































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

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
<b>Cash Flows from Operating Activities</b>						
Receipts from developers and customers	\$ 609,338	\$ --	\$ 609,338	\$ 549,711		\$ 549,711
Payments to suppliers	(1,739,671)	(405,202)	(2,144,873)	(693,859)	(1,427,705)	(2,121,564)
Payments to employees	(693,951)	--	(693,951)	(427,548)	--	(427,548)
<b>Net Cash Used in Operating Activities</b>	<u>(1,824,284)</u>	<u>(405,202)</u>	<u>(2,229,486)</u>	<u>(571,696)</u>	<u>(1,427,705)</u>	<u>(1,999,401)</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
State appropriations	1,291,784	(15,964)	1,275,820	1,156,865		1,156,865
Interest Income	--	4,860	4,860	--	9,873	9,873
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>1,291,784</u>	<u>(11,104)</u>	<u>1,280,680</u>	<u>1,156,865</u>	<u>9,873</u>	<u>1,166,738</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Transfers Between Funds	100,000	(100,000)	--	--	--	--
Purchase of land held for sale	(73,500)	--	(73,500)	(10,000)	(231,668)	(241,668)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>26,500</u>	<u>(100,000)</u>	<u>(73,500)</u>	<u>(10,000)</u>	<u>(231,668)</u>	<u>(241,668)</u>
<b>Net (Decrease) Increase in Cash</b>	<u>(506,000)</u>	<u>(516,306)</u>	<u>(1,022,306)</u>	<u>575,169</u>	<u>(1,649,500)</u>	<u>(1,074,331)</u>
<b>Cash - Beginning of Year</b>	<u>1,351,462</u>	<u>8,310,089</u>	<u>9,661,551</u>	<u>776,293</u>	<u>9,959,589</u>	<u>10,735,882</u>
<b>Cash - End of Year</b>	<u>\$ 845,462</u>	<u>\$ 7,793,783</u>	<u>\$ 8,639,245</u>	<u>\$ 1,351,462</u>	<u>\$ 8,310,089</u>	<u>\$ 9,661,551</u>
<b>Cash is reported in the financial statements as follows:</b>						
Cash	\$ 458,853	\$ --	\$ 458,853	\$ 476,079	\$ --	\$ 476,079
Cash, restricted	386,609	7,793,783	8,180,392	875,383	8,310,089	9,185,472
<b>Total Cash</b>	<u>\$ 845,462</u>	<u>\$ 7,793,783</u>	<u>\$ 8,639,245</u>	<u>\$ 1,351,462</u>	<u>\$ 8,310,089</u>	<u>\$ 9,661,551</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>						
Operating loss	\$ (1,181,878)	\$ (502,309)	\$ (1,684,187)	\$ (973,285)	\$ (1,393,221)	\$ (2,366,506)
Adjustments to reconcile operating loss to net cash used in operating activities:						
Noncash gain on property	--	--	--	(89,752)	--	(89,752)
Accounts receivable	(110,083)	--	(110,083)	90,438	--	90,438
Prepaid expenses	(31,074)	--	(31,074)	7,615	--	7,615
Interfund balances	--	--	--	89,073	(89,073)	--
Accounts payable and accrued expenses	(511,668)	97,107	(414,561)	297,826	54,589	352,415
Unearned Revenue, Restricted	10,419	--	10,419	6,389	--	6,389
<b>Net Cash Used in Operating Activities</b>	<u>\$ (1,824,284)</u>	<u>\$ (405,202)</u>	<u>\$ (2,229,486)</u>	<u>\$ (571,696)</u>	<u>\$ (1,427,705)</u>	<u>\$ (1,999,401)</u>
<b>Supplemental Disclosure</b>						
Noncash capital and related financing activities:						
Transfer from State of Rhode Island for debt service payment	\$ 2,152,265	\$ --	\$ 2,152,265	\$ 1,979,250	\$ --	\$ 1,979,250
Payment of Bonds Payable	(2,152,265)	--	(2,152,265)	(1,979,250)	--	(1,979,250)
<b>Total Noncash capital and related financing activities:</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</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, 2022 AND 2021**

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**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, the Providence Innovation 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 the Providence Innovation 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, 2022 AND 2021**

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**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, 2022 and 2021, the District had \$7,793,783 and \$8,310,089, 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, 2022 AND 2021**

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**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, 2022 and 2021.

***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, 2022 and 2021.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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

***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through **September XX, 2022**, which is the date these financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements have been identified.

**NOTE 2 - CASH**

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

	2022	2021
Bank balance in checking accounts	\$ 8,723,186	\$ 9,789,392
Insured by federal depository insurance	251,152	251,152
Bank balance uninsured	8,472,034	9,538,240
Collateralized - collateral held by third-party custodian in the Commission's name	8,472,034	9,538,240
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, 2022 AND 2021**

**NOTE 3 - 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 of \$343 per acre.

Changes in land held for sale held in the Operating Fund and Project Fund were as follows:

	Operating Fund	Project Fund
Balance, June 30, 2020	\$ 277,012	\$ --
Plus, purchase of Parcel 589	10,000	231,668
Less, sale of land (Parcel 6 and 28)	(31,303)	--
Balance, June 30, 2021	255,709	231,668
Plus, purchases of abutting property to Parcel 14	73,500	--
Balance, June 30, 2022	\$ 329,209	\$ 231,668

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.

**NOTE 4 - 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 (1.79757% at June 30, 2022) 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%

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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**NOTE 4 - BONDS PAYABLE (CONTINUED)**

***ECONOMIC DEVELOPMENT REVENUE BONDS, 2013 SERIES A (CONTINUED)***

At June 30, 2022, the State's general obligation bonds were rated AA and Aa2 by S&P and Moody's, respectively. As such, at June 30, 2022, the 2013 Series A Bonds bore interest at 2.7976%. The outstanding balance as of 2013 Series A Bonds was \$31,990,000 and \$33,780,000 as of June 30, 2022 and 2021, respectively.

***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.

***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. The interest rate under the Cap Agreement is capped at 6.75%. At June 30, 2022 and 2021, the fair value of the Cap Agreement was \$3,093 and \$973 respectively, and is estimated as the amount the Bank would receive to terminate the Cap Agreements at the reporting dates, taking into account current interest rates and the current credit worthiness of the counterparties.

***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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 4 - BONDS PAYABLE (CONTINUED)**

***REPAYMENT OF 2013 SERIES A BONDS (CONTINUED)***

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.

At June 30, 2022, aggregate scheduled principal and interest payments due on the District's bonds, based on rates in effect as of June 30, 2022 and as if the Bank waives its mandatory tender options, are as follows:

Year Ending June 30,	Principal	Interest
2023	1,935,000	881,654
2024	2,085,000	826,472
2025	2,250,000	767,024
2026	2,425,000	702,889
2027	2,620,000	633,720
2028 - 2032	16,545,000	1,922,980
2023	4,130,000	87,214
	\$ 31,990,000	\$ 5,821,953

There were no additions to bonds during the years ended June 30, 2022 and 2021. Bond payments of \$1,790,000 and \$1,660,000 were made during the years ended June 30, 2022 and 2021, respectively. Bond 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 5 - NET POSITION**

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

	2022			2021		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
<b>Net Position (Deficit)</b>						
Investment in capital assets	\$ 329,209	\$ 231,668	\$ 560,877	\$ 255,709	\$ 231,668	\$ 487,377
Restricted	369,801	7,655,266	8,025,067	868,994	8,252,715	9,121,709
Unrestricted	<u>(31,995,440)</u>	<u>--</u>	<u>(31,995,440)</u>	<u>(34,483,237)</u>	<u>--</u>	<u>(34,483,237)</u>
<b>Total Net Position</b>	<u>\$ (31,296,430)</u>	<u>\$ 7,886,934</u>	<u>\$ (23,409,496)</u>	<u>\$ (33,358,534)</u>	<u>\$ 8,484,383</u>	<u>\$ (24,874,151)</u>

The restricted net position within the Operating Fund consists of amounts limited to use by third parties. 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 6 - CONTRACTUAL SERVICES**

Contractual services by category for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Professional	\$ 627,027	\$ 400,661
Maintenance	226,050	61,387
Consulting	214,849	372,706
Interim use	<u>--</u>	<u>2,840</u>
	<u>\$ 1,067,926</u>	<u>\$ 837,594</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 7 - PROJECT DEVELOPMENT INITIATIVES**

***WEXFORD AND VENTURE CAFÉ***

Included in project development expenses for the years ended June 30, 2022 and 2021 is \$502,310 and \$1,390,166 respectively, relating to the Project Fund of which \$180,000 and \$764,040, respectively, relate to Providence Innovation District Phase 1 Owner, LLC, an entity of Wexford Science and Technology (“Wexford”), and \$0 relating to the Venture Café Foundation, Inc. (“Venture Café”).

To provide incentives for the development of an approximately 200,000 square foot commercial building and to support the ongoing operations of key tenants, Cambridge Innovation Center (“CIC”) and Venture Café, the District has entered into following agreements with Wexford and CIC:

	Total Amount Awarded Through June 30, 2022	Paid Through June 30, 2022	Remaining Commitment
Base Building I-195 Incentive	\$ 1,565,000	\$ 1,565,000	\$ --
CIC Tenant Improvements Grant	12,775,000	12,775,000	--
CIC Operation Grant	1,200,000	1,200,000	--
District Hall Development & Management Fee Grant	1,800,000	1,620,000	180,000
District Hall Operation Grant	560,000	560,000	--
District Hall FF&E Grant	200,000	200,000	--
Venture Café Grant	700,000	700,000	--
	<u>\$ 18,800,000</u>	<u>\$ 18,620,000</u>	<u>\$ 180,000</u>

Because Wexford is receiving incentives under the Rebuild Rhode Island Tax Credit Act and the I-195 Redevelopment Project Fund Act, the District is requiring Wexford to provide for return to the District from cash flows and/or upon a capital event based upon higher than expected returns from the project. Such contractual provisions are intended to recoup funding to the extent the project performs above an expected level of return as determined on a case by case basis. To date, no payment has been made to the District under such contractual provisions with respect to the project.



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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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**NOTE 8 - STATE APPROPRIATIONS AND TRANSFERS FROM STATE**

During the years ended June 30, 2022 and 2021, the District received \$1,350,069 and \$1,024,883, 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, 2022 and 2021, the District received \$2,152,265 and \$1,979,250, 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, 2022 and 2021, the District received \$54,468 and \$0, respectively, of state appropriations funded by the Beach, Clean Water & Green Economy Bond.

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, 2022 and 2021 were \$502,310 and \$1,393,221, respectively. Interest earned for the years ended June 30, 2022 and 2021 were \$4,860 and \$9,873, respectively. Net position decreased \$516,306 in 2022 and \$1,649,500 in 2021, respectively.

**NOTE 9 - RELATED PARTY TRANSACTIONS**

The Rhode Island Commerce Corporation provided administrative support and office space to the District. For the years ended June 30, 2022 and 2021, the District paid the Rhode Island Commerce Corporation \$0. The value of these services is not readily determinable.

During June 2022, the District began leasing office space from CIC. Subsequent to year-end, 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.

As discussed in Note 7, the Rhode Island Commerce Corporation and the District entered into an agreement with Wexford and Venture Café to offer incentives for development.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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**NOTE 10 - 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***

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic which continues to spread throughout the United States and the World. The District is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce the spread. As of the date the financial statements were available to be issued, there was considerable uncertainty around expected duration of this pandemic and the extent to which COVID-19 may impact the District's financial condition or its operations.

**SUPPLEMENTARY INFORMATION**

DRAFT

**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, 2021**

**Assets**

**Current Assets**

Cash and cash equivalents	\$	458,853
Investments		--
Receivables (net)		--
Restricted assets		
Cash and cash equivalents		8,180,392
Investments		--
Receivables (net)		--
Other assets		--
Due from primary government		112,753
Due from other component units		--
Due from other governments		123,117
Inventories		--
Other assets		84,922

**Total Current Assets**

8,960,037

**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		560,877
Capital assets - depreciable (net)		--
Other assets, net of amortization		--

**Total Noncurrent Assets**

560,877

**Total Assets**

\$ 9,520,914

**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, 2021**

**Liabilities**

**Current Liabilities**

Cash overdraft	\$	--
Accounts payable		339,261
Due to primary government		--
Due to other component units		--
Due to other governments		20,947
Accrued expenses		--
Compensated absences		--
Unearned revenue		265,808
Other current liabilities		314,394
Current portion of long-term debt		<u>1,935,000</u>

**Total Current Liabilities**

2,875,410

**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		30,055,000
Other liabilities		<u>--</u>

**Total Noncurrent Liabilities**

30,055,000

**Total Liabilities**

\$ 32,930,410

**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	\$	560,877
Restricted for		
Debt		7,655,266
Other		369,801
Nonexpendable		--
Capital projects		--
Unrestricted		<u>(31,995,440)</u>
<b>Total Net Position</b>		<u>\$ (23,409,496)</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, 2021**

<b>Expenses</b>	<u>\$ 2,799,620</u>
<b>Program Revenues</b>	
Charges for services	495,655
Operating grants and contributions	3,763,760
Capital grants and contributions	<u>          --</u>
<b>Total Program Revenues</b>	<u>4,259,415</u>
<b>Net (Expenses) Revenues</b>	<u>1,459,795</u>
<b>General Revenues</b>	
Gain on sale of property	--
Interest and investment earnings	4,860
Miscellaneous revenue	<u>          --</u>
<b>Total General Revenues</b>	<u>4,860</u>
Special items	--
Extraordinary items	<u>          --</u>
<b>Change in Net Deficit Position</b>	1,464,655
<b>Total Net Position - Beginning</b>	<u>(24,874,151)</u>
<b>Total Net Position - Ending</b>	<u><u>\$ (23,409,496)</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, 2021**

Fiscal Year Ending June 30	Principal	Interest
2023	1,935,000	881,654
2024	2,085,000	826,472
2025	2,250,000	767,024
2026	2,425,000	702,889
2027	2,620,000	633,720
2028 - 2032	16,545,000	1,922,980
2023	4,130,000	87,214
	<u>\$ 31,990,000</u>	<u>\$ 5,821,953</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, 2021**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Bonds Payable	\$ 33,780,000	\$ --	\$ (1,790,000)	\$ 31,990,000	\$ 1,935,000	\$ 30,055,000
Net unamortized premium/discount	--	--	--	--	--	--
<b>Bonds Payable</b>	<u>33,780,000</u>	<u>--</u>	<u>(1,790,000)</u>	<u>31,990,000</u>	<u>1,935,000</u>	<u>30,055,000</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	6,389	16,808	(6,389)	16,808	16,808	--
Compensated absences	--	--	--	--	--	--
Arbitrage rebate	--	--	--	--	--	--
Pollution remediation	--	--	--	--	--	--
Funds held for others	--	--	--	--	--	--
Other liabilities	--	--	--	--	--	--
	<u>\$ 33,786,389</u>	<u>\$ 16,808</u>	<u>\$ (1,796,389)</u>	<u>\$ 32,006,808</u>	<u>\$ 1,951,808</u>	<u>\$ 30,055,000</u>

*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 statement of financial position as of June 30, 2022 and the related statement of revenue, expenses, and changes in net position (deficit) and cash flows for the year ended June 30, 2022, 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, 2022**.

***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 's 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, 2022

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