

I-195 REDEVELOPMENT DISTRICT

RESOLUTION REGARDING FISCAL YEAR 2023 AUDIT

September 20, 2023

VOTED: That the Audit of the District for fiscal year ended June 30, 2023, prepared by Marcum LLP, a copy of which is attached hereto as Exhibit A, be and is hereby accepted and adopted.

EXHIBIT A

2023 Audit



**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

DRAFT

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
I-195 Redevelopment District

Opinion

We have audited the financial statements of the I-195 Redevelopment District (the "District"), a component unit of the State of Rhode Island, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2023 and 2022, and the respective changes in the financial 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 audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 discussed in Note 9 to the financial statements, the District is dependent upon annual appropriations by the General Assembly of the State of Rhode Island and transfers from the State of Rhode Island to fund its operating expenses and the debt service on its outstanding bonds. 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 the District'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 GAAS and *Government 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 GAAS and *Government 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 the District'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 the District'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 on pages 5 to 11 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The State of Rhode Island Required Forms presented on pages 27 to 32 are presented for purposes of additional analysis and are 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **September XX, 2023** on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Providence, RI
September XX, 2023

DRAFT

I-195 REDEVELOPMENT DISTRICT (A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

As management of the I-195 Redevelopment District (the “District”), a component unit of the State of Rhode Island (the “State”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the years ended June 30, 2023 and 2022. The District’s financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

INTRODUCTION

The District was created on July 9, 2011, by the Rhode Island General Assembly under Chapter 64 of Title 42 of the General Laws of Rhode Island. The District was established to oversee, plan, implement, and administer the areas within the I-195 Redevelopment District (“District”), including redeveloping the land reclaimed from the I-195 relocation and Washington Bridge projects.

The State funded significant improvements to the land to prepare the land for sale and ultimately for redevelopment. To the extent such costs do not meet the requirements for capitalization under accounting principles generally accepted in the United States of America, these costs will not be reflected in the carrying value of the land as reported in the District’s financial statements. In April 2013, the Rhode Island Commerce Corporation, a component unit of the State, issued conduit debt obligations on behalf of the District totaling \$38,400,000.

As of June 30, 2023, the District has sold 6.18 acres of the approximately 20 acres of developable land. Two projects were completed in fiscal year 2023, including a mixed-use development on Parcel 28 containing approximately 250 residential units (5% workforce housing) and 22,000-SF of retail space and another mixed-use project on Parcel 6 that includes 62 residential units (half of which are workforce housing), a 13,000-SF grocery store, and approximately 10,000-SF of additional retail space. The first phase of the two-phase Parcel 9 project closed and broke ground in June 2023; the project contains 66 mixed-income residential units, a 6,900-SF childcare center, and 1,100-SF of retail space.

Finally, the District executed Purchase and Sale Agreements for three projects in fiscal year 2023: Lot 3 of Parcel 25, Parcel 2, and Parcels 8 and 8a. The future Rhode Island State Laboratories and Center for Life Sciences will be constructed on Lot 3 of Parcel 25. This project will include an approximately 212,000-SF lab facility to be anchored by the Rhode Island State Health Lab and Brown University with additional space for private tenants. A mixed-use development with approximately 170 residential units, 8,000 SF of ground floor retail, and subsurface parking is proposed for Parcel 2, and a mixed-use project that will house the corporate headquarters of BankRI and approximately 100 mixed-income residential units is proposed for Parcels 8 and 8a.

As part of the original I-195 relocation, three parcels of land were designated as open space. The State completed construction of the seven-acre park, 195 District Park (Park) in 2021 and the District subsequently took responsibility for all Park maintenance and operations. In 2022, the Park had approximately 5,000 visits per day and nearly one million annual visits. The Park hosted

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FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

90 events over the summer and fall of 2022 and has 130 events planned for the 2023 season. A freestanding pavilion is currently in development to serve the Park which will include food and beverage services, support space for park operations, and public restrooms. The project will also include infrastructure upgrades such as WiFi and enhanced electrical service. The District received \$4 million in funding from the 2021 Beach, Clean Water, and Green Bond to construct the pavilion.

There are several revenue sources outside of general revenue appropriations from the State to operate the Park including an annual assessment on completed projects in the District documented in a Declaration of Covenants, programming fees, and donations and sponsorships. The Marc A. Crisafulli Economic Development Act passed by the Rhode Island General Assembly in 2021 authorized the Commission to enter into a park naming rights agreement for up to 20 years with Bally’s Corporation. A sponsorship agreement was executed on July 1, 2023.

Management has also implemented several revenue sources to support general District operations. These include application fees for development projects, license fees for temporary use of vacant land for uses such as construction staging, and the collection of a portion building permit fees for development projects in the District.

In 2011, the General Assembly established the I-195 Redevelopment Project Fund (RIGL 42-64.24) (“Project Fund”), which the District can use for specific uses, including, but not limited to, capital investments, filling project financing gaps, land acquisition, and public infrastructure and facilities. As of June 30, 2023, the General Assembly has funded \$28,000,000 for the Project Fund. Of this amount, \$25,846,000 has been allocated to allowable uses. Note 7 provides more details on uses as of June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District’s financial statements.

The District engages only in business-type activities, that is, activities that are financed in whole or in part by charges to external parties for services. As a result, the District’s basic financial statements include the statements of net position; the statements of revenues, expenses, and changes in net position; the statements of cash flows; and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The statements of net position presents detail on the District’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Changes in the District’s net position serve as a useful indicator of whether the District’s net position is improving or deteriorating. Readers should also consider other non-financial factors when evaluating the District’s net position. The statements of revenues, expenses,

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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and changes in net position present information on how the District's net position changed during the year.

All assets, liabilities, and changes in net position are reported as soon as the underlying event affecting the asset or liability or deferred outflow or inflow, and resulting change in net position occurs, regardless of the timing of when the cash is received or paid (accrual basis of accounting for governmental entities). Consequently, certain revenues and expenses reported in the statements of revenues, expenses, and changes in net position will result in cash flows in future periods.

2023 FINANCIAL HIGHLIGHTS

Total liabilities exceeded total assets by \$22,936,393 (net deficit position) at June 30, 2023. Restricted assets include cash amounts for the following: \$5,467,393 for the I-195 Redevelopment Project Fund, \$264,015 for building permit fees to be paid to the City of Providence and I-195 Redevelopment District, \$720,422 for Park use, and \$1,186 for bond debt. \$30,177,434 is the unrestricted net deficit of the I-195 Redevelopment District Operating Fund. The current year net deficit position is primarily due to \$30,055,000 in bonded debt.

Total operating loss for 2023 was \$3,172,703 an increased loss of \$1,488,716 when compared to the operating loss for 2022. The Operating Fund accounted for \$917,484 of the total loss whereas the remaining loss was from the Project Fund in the amount of \$2,255,219. Operating loss is due to the State appropriation income being considered non-operating revenue but it is used to pay for District operating expenses. The Project Fund loss is due to the obligation to fulfill commitments to approved projects from the Project Fund.

Total non-operating State appropriations revenue totaled \$1,842,224 in 2023, an increase of \$492,155 when compared to 2022. This increase is due to the increase in the State appropriation for operations and capital projects, and some carryover income from the fiscal year 2022 capital appropriation.

Total net non-operating revenue for 2023 totaled \$612,974 compared to net non-operating revenue of \$996,577 for 2022. While there was an increase in the State appropriations, there was a significant increase in bond interest expenses which led to a decrease in non-operating revenue year over year.

Transfers from the State for principal and interest due on the District's bonds in 2023 were \$3,032,632, an increase of \$880,367 when compared to 2022. This increase is attributed to an increase in interest rates. Although there was one property sale in fiscal year 2023, due to the deal structure that included seller financing with the purchase price paid over time, there were not any net proceeds at closing after transaction expenses were paid and therefore the sale did not contribute to the bond principal payment.

The total net position increased by \$472,903 primarily due to the reduction in the bond payable.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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2022 FINANCIAL HIGHLIGHTS

Total liabilities exceeded total assets by \$23,409,296 (net deficit position) at June 30, 2022. Assets comprised of \$7,655,266 restricted for the I-195 Redevelopment Project Fund, \$27,373 restricted for the City of Providence for building permit fees, \$342,428 restricted for Park use, and \$31,434,363 is the unrestricted net deficit of the I-195 Redevelopment District Operating Fund. The current year net deficit position is primarily due to \$31,990,000 in bonded debt.

Total operating loss for 2022 was \$1,684,187 a decrease of \$682,319 when compared to the operating loss for 2021. The Operating Fund accounted for \$1,181,878 of the total loss whereas the remaining loss was from the Project Fund in the amount of \$502,309. Operating loss is due to the bonded debt noted above in addition to the obligation to fulfill commitments to approved projects from the Project Fund.

Total non-operating State appropriations revenue totaled \$1,350,069 in 2022, an increase of \$325,186 when compared to 2021.

Total net non-operating revenue for 2022 totaled \$996,577 compared to net non-operating revenue of \$634,179 for 2021. This change results from an increase in the State appropriations revenue and the state appropriations from the Beach, Clean Water & Green Economy Bond.

Transfers from the State for principal and interest due on the District's bonds in 2022 were \$2,152,265, an increase of \$173,015 when compared to 2021. This increase is attributed to no property sales in 2022 which would normally be given to the State to help pay the cost of the bond as well as the increase in interest rates.

The total net position increased by \$1,464,653 primarily due to the reduction in the bond payable.

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CONDENSED COMPARATIVE INFORMATION

The following table reflects a summary of changes in certain balances in the statements of net position (in thousands):

	2023	2022	2021	Increase (Decrease)	
				2023 v 2022	2022 v 2021
Net Position (Deficit)					
Current Assets	\$ 7,856	\$ 8,961	\$ 9,728	\$ (1,105)	\$ (767)
Noncurrent assets	1,124	560	487	564	73
Total Assets	8,980	9,521	10,215	(541)	(694)
Current Liabilities	3,947	2,876	3,100	1,071	(224)
Noncurrent liabilities	27,970	30,055	31,990	(2,085)	(1,935)
Total Liabilities	31,917	32,931	35,090	(1,014)	(2,159)
Net Deficit Position	<u>\$ (22,937)</u>	<u>\$ (23,410)</u>	<u>\$ (24,875)</u>	<u>\$ 473</u>	<u>\$ 1,465</u>

The following table reflects a summary of changes in certain balances in the statements of revenues, expenses and changes in net position (in thousands):

	2023	2022	2021	Increase (Decrease)	
				2023 v 2022	2022 v 2021
Changes in Net Deficit Position					
Operating revenues	\$ 1,236	\$ 703	\$ 453	\$ 533	\$ 250
Operating expenses	4,501	2,387	2,909	2,114	(522)
Gain on sale of property	92	--	90	92	(90)
Operating Loss	(3,173)	(1,684)	(2,366)	(1,489)	682
Nonoperating Revenues (Expenses)	613	997	634	(384)	363
Contributions and Transfers	3,033	2,152	1,979	881	173
Changes in Net Deficit Position	<u>\$ 473</u>	<u>\$ 1,465</u>	<u>\$ 247</u>	<u>\$ (992)</u>	<u>\$ 1,218</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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2023 FINANCIAL ANALYSIS

Total assets of the District decreased by \$541,642 during 2023. This net decrease is due to decreases in restricted cash disbursed as project development incentives from the Project Fund and the increase in cash held for the Park because of an increase in assessments and sponsorship funds.

Total liabilities decreased by \$1,014,545 due to payments made on the 2013 Series A Bonds of \$1,935,000 net an increase in accrued expenses in the amount of \$265,796 relating to an increase in accrued interest due to increased interest rates, an increase of \$566,894 of unearned revenue, and an increase in accounts payable of \$91,940 due to the current status of a number of development projects, the park pavilion, and other park improvements that were occurring at the end of the fiscal year.

2023 OPERATING ACTIVITY

The District had operating revenues of \$1,236,207 for the year ended June 30, 2023, compared to \$702,813 in year ended June 30, 2022. This increase is due mainly to an increase in revenue from park activity, including assessments, event fees, donations and sponsorships. Additionally, the District has implemented other revenue sources through license fees for temporary uses such as construction staging, establishing application fees for development projects, and the collection of building permit fees for projects in the District.

Total operating expenses increased \$2,114,121 during 2023 due to an increase in project development incentives in the amount of \$1,752,910 and an increase in spending on due diligence and predevelopment expenses for proposed and future development.

The operating loss of the District was \$3,172,703 in 2023 as compared to \$1,683,987 in 2022. The increase is due to the increased payments of Project Fund commitments. It is worth noting, the District has established a number of revenue sources to assist with its growing operational needs.

On June 2, 2023, the District sold a 27,834-SF lot, Parcel 9 Lot 1. The majority of the purchase price is structured as seller financing to be paid on or before June 1, 2043. The gain on the sale of this parcel is \$92,011.

2022 FINANCIAL ANALYSIS

Total assets of the District decreased by \$693,776 during 2022. This net decrease is due to decreases in restricted cash, paid out as project development incentives from the Project Fund.

Total liabilities decreased by \$2,158,631 due to payments made on the 2013 Series A Bonds of \$1,790,000 net, an increase in accrued expenses of \$170,811 relating to an increase in accrued interest due to increased interest rates, accrued benefit wages due to increased paid time off benefits associated with increased staffing and an increase in accounts payable of \$142,385 relating to a park improvement project that completed at the end of the fiscal year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

2022 OPERATING ACTIVITY

The District had operating revenues of \$702,813 for the year ended June 30, 2022, compared to \$452,884 in year ended June 30, 2021 due mainly to the an increase in revenue from park activity, including assessments, event fees, and donations and sponsorships. Additionally, the District has implemented other revenue sources through license fees for temporary uses such as construction staging, establishing application fees for development projects, and the collection of building permit fees for projects in the District.

Total operating expenses decreased \$522,342 during 2022 due to a decrease year over year in project development incentives of \$887,857.

The operating loss of the District was \$1,683,987 in 2022 as compared to \$2,366,506 in 2021. It is worth noting, the District has established a number of revenue sources to assist with its growing operational needs. It is the District's intention to continue to increase revenue through sources outside of state appropriations in order to reduce reliance on the state for funding its operations.

On June 30, 2022, the District purchased a 1,221-SF lot adjacent to Parcels 14 and 15 from the Rhode Island Department of Transportation for \$73,500. The parcel was combined with Parcels 14 and 15 via an administrative subdivision process through the City of Providence.

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

There are two factors that can potentially impact the District's future operations. This includes the real estate market and appropriations from the State budget. COVID-19 has had and will continue to have substantial negative impacts on the economy, including the real estate market. It is unknown what negative impacts will occur in the long term and how it will shape the real estate market.

The State budget will undoubtedly also be impacted by COVID-19, which could affect State budget appropriations to the I-195 Redevelopment District. A decrease in appropriations from the State will have dire consequences for its operations as it is responsible for the operation and maintenance of a seven-acre park, which will increase operation expenditures significantly. There is an annual assessment on each property sold in the District to underwrite park operations, however the park operations budget will not be fully funded until the District build-out is complete.

REQUESTS FOR INFORMATION

This financial report is designed as a general overview of the District's financial picture for external and internal stakeholders. Questions concerning any of the information provided in this report or public requests for information should be addressed to the Executive Director, I-195 Redevelopment District, 225 Dyer Street, 4th Floor, Providence, Rhode Island 02903.

**I-195 REDEVELOPMENT DISTRICT
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STATEMENTS OF NET POSITION

JUNE 30, 2023 AND 2022

	2023			2022		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Assets						
Current Assets						
Cash	\$ 860,199	\$ --	\$ 860,199	\$ 458,853	\$ --	\$ 458,853
Cash, restricted	1,079,929	5,477,318	6,557,247	386,609	7,793,783	8,180,392
Accounts receivable	164,755	--	164,755	124,237	--	124,237
Prepaid expenses	86,958	--	86,958	84,922	--	84,922
Due from State	176,638	--	176,638	112,753	--	112,753
Other current assets	3,714	6,585	10,299	--	--	--
Total Current Assets	<u>2,372,193</u>	<u>5,483,903</u>	<u>7,856,096</u>	<u>1,167,374</u>	<u>7,793,783</u>	<u>8,961,157</u>
Noncurrent Assets						
Notes receivable	99,800	--	99,800	--	--	--
Construction in progress	471,332	--	471,332	--	--	--
Park Land	85,025	--	85,025	85,025	--	85,025
Land held for sale	236,471	231,668	468,139	244,184	231,668	475,852
Total Noncurrent Assets	<u>892,628</u>	<u>231,668</u>	<u>1,124,296</u>	<u>329,209</u>	<u>231,668</u>	<u>560,877</u>
Total Assets	<u>3,264,821</u>	<u>5,715,571</u>	<u>8,980,392</u>	<u>1,496,583</u>	<u>8,025,451</u>	<u>9,522,034</u>
Liabilities						
Current Liabilities						
Current portion, long-term debt	2,085,000	--	2,085,000	1,935,000	--	1,935,000
Accounts payable	406,375	24,826	431,201	184,780	154,481	339,261
Accrued expenses	580,190	--	580,190	314,394	--	314,394
Due to City of Providence	266,692	--	266,692	21,867	--	21,867
Deposit on Parcel 42	--	--	--	249,000	--	249,000
Interfund balances	8,316	(8,316)	--	15,964	(15,964)	--
Unearned revenue, restricted	583,702	--	583,702	16,808	--	16,808
Total Current Liabilities	<u>3,930,275</u>	<u>16,510</u>	<u>3,946,785</u>	<u>2,737,813</u>	<u>138,517</u>	<u>2,876,330</u>
Noncurrent Liabilities						
Bonds payable	27,970,000	--	27,970,000	30,055,000	--	30,055,000
Total Noncurrent Liabilities	<u>27,970,000</u>	<u>--</u>	<u>27,970,000</u>	<u>30,055,000</u>	<u>--</u>	<u>30,055,000</u>
Total Liabilities	<u>31,900,275</u>	<u>16,510</u>	<u>31,916,785</u>	<u>32,792,813</u>	<u>138,517</u>	<u>32,931,330</u>
Net Position (Deficit)						
Investment in capital assets	556,357	--	556,357	85,025	--	85,025
Restricted	985,624	5,467,393	6,453,017	369,801	7,655,266	8,025,067
Unrestricted (deficit)	(30,177,435)	231,668	(29,945,767)	(31,751,056)	231,668	(31,519,388)
Net Position (Deficit)	<u>\$ (28,635,454)</u>	<u>\$ 5,699,061</u>	<u>\$ (22,936,393)</u>	<u>\$ (31,296,230)</u>	<u>\$ 7,886,934</u>	<u>\$ (23,409,296)</u>

The accompanying notes are an integral part of these financial statements.

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**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(DEFICIT)**

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Operating Revenues						
Development	\$ 706,405	\$ --	\$ 706,405	\$ 207,158	\$ --	\$ 207,158
Park sponsorships and donations	200,000	--	200,000	300,000	--	300,000
Park assessments	258,720	--	258,720	138,666	--	138,666
Park programming	71,082	--	71,082	56,989	--	56,989
Total Operating Revenues	1,236,207	--	1,236,207	702,813	--	702,813
Operating Expenses						
Project development incentives	--	2,245,216	2,245,216	--	502,309	502,309
Contractual services	1,192,838	--	1,192,838	1,067,926	--	1,067,926
Personnel services	641,655	--	641,655	693,951	--	693,951
Insurance	83,233	--	83,233	57,209	--	57,209
Other	327,976	10,003	337,979	65,405	--	65,405
Total Operating Expenses	2,245,702	2,255,219	4,500,921	1,884,491	502,309	2,386,800
Gain on Sale of Property	92,011	--	92,011	--	--	--
Operating Loss	(917,484)	(2,255,219)	(3,172,703)	(1,181,678)	(502,309)	(1,683,987)
Nonoperating Revenues (Expenses)						
State appropriations - operations	1,842,224	--	1,842,224	1,350,069	--	1,350,069
State appropriations - Beach, Clean Water & Green Economy Bond	118,311	--	118,311	54,468	--	54,468
Interest income	21,429	67,346	88,775	--	4,860	4,860
Interest expense	(1,436,336)	--	(1,436,336)	(412,820)	--	(412,820)
Total Nonoperating Revenues (Expenses), Net	545,628	67,346	612,974	991,717	4,860	996,577
Loss Before Transfers	(371,856)	(2,187,873)	(2,559,729)	(189,961)	(497,449)	(687,410)
Other Financing Sources (Uses)						
Operating Transfers In	--	--	--	100,000	--	100,000
Operating Transfers Out	--	--	--	--	(100,000)	(100,000)
State appropriation - debt service	3,032,632	--	3,032,632	2,152,265	--	2,152,265
Change in Net Position	2,660,776	(2,187,873)	472,903	2,062,304	(597,449)	1,464,855
Total Net Position (Deficit)						
- Beginning of Year	(31,296,230)	7,886,934	(23,409,296)	(33,358,534)	8,484,383	(24,874,151)
Total Net Position (Deficit)						
- End of Year	<u>\$ (28,635,454)</u>	<u>\$ 5,699,061</u>	<u>\$ (22,936,393)</u>	<u>\$ (31,296,230)</u>	<u>\$ 7,886,934</u>	<u>\$ (23,409,296)</u>

The accompanying notes are an integral part of these financial statements.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Cash Flows from Operating Activities						
Receipts from developers and customers	\$ 1,762,583	\$ --	\$ 1,762,583	\$ 608,418	\$ --	\$ 608,418
Payments to suppliers	(1,472,931)	(2,377,226)	(3,850,157)	(1,738,751)	(405,202)	(2,143,953)
Payments to employees	(641,655)	--	(641,655)	(693,951)	--	(693,951)
Net Cash Used in Operating Activities	<u>(352,003)</u>	<u>(2,377,226)</u>	<u>(2,729,229)</u>	<u>(1,824,284)</u>	<u>(405,202)</u>	<u>(2,229,486)</u>
Cash Flows from Noncapital Financing Activities						
State appropriations	1,896,650	--	1,896,650	1,291,784	(15,964)	1,275,820
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>1,896,650</u>	<u>--</u>	<u>1,896,650</u>	<u>1,291,784</u>	<u>(15,964)</u>	<u>1,275,820</u>
Cash Flows from Capital and Related Financing Activities						
Transfers between funds	--	--	--	100,000	(100,000)	--
Purchase of property and equipment	(471,333)	--	(471,333)	--	--	--
Sale of land held for sale	--	--	--	(73,500)	--	(73,500)
Net Cash (Used in) Provided by Capital and Related Financing Activities	<u>(471,333)</u>	<u>--</u>	<u>(471,333)</u>	<u>26,500</u>	<u>(100,000)</u>	<u>(73,500)</u>
Cash Flows from Investing Activities						
Interest income	21,352	60,761	82,113	--	4,860	4,860
Net Cash Provided by Investing Activities	<u>21,352</u>	<u>60,761</u>	<u>82,113</u>	<u>--</u>	<u>4,860</u>	<u>4,860</u>
Net Increase (Decrease) in Cash	1,094,666	(2,316,465)	(1,221,799)	(506,000)	(516,306)	(1,022,306)
Cash - Beginning of Year	845,462	7,793,783	8,639,245	1,351,462	8,310,089	9,661,551
Cash - End of Year	<u>\$ 1,940,128</u>	<u>\$ 5,477,318</u>	<u>\$ 7,417,446</u>	<u>\$ 845,462</u>	<u>\$ 7,793,783</u>	<u>\$ 8,639,245</u>
Cash is reported in the financial statements as follows:						
Cash	\$ 860,199	\$ --	\$ 860,199	\$ 458,853	\$ --	\$ 458,853
Cash, restricted	1,079,929	5,477,318	6,557,247	386,609	7,793,783	8,180,392
Total Cash	<u>\$ 1,940,128</u>	<u>\$ 5,477,318</u>	<u>\$ 7,417,446</u>	<u>\$ 845,462</u>	<u>\$ 7,793,783</u>	<u>\$ 8,639,245</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities						
Operating loss	\$ (917,484)	\$ (2,255,219)	\$ (3,172,703)	\$ (1,181,678)	\$ (502,309)	\$ (1,683,987)
Adjustments to reconcile operating loss to net cash used in operating activities:						
Noncash loss on property	(92,011)	--	(92,011)	--	--	--
Accounts receivable	(40,518)	--	(40,518)	(111,203)	--	(111,203)
Prepaid expenses	(2,036)	--	(2,036)	(31,074)	--	(31,074)
Other current assets	(3,714)	--	(3,714)	--	--	--
Accounts payable and accrued expenses	136,866	(122,007)	14,859	(510,748)	97,107	(413,641)
Unearned Revenue, Restricted	566,894	--	566,894	10,419	--	10,419
Net Cash Used in Operating Activities	<u>\$ (352,003)</u>	<u>\$ (2,377,226)</u>	<u>\$ (2,729,229)</u>	<u>\$ (1,824,284)</u>	<u>\$ (405,202)</u>	<u>\$ (2,229,486)</u>
Supplemental Disclosure						
Noncash capital and related financing activities:						
Transfer from State of Rhode Island for debt service payment	\$ 3,032,632	\$ --	\$ 3,032,632	\$ 2,152,265	\$ --	\$ 2,152,265
Total Noncash capital and related financing activities:	<u>\$ 3,032,632</u>	<u>\$ --</u>	<u>\$ 3,032,632</u>	<u>\$ 2,152,265</u>	<u>\$ --</u>	<u>\$ 2,152,265</u>

The accompanying notes are an integral part of these financial statements.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

The I-195 Redevelopment District (the “District”) was created by the Rhode Island General Assembly under Chapter 64 of Title 42 of the General Laws of Rhode Island. The District constitutes a body corporate and politic and a public instrumentality of the State of Rhode Island (the “State”) having a distinct legal existence from the State. It is a component unit of the State for financial reporting purposes. As such, the financial statements of the District will be included in the State’s comprehensive annual financial report.

The District was established in 2011 to oversee, plan, implement and administer the areas within the I-195 Redevelopment District, including redeveloping the land reclaimed from the I-195 relocation and Washington Bridge projects.

The District owns a seven-acre park, 195 District Park, which opened in August of 2020. Park construction completed in 2021. The District is responsible for all maintenance and operations. There is an annual assessment on completed projects in the District to support park operations and maintenance, documented in a Declaration of Covenants.

The District is exempt from federal and state income taxes.

FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external users.

The District uses the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when the liability for goods and services has been incurred, regardless of the timing of the related cash flows.

The District distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the District’s principal ongoing operations. Operating revenues consist of recognition of deferred revenue as revenue when predevelopment activities occur, such as application fees, licensing fees and property assessments for 195 District Park. It also includes building permit fees collected for projects within the District. Operating expenses include the costs resulting from services provided and administrative expenses. All other revenues and expenses are reported as nonoperating revenues and expenses.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

***FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING
(CONTINUED)***

When both restricted and unrestricted amounts are available for an expense, it is the District's practice to use the restricted resources first.

The District reports the following major business-type funds:

The I-195 Redevelopment District Operating Fund ("Operating Fund") is the primary operating fund. It accounts for all financial resources of the District, except for those required to be accounted for in another fund.

The I-195 Redevelopment Project Fund ("Project Fund") accounts for financing activities funded from \$28,000,000 State of Rhode Island appropriations for capital investment and project financing gaps for projects to be located within the I-195 Redevelopment District. As of June 30, 2023 and 2022, the District had \$5,477,318 and \$7,793,783, respectively, of restricted cash available for capital investment and project financing gaps in accordance with the criteria set forth in the I-195 Redevelopment Project Fund Act (R.I.G.L. §42-64.24-1) and the Rules and Regulations of the I-195 Redevelopment Project Fund. Most of the restricted cash has been committed to approved projects.

USE OF ESTIMATES

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

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

CASH EQUIVALENTS

The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The District had no cash equivalents at June 30, 2023 and 2022.

RESTRICTED CASH, UNEARNED REVENUE, AND THIRD-PARTY EXPENSE REIMBURSEMENT

Restricted cash and unearned revenue represent advances paid to the District by potential purchasers under the terms of executed purchase and sales agreements for land parcels for which the related due diligence activities are in progress. As part of these agreements, potential purchasers are required to pay the District specified amounts to reimburse the District for the cost of predevelopment activities. Amounts incurred related to due diligence activities are reported as operating expenses when incurred since the District is the primary obligor under arrangements with vendors providing due diligence services. Amounts previously advanced to the District are recognized as operating revenue when the related expenses are incurred.

RESTRICTED NET POSITION

The Project Fund's restricted net assets have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments or internally by enabling legislation or law; the ending restricted net position balance represents the balance of the restricted net assets that have been reduced by liabilities related to the restricted assets.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period. The District had no deferred inflows or outflows of resources at June 30, 2023 and 2022.

RECLASSIFICATIONS

Certain 2022 financial statement amounts have been reclassified to conform to the 2023 presentation. There is no change in the reported change in net position (deficit).

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

SUBSEQUENT EVENTS

Management has evaluated subsequent events through **September XX, 2023**, which is the date these financial statements were available to be issued. Other than those events described below there were no other events requiring recognition or disclosure in the financial statements have been identified.

The District closed on the sale of Lot 3 of former Parcel 25 on August 11, 2023. An approximately 212,000-SF lab facility will be built on the parcel anchored by the Department of Health State Lab and Brown University with approximately 100,000 SF of lab space for private industry and academic institutions.

NOTE 2 - CASH

Bank balances of the District's cash, including restricted amounts, consist of the following:

	2023	2022
Bank balance in checking accounts	\$ 7,425,715	\$ 8,723,186
Insured by federal depository insurance	251,152	251,152
Bank balance uninsured	7,174,563	8,472,034
Collateralized - collateral held by third-party custodian in the Commission's name	7,174,563	8,472,034
Uninsured and Uncollateralized	\$ --	\$ --

In accordance with State of Rhode Island General Laws, Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, are required, at a minimum, to insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than sixty days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators are required to insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. The District does not have a separate deposit policy for custodial credit risk.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 – NOTES RECEIVABLES

In June 2023, the District, in relation to the partial sale of Parcel 9, received two promissory notes from the buyer in the aggregate amount of \$99,724. Interest on the notes is 1% per annum and principal is due upon maturity on June 1, 2043. The balance on the notes including accrued interest at June 30, 2023 is \$99,800

NOTE 4 – CAPITAL ASSETS

LAND

Land at June 30, 2023 and 2022 was \$85,025 and consists of the I-195 District Park Pavilion

CONSTRUCTION IN PROGRESS

Construction in progress at June 30, 2023 of \$471,332 consists of costs related to the ongoing development of the 195 District Park Pavilion and electrical improvements underway in the Park unrelated to the park pavilion project.

NOTE 5 - LAND HELD FOR SALE

During the year ended June 30, 2013, the State transferred the land associated with the former I-195 highway in Providence, Rhode Island to the District. The value of the land, which the District intends to develop, was reported as a capital contribution at the State's historical cost.

During the year ended June 30, 2023, the Operating Fund sold a portion of Parcel 9 in Providence, Rhode Island for \$7,713 and is included in gain on sale of property of \$92,011 on the statement of revenues, expenses and changes in net position (deficit).

During the year ended June 30, 2022, the Operating Fund acquired abutting property to Parcel 14 in Providence, Rhode Island for \$73,500. The land is held for sale.

Land held for sale at June 30, 2023 and 2022 was \$468,139 and \$475,852, respectively.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 - BONDS PAYABLE

ECONOMIC DEVELOPMENT REVENUE BONDS, 2013 SERIES A

In April 2013, Rhode Island Commerce Corporation issued Economic Development Revenue Bonds, 2013 Series A, in the aggregate principal amount of \$37,440,000, for which the District is the obligor. The 2013 Series A Bonds mature in April 2033 and bear interest at the lesser of the 30-Day LIBOR (5.25688% at June 30, 2023) plus applicable margin, or 7.75%. Applicable margin is the rate that corresponds to the lesser of the two long-term general obligation bond ratings of the State from Moody's Investors Service ("Moody's") and Standard & Poor's ("S&P") in the following table:

State Bond Rating - S&P/Moody's	Applicable Margin
AA/Aa2, or higher	1.00%
AA-/Aa3	1.17%
A+/A1	1.37%
A/A2	1.57%
A-/A3	1.82%

At June 30, 2023, the State's general obligation bonds were rated AA and Aa2 by S&P and Moody's, respectively. As such, at June 30, 2023, the 2013 Series A Bonds bore interest at 7.26688%. The outstanding balance as of 2013 Series A Bonds was \$30,055,000 and \$31,990,000 as of June 30, 2023 and 2022, respectively.

Effective July 1, 2023, interest on the 2013 Series A Bonds is amended from 30-Day LIBOR to the lesser of Adjusted Term SOFR (6.2130% at July 1, 2023) plus applicable margin or 7.75%. Applicable margin is the rate that corresponds to the lesser of the two long-term general obligation bond ratings of the State from Moody's Investors Service ("Moody's") and Standard & Poor's ("S&P") in the table noted above.

USE OF PROCEEDS OF BONDS

Proceeds from the 2013 Series A Bonds were transferred by the District to the State. Simultaneous with the issuance of the 2013 Series A Bonds, the District, the Rhode Island Commerce Corporation, and Santander Bank (the "Bank") entered into a bond purchase agreement under the terms of which the 2013 Series A Bonds were purchased by the Bank. The Bank holds a mandatory tender option to sell the bonds to the Rhode Island Commerce Corporation on either April 1, 2023 or April 1, 2028. The tender option was not exercised on April 1, 2023.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 - BONDS PAYABLE (CONTINUED)

STATE OF RHODE ISLAND 2013 SERIES A RATE CAP AGREEMENT

Concurrent with the issuance of the 2013 Series A Bonds, the State entered into separate rate cap transaction agreements with the Bank for each bond series (the “Cap Agreement”). Under the terms of the Cap Agreement, the State paid the Bank \$658,500. In exchange, the Bank agreed to pay the State interest on a monthly basis at 30-Day LIBOR, to the extent 30-Day LIBOR exceeds the interest rate cap, on the notional amount, which mirrors the scheduled principal balance of the 2013 Series A Bonds, through April 1, 2023 and was not renewed. The interest rate under the Cap Agreement is capped at 6.75%. At June 30, 2023 and 2022, the fair value of the Cap Agreement was \$0 and \$3,093 respectively.

REPAYMENT OF 2013 SERIES A BONDS

Repayment of the 2013 Series A Bonds shall be solely from i) appropriated funds, if any, made available and appropriated by the General Assembly of the State for bond payments, but not for payment of administrative expenses and ii) pledged receipts, which are the net proceeds derived from the sale, lease, transfer, conveyance, or other disposition of any interest in all or any portion of the I-195 land owned by the District.

The District has pledged and granted to the Rhode Island Commerce Corporation a security interest, which has been assigned to the bond trustee, in all pledged receipts and all deposits in the bond, project, expense and credit facility funds established with the bond trustee.

To the extent that the District has insufficient funds to meet its payment obligations under the bonds, it shall seek appropriations from the State; however, there are no assurances that the State will appropriate amounts to fund the District’s payment obligations.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 - BONDS PAYABLE (CONTINUED)

REPAYMENT OF 2013 SERIES A BONDS (CONTINUED)

At June 30, 2023, aggregate scheduled principal and interest payments due on the District's bonds, based on rates in effect as of June 30, 2023 and as if the Bank waives its mandatory tender options, are as follows:

Year Ending June 30,	Principal	Interest
2024	2,085,000	1,835,476
2025	2,250,000	1,703,449
2026	2,425,000	1,561,016
2027	2,620,000	1,407,400
2028	2,825,000	1,241,513
2029 - 2033	<u>17,850,000</u>	<u>3,222,838</u>
	<u>\$ 30,055,000</u>	<u>\$ 10,971,692</u>

There were no additions to bonds during the years ended June 30, 2023 and 2022. Bond principal payments of \$1,935,000 and \$1,790,000 were made during the years ended June 30, 2023 and 2022, respectively. Bond principal payments were made as a result of the transfers in from the State of Rhode Island and proceeds from the sale of parcels as noted in Note 3.

NOTE 7 - NET POSITION

As of June 30, 2023 and 2022, the net position was as follows:

	2023			2022		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Net Position (Deficit)						
Investment in capital assets	\$ 556,357	\$ --	\$ 556,357	\$ 85,025	\$ --	\$ 85,025
Restricted	985,624	5,467,393	6,453,017	369,801	7,655,266	8,025,067
Unrestricted	<u>(30,177,435)</u>	<u>231,668</u>	<u>(29,945,767)</u>	<u>(31,751,056)</u>	<u>231,668</u>	<u>(31,519,388)</u>
Total Net Position	<u>\$ (28,635,454)</u>	<u>\$ 5,699,061</u>	<u>\$ (22,936,393)</u>	<u>\$ (31,296,230)</u>	<u>\$ 7,886,934</u>	<u>\$ (23,409,296)</u>

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 7 - NET POSITION (CONTINUED)

The restricted net position within the Operating Fund consists of funds, the use of which is limited by third party agreements. The restricted net position within the Project Fund consists of amounts limited to use under the Rules and Regulations of the I-195 Redevelopment Project Fund.

NOTE 8 - CONTRACTUAL SERVICES

Contractual services by category for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Professional	\$ 645,257	\$ 627,027
Maintenance	208,644	226,050
Consulting	338,937	214,849
	\$ 1,192,838	\$ 1,067,926

NOTE 9 - PROJECT DEVELOPMENT INITIATIVES

The I-195 Redevelopment Project Fund Act (RIGL 42-64.24) of 2015 created the Project Fund to promote the development and attraction of advanced industries and innovation on and near the I-195 land in order to enhance Rhode Island's economic vitality. The enabling legislation lists its uses as, but not limited to, "(1) contributing to capital requirements for anchor institutions or other catalytic project components in accordance with a vision developed by the District for location on the I-195 land, adjacent and proximate parcels; (2) filling project financing gaps for real estate projects on the I-195 land, adjacent and proximate parcels; (3) financing land acquisition in areas adjacent to and proximate to the I-195 land including street rights of way and abandonment costs; and (4) financing public infrastructure and public facilities to support or enhance development including, but not limited to, transportation, parks, greenways, performance venues, meeting facilities, meeting facilities, and public safety precincts."

As of June 30, 2023, the District had received \$28 million of which \$25.8 million (92%) was committed, leaving \$2.2 million uncommitted. The majority of the Project Fund commitments have been allocated to Wexford Science and Technology for the first phase of its catalytic development of an approximately 200,000-SF commercial building that includes tenants such as Cambridge Innovation Center and Brown's School of Professional Studies.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 9 - PROJECT DEVELOPMENT INITIATIVES (CONTINUED)

Other funded projects consist of a number of infrastructure improvements to support the District in its preparation to manage and operate 195 District Park, construction of temporary parking lots to support development projects in and around the District, funds to fill project financing gaps, purchase of adjacent property, and improvements to property owned by National Grid located adjacent to the District. The Commission has also allocated some funding to placemaking and programming initiatives and to support development projects.

Project development initiatives through June 30, 2023 are as follows:

	Total Amount Awarded			Total Paid	
	Through June 30, 2023	Paid Through June 30, 2022	Paid in FY2023	Through June 30, 2023	Remaining Commitment
Wexford and CIC:					
Base Building I-195 Incentive	\$ 1,565,000	\$ 1,565,000	\$ --	\$ 1,565,000	\$ --
CIC Tenant Improvement Grant	12,775,000	12,442,178	--	12,442,178	332,822
CIC Operation Grant	1,200,000	1,200,000	--	1,200,000	--
District Hall Development & Management Fee Grant	1,800,000	1,080,000	180,000	1,260,000	540,000
District Hall Operation Grant	560,000	560,000	--	560,000	--
District Hall FF&E Grant	200,000	200,000	--	200,000	--
Venture Café Grant	700,000	700,000	--	700,000	--
One Ship St	1,000,000	854,976	--	854,976	145,024
Total Wexford and CIC	19,800,000	18,602,154	180,000	18,782,154	1,017,846
Infrastructure Improvements:					
National Grid					
Underground wiring	500,000	483,422	--	483,422	16,578
Transformer screening and pedestrian safety	500,000	311,040	63,961	375,001	124,999
Riverwalk and foot bridge	735,000	--	626,770	626,770	108,230
Total National Grid	1,735,000	794,462	690,731	1,485,193	249,807
Temporary parking	1,000,000	101,851	--	101,851	898,149
Park strategy development	90,000	90,000	--	90,000	--
Park strategy development - part 2	75,000	74,930	--	74,930	70
Temporary parking for Point 225	250,000	151,924	--	151,924	98,076
Park trash and recycling receptacles	120,000	107,906	--	107,906	12,094
Park operations and maintenance support	100,000	100,000	--	100,000	--
Total Infrastructure Improvements	3,370,000	1,421,073	690,731	2,111,804	1,258,196

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 9 - PROJECT DEVELOPMENT INITIATIVES (CONTINUED)

	Total Amount			Total Paid	
	Awarded		Paid in FY2023	Through June	
	Through June	Paid Through		Through June	Remaining
	30, 2023	June 30, 2022	30, 2023	Commitment	
Placemaking and Programming:					
Placemaking initiative: The Shack	320,000	309,993	--	309,993	10,007
District support for placemaking	350,000	239,748	110,252	350,000	--
Programming - Point 225	156,000	41,900	--	41,900	114,100
Total Placemaking and Programming	<u>826,000</u>	<u>591,641</u>	<u>110,252</u>	<u>701,893</u>	<u>124,107</u>
Development Project Support & Improvements:					
Parcel 28 development	1,200,000	--	1,200,000	1,200,000	--
I-195 Redevelopment District Development Plan	250,000	133,228	64,233	197,461	52,539
Acquire land abutting Parcel 2	400,000	231,668	--	231,668	168,332
Total Development Project Support & Improvements	<u>1,850,000</u>	<u>364,896</u>	<u>1,264,233</u>	<u>1,629,129</u>	<u>220,871</u>
Total Project Fund Initiatives	<u>\$ 25,846,000</u>	<u>\$ 20,979,764</u>	<u>\$ 2,245,216</u>	<u>\$ 23,224,980</u>	<u>\$ 2,621,020</u>

NOTE 10 - STATE APPROPRIATIONS AND TRANSFERS FROM STATE

During the years ended June 30, 2023 and 2022, the District received \$1,842,224 and \$1,350,069, respectively, in appropriations by the General Assembly of the State to fund operating expenses. These appropriations are made relating to the State's annual budgetary process and are therefore dependent upon the State's general financial resources and factors affecting such resources. The District is dependent upon such annual appropriations to fund its operating expenses.

During the years ended June 30, 2023 and 2022, the District received \$3,032,632 and \$2,152,265, respectively, in transfers from the State to fund debt service. The District is dependent upon such transfers to fund its debt service on its outstanding bonds.

During the years ended June 30, 2023 and 2022, the District received \$118,311 and \$54,468, respectively, of state appropriations funded by the Beach, Clean Water & Green Economy Bond.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 10 - STATE APPROPRIATIONS AND TRANSFERS FROM STATE (CONTINUED)

The I-195 Redevelopment Project Fund was established through legislative action under the jurisdiction of and to be administered by the District to further the goals set forth in Chapter 42-64.14 of the Rhode Island General Laws to promote, among other purposes, the development and attraction of advanced industries and innovation on and near the I-195 land to enhance Rhode Island's economic vitality. Expenditures for the years ended June 30, 2023 and 2022 were \$2,255,219 and \$502,310, respectively. Interest earned for the years ended June 30, 2023 and 2022 were \$67,346 and \$4,860, respectively. Net position decreased \$2,187,873 in 2023 and \$597,449 in 2022, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

During June 2022, the District began leasing office space from CIC. In September 2022, the District vacated its office space within the Rhode Island Commerce Corporation.

As discussed in Note 4, the Rhode Island Commerce Corporation was the issuer for the 2013 Series A, for which the District is the obligor.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, errors and omissions, property casualty and liability, and workers' compensation claims for which the District carries commercial insurance. Management believes the District has access to sufficient funds for potential claims, if any, that are subject to deductibles or are more than stated coverage maximums. The District is not aware of any potential claims. Accordingly, the District has not recorded a reserve for potential claims.

RISKS AND UNCERTAINTIES

The District's operations are exposed to various risks associated with its business as well as global events, such as a pandemic or international conflict which may impact general economic conditions. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to consider such risks and make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

SUPPLEMENTARY INFORMATION

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**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
STATEMENT OF NET POSITION (ATTACHMENT B)**

JUNE 30, 2023

Assets

Current Assets

Cash and cash equivalents	\$	860,199
Investments		--
Receivables (net)		164,755
Restricted assets		
Cash and cash equivalents		6,557,247
Investments		--
Receivables (net)		--
Other assets		--
Due from primary government		176,638
Due from other component units		--
Due from other governments		--
Inventories		--
Other assets		97,257

Total Current Assets

7,856,096

Noncurrent Assets

Investments		--
Receivables (net)		--
Restricted assets		
Cash and cash equivalents		--
Investments		--
Receivables (net)		--
Other assets		--
Due from other component units		--
Net pension asset		--
Net OPEB asset		--
Capital assets - nondepreciable		1,024,496
Capital assets - depreciable (net)		--
Other assets, net of amortization		99,800

Total Noncurrent Assets

1,124,296

Total Assets

\$ 8,980,392

Deferred Outflows of Resources

Deferred pension amounts	\$	--
Deferred OPEB amounts		--
Other deferred outflows of resources		--

Deferred Outflows of Resources

\$ --

See accompanying notes and independent auditors' report.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
STATEMENT OF NET POSITION (ATTACHMENT B) (CONTINUED)**

JUNE 30, 2023

Liabilities

Current Liabilities

Cash overdraft	\$	--
Accounts payable		431,201
Due to primary government		--
Due to other component units		--
Due to other governments		266,692
Accrued expenses		--
Compensated absences		--
Unearned revenue		583,702
Other current liabilities		580,190
Current portion of long-term debt		<u>2,085,000</u>

Total Current Liabilities

3,946,785

Noncurrent Liabilities

Due to primary government		--
Due to other component units		--
Due to other governments		--
Net pension liability		--
Net OPEB liability		--
Unearned revenue		--
Notes payable		--
Loans payable		--
Obligations under capital leases		--
Compensated absences		--
Bonds payable		27,970,000
Other liabilities		<u>--</u>

Total Noncurrent Liabilities

27,970,000

Total Liabilities

\$ 31,916,785

Deferred inflows of resources

Deferred pension amounts	\$	--
Deferred OPEB amounts		--
Other deferred inflows of resources		<u>--</u>

Total Deferred Inflows of Resources

\$ --

Net Position

Net investment in capital assets	\$	556,357
Restricted for		
Debt		
Other		6,453,017
Nonexpendable		--
Capital projects		--
Unrestricted		<u>(29,945,767)</u>
Total Net Position	\$	<u>(22,936,393)</u>

See accompanying notes and independent auditors' report.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
STATEMENT OF ACTIVITIES (ATTACHMENT C)**

FOR THE YEAR ENDED JUNE 30, 2023

Expenses	<u>\$ 5,937,257</u>
Program Revenues	
Charges for services	1,036,207
Operating grants and contributions	5,193,167
Capital grants and contributions	<u> --</u>
Total Program Revenues	<u>6,229,374</u>
Net (Expenses) Revenues	<u>292,117</u>
General (Expenses) Revenues	
Gain on sale of property	92,011
Interest and investment earnings	88,775
Miscellaneous revenue	<u> --</u>
Total General Revenues	<u>180,786</u>
Special items	--
Extraordinary items	<u> --</u>
Change in Net Deficit Position	472,903
Total Net Position - Beginning	<u>(23,409,296)</u>
Total Net Position - Ending	<u><u>\$ (22,936,393)</u></u>

See accompanying notes and independent auditors' report.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
SCHEDULE OF BONDS PAYABLE (ATTACHMENT D)**

JUNE 30, 2023

Fiscal Year Ending June 30	Principal	Interest
2024	\$ 2,085,000	\$ 1,835,476
2025	2,250,000	1,703,449
2026	2,425,000	1,561,016
2027	2,620,000	1,407,400
2028	2,825,000	1,241,513
2029 - 2033	<u>17,850,000</u>	<u>3,222,838</u>
	<u>\$ 30,055,000</u>	<u>\$ 10,971,692</u>

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See accompanying notes and independent auditors' report.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
SCHEDULE OF CHANGES IN LONG-TERM DEBT (ATTACHMENT E)**

FOR THE YEAR ENDED JUNE 30, 2023

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Bonds Payable	\$ 31,990,000	\$ --	\$ (1,935,000)	\$ 30,055,000	\$ 2,085,000	\$ 27,970,000
Net unamortized premium/discount	--	--	--	--	--	--
Bonds Payable	<u>31,990,000</u>	<u>--</u>	<u>(1,935,000)</u>	<u>30,055,000</u>	<u>2,085,000</u>	<u>27,970,000</u>
Notes payable	--	--	--	--	--	--
Loans payable	--	--	--	--	--	--
Obligations under capital leases	--	--	--	--	--	--
Net pension liability	--	--	--	--	--	--
Net OPEB liability	--	--	--	--	--	--
Due to primary government	--	--	--	--	--	--
Due to component units	--	--	--	--	--	--
Due to other governments and agencies	--	--	--	--	--	--
Unearned revenue	16,808	583,702	(16,808)	583,702	583,702	--
Compensated absences	--	--	--	--	--	--
Arbitrage rebate	--	--	--	--	--	--
Pollution remediation	--	--	--	--	--	--
Funds held for others	--	--	--	--	--	--
Other liabilities	--	--	--	--	--	--
	<u>\$ 32,006,808</u>	<u>\$ 583,702</u>	<u>\$ (1,951,808)</u>	<u>\$ 30,638,702</u>	<u>\$ 2,668,702</u>	<u>\$ 27,970,000</u>

See accompanying notes and independent auditors' report.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

SCHEDULE OF TRAVEL AND ENTERTAINMENT

FOR THE YEAR ENDED JUNE 30, 2023

<u>Date</u>	<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
Various	Various	<u>\$ 2,598</u>	Less than \$200 travel and entertainment expenses

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See accompanying notes and independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
I-195 Redevelopment District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the I-195 Redevelopment District (the "District") which comprise the statements of net position as of June 30, 2023 and the related statements of revenue, expenses, and changes in net position (deficit) and cash flows for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **September XX, 2023**.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Providence, RI
September XX, 2023

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