542,912
Machinery and equipment	3,152,008	-	-	3,152,008
Other assets	<u>144,623</u>	<u>-</u>	<u>-</u>	<u>144,623</u>
Total depreciable assets	<u>90,079,765</u>	<u>363,885</u>	<u>-</u>	<u>90,443,650</u>
Totals at historical cost	<u>97,835,044</u>	<u>1,768,847</u>	<u>-</u>	<u>99,603,891</u>
Less accumulated depreciation for:				
Land improvements	(13,064,615)	(508,843)	-	(13,573,458)
Maritime assets	(11,567,027)	(500,683)	-	(12,067,710)
Buildings and improvements	(26,126,494)	(1,060,671)	-	(27,187,165)
Machinery and equipment	(2,176,912)	(244,437)	-	(2,421,349)
Other assets	<u>(144,623)</u>	<u>-</u>	<u>-</u>	<u>(144,623)</u>
Total accumulated depreciation	<u>(53,079,671)</u>	<u>(2,314,634)</u>	<u>-</u>	<u>(55,394,305)</u>
Right of Use Lease assets:				
Building	2,010,365	-	-	2,010,365
Equipment	<u>153,725</u>	<u>-</u>	<u>-</u>	<u>153,725</u>
Total right of use lease assets	<u>2,164,090</u>	<u>-</u>	<u>-</u>	<u>2,164,090</u>
Less accumulated amortization for right of use lease assets:				
Building	(236,513)	(236,513)	-	(473,026)
Equipment	<u>(46,972)</u>	<u>(51,242)</u>	<u>-</u>	<u>(98,214)</u>
Total accumulated amortization for right of use lease assets	<u>(283,485)</u>	<u>(287,755)</u>	<u>-</u>	<u>(571,240)</u>
Subscription IT assets	<u>-</u>	<u>419,931</u>	<u>-</u>	<u>419,931</u>
Less accumulated amortization, subscription IT assets	<u>-</u>	<u>(128,075)</u>	<u>-</u>	<u>(128,075)</u>
Capital assets, net	<u>\$ 46,635,978</u>	<u>\$ (541,686)</u>	<u>\$ -</u>	<u>\$ 46,094,292</u>

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

10. Revolving Loan Fund and Restricted Cash

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

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

11. Long-Term Debt

Long-term debt activity for the year ended June 30, 2023 and 2022, was as follows:

	<i>Balance at</i>			<i>Balance at</i>	<i>Amounts</i>
	<i>June 30, 2022</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30, 2023</i>	<i>Due Within</i>
					<i>One Year</i>
Security deposits	\$ 1,714,182	\$ 250,117	\$ (180,219)	\$ 1,784,080	\$ -
Leases	1,647,178	-	(276,976)	1,370,202	233,121
Compensated absences	1,175,094	2,278,212	(1,921,603)	1,531,703	112,946
Subscription IT liabilities	261,384	-	(42,625)	218,759	174,253
	<u>\$ 4,797,838</u>	<u>\$ 2,528,329</u>	<u>\$ (2,421,423)</u>	<u>\$ 4,904,744</u>	<u>\$ 520,320</u>

	<i>Balance at</i>			<i>Balance at</i>	<i>Amounts</i>
	<i>June 30, 2021</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30, 2022</i>	<i>Due Within</i>
					<i>One Year</i>
Security deposits	\$ 1,331,230	\$ 618,362	\$ (235,410)	\$ 1,714,182	\$ -
Leases	1,912,996	-	(265,818)	1,647,178	278,001
Compensated absences	1,398,126	994,803	(1,217,835)	1,175,094	86,387
Subscription IT liabilities	-	419,931	(158,547)	261,384	130,509
	<u>\$ 4,642,352</u>	<u>\$ 2,033,096</u>	<u>\$ (1,877,610)</u>	<u>\$ 4,797,838</u>	<u>\$ 494,897</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. EDIC acts as fiscal agent for these entities.

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

12. Related Party Transactions - Continued

For the years ended June 30, 2023 and 2022, EDIC has provided grants to BLDC totaling \$286,000 and \$153,977, respectively. For both the years ended June 30, 2023 and 2022, EDIC has provided grants to BIDFA totaling \$88,000. For the years ended June 30, 2023 and 2022, EDIC has provided grants to FYOB totaling \$395,489 and \$169,969, respectively. These transactions are recorded as grants/contracts to related parties and community based organization on the statement of revenues, expenses and changes in net position.

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

	<i>Payroll and Fringe</i>		<i>EDIC</i>	
	<i>Benefits</i>		<i>Receivable</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
BLDC	\$ 223,572	\$ 153,688	\$ -	\$ 14,469
FYOB	\$ 324,065	\$ 198,551	\$ -	\$ -
BIDFA	\$ 79,401	\$ 64,181	\$ -	\$ -

The City of Boston

The City of Boston’s Property Management Department provided security services to EDIC, totaling \$670,622 and \$642,058 for the years ended June 30, 2023 and 2022, respectively. Amounts payable to the City of Boston at June 30, 2023 and 2022 for these services totaled \$8,558 and \$52,156, respectively.

EDIC received grants totaling and \$19,562 and \$79,153 from the City of Boston for the years ended June 30, 2023 and 2022, respectively, for reimbursement of a portion of capital improvement activity at the RFMP. Amounts receivable from the City of Boston at June 30, 2023 and 2022 for this activity totaled \$15,586 and \$69,035, respectively.

EDIC received grants totaling approximately \$11.1 million and \$3.3 million from various departments of the City of Boston for the years ended June 30, 2023 and 2022, respectively, for OWD activity.

Boston Redevelopment Authority

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

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

12. Related Party Transactions - Continued

Boston Redevelopment Authority – continued

The cost of BRA employees working on EDIC projects and/or OWD grants were billed to EDIC for the years ended June 30, 2023 and 2022, and totaled \$219,849 and \$206,052, respectively. Further, EDIC paid operating costs for the benefit of BRA and subsequently billed BRA for these costs totaling \$321,006 and \$308,825 for the years ended June 30, 2023 and 2022, respectively. EDIC has recorded a net receivable from BRA for this activity totaling \$428,024 and \$616,737, at June 30, 2023 and 2022, respectively.

In addition, BRA charged OWD for OWD's estimated share of BRA's administrative costs provided to OWD totaling \$466,955 and \$424,422, for the years ended June 30, 2023 and 2022, respectively, which comprised of salary and related fringe benefits.

During 2022, EDIC provided a grant to BRA totaling \$10,000,000 for the purpose of funding a portion of BRA's capital reserves which was outstanding at June 30, 2022. EDIC did not provide any grants to BRA for the year ended June 30, 2023.

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, 2023 and 2022, related cumulative costs, incurred by EDIC, totaled \$249,920.

13. Risk Management

EDIC is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment and employee health claims. EDIC carries commercial insurance for general liability, property and casualty, and workers' compensation. Losses are insured to the extent the losses exceed the deductibles. There have been no significant reductions in insurance coverage during fiscal years 2023 and 2022.

14. Retirement Plans

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

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

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

14. *Retirement Plans - Continued*

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

Retirement plan expense for the years ending June 30, 2023 and 2022, was approximately \$1,600,000 and \$1,300,000, respectively. Employee contributions to the above plans for the years then ended totaled approximately \$1,400,000 and \$1,200,000, respectively.

15. *Board Designated Reserve Funds*

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

A summary of EDIC's cash, cash equivalents and investments held as June 30, 2023 and 2022 was as follows:

	2023	2022
Cash and cash equivalents	\$ 31,567,940	\$ 64,871,622
Investments	33,629,680	6,545,284
Total	<u>\$ 65,197,620</u>	<u>\$ 71,416,906</u>
Cash and cash equivalents for operations	\$ 18,197,620	\$ 24,416,906
Board designated capital reserve fund	19,000,000	19,000,000
Board designated marine reserve fund	18,000,000	18,000,000
Board designated operating reserve fund	10,000,000	10,000,000
Total	<u>\$ 65,197,620</u>	<u>\$ 71,416,906</u>

16. *Contingency*

Government Contracts

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

Economic Development and Industrial Corporation of Boston

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

17. *Prior Period Adjustments and Summary of Adoption of New Accounting Standard*

EDIC has determined that certain transactions relating to the implementation of GASB No. 87, *Leases* were recorded incorrectly during the prior year. In addition, during fiscal year 2023, EDIC adopted GASB Statement 96. A summary of the corrections and restated balances as well as the adoption of the new accounting standard is as follows:

<i>Description</i>	<i>June 30, 2022 As Previously Reported</i>	<i>Restatement</i>	<i>Adoption of New Accounting Standard</i>	<i>June 30, 2022 As Restated</i>
Lease receivable	\$ 1,516,870,549	\$ 8,041,443	\$ -	\$ 1,524,911,992
Accrued interest receivable	\$ 17,270,570	\$ 922,066	\$ -	\$ 18,192,636
Capital assets, net	\$ 45,802,436	\$ -	\$ 291,856	\$ 46,094,292
Total assets	\$ 1,667,588,915	\$ 8,963,509	\$ 291,856	\$ 1,676,844,280
Deferred inflow of rental income	\$ 1,495,823,671	\$ 1,849,034	\$ -	\$ 1,497,672,705
Subscription IT payable	\$ -	\$ -	\$ 291,856	\$ 291,856
Net position	\$ 150,643,942	\$ 7,114,475	\$ -	\$ 157,758,417
Total liabilities, deferred inflow of resources and net position	\$ 1,667,588,915	\$ 8,963,509	\$ 291,856	\$ 1,676,844,280
Rental income	\$ 37,148,078	\$ 4,284,010	\$ -	\$ 41,432,088
Interest income from leases	\$ 24,662,605	\$ 1,238,010	\$ -	\$ 25,900,615
Depreciation expense	\$ 287,755	\$ -	\$ 128,075	\$ 415,830
Data processing expense	\$ 825,755	\$ -	\$ (159,330)	\$ 666,425
Interest expense	\$ 15,686	\$ -	\$ 783	\$ 16,469
Change in net position	\$ 27,782,471	\$ 5,522,020	\$ 30,472	\$ 33,334,963
Net position at the beginning of year	\$ 122,830,999	\$ 1,592,455	\$ -	\$ 124,423,454
Net position at end of year	\$ 150,613,470	\$ 7,114,475	\$ 30,472	\$ 157,758,417

18. *Subsequent Events*

EDIC has evaluated subsequent events through January 16, 2024, which is the date the financial statements were issued. There are no recognized subsequent events that provide additional evidence about conditions that existed at the statement of financial position date or non-recognized subsequent events or events that provide evidence about conditions that did not exist at the statement of financial position date, but would be necessary to disclose to keep the financial statements from being misleading.

**SCHEDULE OF
REVENUES AND EXPENSES**

Economic Development and Industrial Corporation of Boston
Schedule of Revenues and Expenses
For the Year Ended June 30, 2023

	<i>EDIC</i>	<i>OWD</i>	
	<i>Operations</i>	<i>Operations</i>	<i>Total</i>
<i>Revenues</i>			
Grant/contract income	\$ 79,562	\$ 24,149,900	\$ 24,229,462
Rental income	43,473,441	-	43,473,441
Contributions	-	922,723	922,723
Interest income from leases	30,175,487	-	30,175,487
Interest income	1,118,852	-	1,118,852
Unrealized gain	412,607	-	412,607
Inter-agency grant (expense)/income	(4,302,712)	4,302,712	-
Inter-agency income/(expense)	1,024,501	(1,024,501)	-
Miscellaneous income	35,853	138,625	174,478
	<u>72,017,591</u>	<u>28,489,459</u>	<u>100,507,050</u>
<i>Expenses</i>			
Salaries	13,222,038	6,611,023	19,833,061
Fringe benefits	4,058,607	1,746,542	5,805,149
Grants/contracts to related parties and community based organizations	374,000	17,326,730	17,700,730
Utilities	669,005	15,310	684,315
Security and maintenance	1,965,250	52,170	2,017,420
Travel and transportation	64,641	26,670	91,311
Insurance	741,815	24,431	766,246
Professional fees	2,842,030	2,036,633	4,878,663
Lease commissions	21,960	-	21,960
Printing	4,001	1,261	5,262
Depreciation	2,213,798	25,529	2,239,327
Amortization	-	287,755	287,755
Supplies	122,322	12,668	134,990
Rental expense	68,404	42,443	110,847
Telecommunications	91,885	3,727	95,612
Professional development	59,130	20,141	79,271
Data processing	1,128,143	51,304	1,179,447
Marketing	3,306	19,675	22,981
Educational supplies	-	20,924	20,924
Interest expense	-	13,318	13,318
Other expense	456,868	98,306	555,174
	<u>28,107,203</u>	<u>28,436,560</u>	<u>56,543,763</u>
Total expenses			
Change in net position	<u>\$ 43,910,388</u>	<u>\$ 52,899</u>	<u>\$ 43,963,287</u>