

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

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021



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

CONTENTS

Independent Auditors' Report	1-4
Management's Discussion and Analysis	5-10
Financial Statements	
Statements of Net Position.....	11
Statements of Revenues, Expenses and Changes in Net Position (Deficit).....	12
Statements of Cash Flows.....	13
Notes to Financial Statements	14-24
Supplementary Information	
Statement of Net Position - Attachment B.....	25-26
Statement of Activities - Attachment C.....	27
Schedule of Bonds Payable - Attachment D.....	28
Schedule of Changes in Long-Term Debt - Attachment E.....	29
Schedule of Travel and Entertainment.....	30
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 <i>Government Auditing Standards</i>	31-32



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, 2022 and 2021, 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, 2022 and 2021, 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 8 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 5-10 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 25-30 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 30, 2022 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.

Marcum LLP

Providence, RI
September 30, 2022

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 and 2021. 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 part of the relocation, three parcels of land were designated as open space. The State constructed a seven-acre park that is owned by the District. Park construction was completed in 2021, and the District took responsibility for all maintenance and operations. 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 authorized the Commission to enter into a naming rights agreement with an affiliate of the Bally’s Corporation.

The General Assembly also 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, 2022 the General Assembly has funded \$28,000,000 for the Project Fund. Of this amount, \$25,611,000 has been allocated to allowable uses.

Several revenue sources have also been put into place by management to support District growing operating expenses; these include application fees for development projects, license fees for

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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.

During the year ended June 30, 2022, the District closed on the purchase of a small lot adjacent to a District parcel purchased from the Rhode Island Department of Transportation.

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, 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.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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.

2021 FINANCIAL HIGHLIGHTS

Total liabilities exceeded total assets by \$24,874,151 (net deficit position) at June 30, 2021, of which \$8,252,715 is restricted for the I-195 Redevelopment Project Fund, \$868,994 is restricted for the City of Providence and \$34,483,237 is the unrestricted net deficit of the I-195 Redevelopment District Operating Fund. The current year net deficit position is primarily due to \$33,780,000 in bonded debt.

Total operating loss for 2021 was \$2,366,506, a decrease of \$4,858,698 when compared to the operating loss for 2020. The operating fund accounted for \$973,285 of the total loss whereas the remaining loss was from the project fund in the amount of \$1,393,221.

Total non-operating State appropriations revenue totaled \$1,024,883 in 2021, a decrease of \$34,835 when compared to 2020.

Total net non-operating revenue for 2021 totaled \$634,179 compared to net non-operating revenue of \$280,089 for 2020. This change results from a decrease in interest expense.

Transfers from the State for principal and interest due on the District's bonds in 2021 were \$1,979,250, a decrease of \$477,027 when compared to 2020. This decrease is attributed to lower interest rates in 2021.

The total net position increased by \$246,923 primarily due to increases in additional land held for sale.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

CONDENSED COMPARATIVE INFORMATION

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

	2022	2021	2020	Increase (Decrease)	
				2022 v 2021	2021 v 2020
Net Position					
Current Assets	\$ 8,961	\$ 9,728	\$ 11,122	\$ (767)	\$ (1,394)
Noncurrent assets	<u>561</u>	<u>487</u>	<u>277</u>	<u>74</u>	<u>210</u>
Total Assets	<u>9,522</u>	<u>10,215</u>	<u>11,399</u>	<u>(693)</u>	<u>(1,184)</u>
Current Liabilities	2,876	3,100	2,740	(224)	360
Noncurrent liabilities	<u>30,055</u>	<u>31,990</u>	<u>33,780</u>	<u>(1,935)</u>	<u>(1,790)</u>
Total Liabilities	<u>32,931</u>	<u>35,090</u>	<u>36,520</u>	<u>(2,159)</u>	<u>(1,430)</u>
Net Deficit Position	<u>\$ (23,409)</u>	<u>\$ (24,875)</u>	<u>\$ (25,121)</u>	<u>\$ 1,466</u>	<u>\$ 246</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):

	2022	2021	2020	Increase (Decrease)	
				2022 v 2021	2021 v 2020
Changes in Net Deficit Position					
Operating revenues	\$ 703	\$ 453	\$ 464	\$ 250	\$ (11)
Operating expenses	2,387	2,909	7,885	(522)	(4,976)
Gain on sale of property	<u>--</u>	<u>90</u>	<u>196</u>	<u>(90)</u>	<u>(106)</u>
Operating Loss	<u>(1,684)</u>	<u>(2,366)</u>	<u>(7,225)</u>	<u>682</u>	<u>4,859</u>
Nonoperating Revenues (Expenses)	997	634	280	363	354
Contributions and Transfers	<u>2,152</u>	<u>1,979</u>	<u>2,456</u>	<u>173</u>	<u>(477)</u>
Change in Net Deficit Position	<u>\$ 1,465</u>	<u>\$ 247</u>	<u>\$ (4,489)</u>	<u>\$ 1,218</u>	<u>\$ 4,736</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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 and accrued benefit wages due to increased paid time off benefits and an increase in accounts payable of \$142,385 relating to a park improvement project that completed at the end of the fiscal year.

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 will be combined with Parcels 14 and 15 via an administrative subdivision process through the City of Providence.

2021 FINANCIAL ANALYSIS

Total assets of the District decreased \$1,183,074 during 2021. This decrease is due to decreases in restricted cash, paid out as project development incentives.

Total liabilities decreased \$1,429,997 due to payments made on the 2013 Series A Bonds of \$1,660,000 net with an increase in accrued expenses of \$220,257 relating to deposits held in escrow for third parties relating to the purchase of specific parcels.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

2021 OPERATING ACTIVITY

The District had operating revenues of \$452,884 for the year ended June 30, 2021, compared to \$463,518 in year ended June 30, 2020.

Total operating expenses decreased \$4,975,925 during 2021 primarily due to a decrease year over year in project development incentives of \$5,080,270.

The operating loss of the District was \$2,366,506 in 2021 as compared to \$7,225,204 in 2020.

On October 14, 2020 the District sold Parcel 28 to EM 28 Providence L.P. for \$100,000 for the construction of a mixed-use project with 249 residential units and 22,700 SF of commercial space. The project is currently under construction. On November 16, 2020 the District sold Parcel 6 to Link Street LLC for \$100,000 for the construction of a mixed-use project with 62 residential units, a 13,000 SF grocery store, and approximately 10,000 SF of commercial space. The project is currently under construction.

On March 17, 2021, the District purchased a 2,247-SF lot adjacent to Parcel 2 from the Rhode Island Department of Transportation for \$235,000. The parcel was subsequently combined with Parcel 2 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
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

	2022			2021		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Assets						
Current Assets						
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
Accounts receivable	124,237	--	124,237	13,034	--	13,034
Prepaid expenses	84,922	--	84,922	53,848	--	53,848
Due from State	112,753	--	112,753	--	--	--
Total Current Assets	<u>1,167,374</u>	<u>7,793,783</u>	<u>8,961,157</u>	<u>1,418,344</u>	<u>8,310,089</u>	<u>9,728,433</u>
Noncurrent Assets						
Land held for sale	329,209	231,668	560,877	255,709	231,668	487,377
Total Assets	<u>1,496,583</u>	<u>8,025,451</u>	<u>9,522,034</u>	<u>1,674,053</u>	<u>8,541,757</u>	<u>10,215,810</u>
Liabilities						
Current Liabilities						
Current portion, long-term debt	1,935,000	--	1,935,000	1,790,000	--	1,790,000
Accounts payable	184,780	154,481	339,261	139,502	57,374	196,876
Accrued expenses	314,394	--	314,394	143,583	--	143,583
Due to City of Providence	21,867	--	21,867	714,113	--	714,113
Deposit on Parcel 42	249,000	--	249,000	249,000	--	249,000
Interfund balances	15,964	(15,964)	--	--	--	--
Unearned revenue, restricted	16,808	--	16,808	6,389	--	6,389
Total Current Liabilities	<u>2,737,813</u>	<u>138,517</u>	<u>2,876,330</u>	<u>3,042,587</u>	<u>57,374</u>	<u>3,099,961</u>
Noncurrent Liabilities						
Bonds payable	30,055,000	--	30,055,000	31,990,000	--	31,990,000
Total Noncurrent Liabilities	<u>30,055,000</u>	<u>--</u>	<u>30,055,000</u>	<u>31,990,000</u>	<u>--</u>	<u>31,990,000</u>
Total Liabilities	<u>32,792,813</u>	<u>138,517</u>	<u>32,931,330</u>	<u>35,032,587</u>	<u>57,374</u>	<u>35,089,961</u>
Net Position						
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 (deficit)	(31,995,240)	--	(31,995,240)	(34,483,237)	--	(34,483,237)
Net Position (Deficit)	<u>\$ (31,296,230)</u>	<u>\$ 7,886,934</u>	<u>\$ (23,409,296)</u>	<u>\$ (33,358,534)</u>	<u>\$ 8,484,383</u>	<u>\$ (24,874,151)</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 REVENUES, EXPENSES AND CHANGES IN NET POSITION
(DEFICIT)**

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Operating Revenues						
Park sponsorships and donations	\$ 300,000	\$ --	\$ 300,000	\$ --	\$ --	\$ --
Development	207,158	--	207,158	351,845	--	351,845
Park assessments	138,666	--	138,666	94,670	--	94,670
Park programming	56,989	--	56,989	6,369	--	6,369
Total Operating Revenues	702,813	--	702,813	452,884	--	452,884
Operating Expenses						
Project development incentives	--	502,309	502,309	--	1,390,166	1,390,166
Contractual services	1,067,926	--	1,067,926	834,539	3,055	837,594
Personnel services	693,951	--	693,951	427,548	--	427,548
Insurance	57,209	--	57,209	53,198	--	53,198
Other	65,405	--	65,405	200,636	--	200,636
Total Operating Expenses	1,884,491	502,309	2,386,800	1,515,921	1,393,221	2,909,142
Gain on Sale of Property	--	--	--	89,752	--	89,752
Operating Loss	(1,181,678)	(502,309)	(1,683,987)	(973,285)	(1,393,221)	(2,366,506)
Nonoperating Revenues (Expenses)						
State appropriations - operations	1,350,069	--	1,350,069	1,024,883	--	1,024,883
State appropriations - Beach, Clean Water & Green Economy Bond	54,468	--	54,468	--	--	--
Interest income	--	4,860	4,860	--	9,873	9,873
Interest expense	(412,820)	--	(412,820)	(400,577)	--	(400,577)
Total Nonoperating Revenues (Expenses), Net	991,717	4,860	996,577	624,306	9,873	634,179
Loss Before Transfers	(189,961)	(497,449)	(687,410)	(348,979)	(1,383,348)	(1,732,327)
Other Financing Sources (Uses)						
Operating Transfers In	100,000	--	100,000	--	--	--
Operating Transfers Out	--	(100,000)	(100,000)	--	--	--
State appropriation - debt service	2,152,265	--	2,152,265	1,979,250	--	1,979,250
Change in Net Position	2,062,304	(597,449)	1,464,855	1,630,271	(1,383,348)	246,923
Total Net Position (Deficit)						
- Beginning of Year	(33,358,534)	8,484,383	(24,874,151)	(34,988,805)	9,867,731	(25,121,074)
Total Net Position (Deficit)						
- End of Year	<u>\$ (31,296,230)</u>	<u>\$ 7,886,934</u>	<u>\$ (23,409,296)</u>	<u>\$ (33,358,534)</u>	<u>\$ 8,484,383</u>	<u>\$ (24,874,151)</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, 2022 AND 2021

	2022			2021		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Cash Flows from Operating Activities						
Receipts from developers and customers	\$ 608,418	\$ --	\$ 608,418	\$ 549,711	\$ --	\$ 549,711
Payments to suppliers	(1,738,751)	(405,202)	(2,143,953)	(693,859)	(1,427,705)	(2,121,564)
Payments to employees	(693,951)	--	(693,951)	(427,548)	--	(427,548)
Net Cash Used in Operating Activities	<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>
Cash Flows from Noncapital Financing Activities						
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
Net Cash Provided by (Used in) Noncapital Financing Activities	<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>
Cash Flows from Capital and Related Financing Activities						
Transfers Between Funds	100,000	(100,000)	--	--	--	--
Purchase of land held for sale	(73,500)	--	(73,500)	(10,000)	(231,668)	(241,668)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>26,500</u>	<u>(100,000)</u>	<u>(73,500)</u>	<u>(10,000)</u>	<u>(231,668)</u>	<u>(241,668)</u>
Net (Decrease) Increase in Cash	<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>
Cash - Beginning of Year	<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>
Cash - End of Year	<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>
Cash is reported in the financial statements as follows:						
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
Total Cash	<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>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities						
Operating loss	\$ (1,181,678)	\$ (502,309)	\$ (1,683,987)	\$ (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	(111,203)	--	(111,203)	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	(510,748)	97,107	(413,641)	297,826	54,589	352,415
Unearned Revenue, Restricted	10,419	--	10,419	6,389	--	6,389
Net Cash Used in Operating Activities	<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>
Supplemental Disclosure						
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)
Total Noncash capital and related financing activities:	<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

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

**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

**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 30, 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

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
2033	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
Net Position (Deficit)						
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>(31,995,240)</u>	<u>--</u>	<u>(31,995,240)</u>	<u>(34,483,237)</u>	<u>--</u>	<u>(34,483,237)</u>
Total Net Position	<u><u>\$ (31,296,230)</u></u>	<u><u>\$ 7,886,934</u></u>	<u><u>\$ (23,409,296)</u></u>	<u><u>\$ (33,358,534)</u></u>	<u><u>\$ 8,484,383</u></u>	<u><u>\$ (24,874,151)</u></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><u>\$ 1,067,926</u></u>	<u><u>\$ 837,594</u></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 the 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	--
	\$ 18,800,000	\$ 18,620,000	\$ 180,000

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

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 \$497,449 in 2022 and \$1,383,348 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

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

**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, 2022

Assets

Current Assets

Cash and cash equivalents	\$	458,853
Investments		--
Receivables (net)		124,237
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		--
Inventories		--
Other assets		84,922

Total Current Assets

8,961,157

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

\$ 9,522,034

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, 2022

Liabilities	
Current Liabilities	
Cash overdraft	\$ --
Accounts payable	339,261
Due to primary government	--
Due to other component units	--
Due to other governments	21,867
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	<u>2,876,330</u>
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	<u>30,055,000</u>
Total Liabilities	<u>\$ 32,931,330</u>
Deferred inflows of resources	
Deferred pension amounts	\$ --
Deferred OPEB amounts	--
Other deferred inflows of resources	<u>--</u>
Total Deferred Inflows of Resources	<u>\$ --</u>
Net Position	
Net investment in capital assets	\$ 560,877
Restricted for	
Debt	
Other	8,025,067
Nonexpendable	--
Capital projects	--
Unrestricted	<u>(31,995,240)</u>
Total Net Position	<u>\$ (23,409,296)</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, 2022

Expenses	<u>\$ 2,799,620</u>
Program Revenues	
Charges for services	495,655
Operating grants and contributions	3,763,960
Capital grants and contributions	<u> --</u>
Total Program Revenues	<u>4,259,615</u>
Net (Expenses) Revenues	<u>1,459,995</u>
General Revenues	
Gain on sale of property	--
Interest and investment earnings	4,860
Miscellaneous revenue	<u> --</u>
Total General Revenues	<u>4,860</u>
Special items	--
Extraordinary items	<u> --</u>
Change in Net Deficit Position	1,464,855
Total Net Position - Beginning	<u>(24,874,151)</u>
Total Net Position - Ending	<u><u>\$ (23,409,296)</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, 2022

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
2033	<u>4,130,000</u>	<u>87,214</u>
	<u>\$ 31,990,000</u>	<u>\$ 5,821,953</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 CHANGES IN LONG-TERM DEBT (ATTACHMENT E)**

FOR THE YEAR ENDED JUNE 30, 2022

	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	--	--	--	--	--	--
Bonds Payable	<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.

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

SCHEDULE OF TRAVEL AND ENTERTAINMENT

FOR THE YEAR ENDED JUNE 30, 2022

<u>Date</u>	<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
Various	Various	\$ 3,812	Less than \$200 travel and entertainment expenses
		<u>\$ 3,812</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 30, 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 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.

Marcum LLP

Providence, RI
September 30, 2022