

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

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

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
**Rhode Island Industrial Facilities Corporation**

### **Opinions**

We have audited the financial statements of the Rhode Island Industrial Facilities Corporation, 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 Rhode Island Industrial Facilities Corporation'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 Rhode Island Industrial Facilities Corporation, 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 Opinions***

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 Rhode Island Industrial Facilities Corporation 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 opinions.

### ***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 Rhode Island Industrial Facilities Corporation'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 auditor's 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 Rhode Island Industrial Facilities Corporation'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 Rhode Island Industrial Facilities Corporation'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 4-7 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 Rhode Island Industrial Facilities Corporation's basic financial statements. The State of Rhode Island Required Forms presented on pages 15-19 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 November 9, 2022 on our consideration of the Rhode Island Industrial Facilities Corporation'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 Rhode Island Industrial Facilities Corporation'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 Rhode Island Industrial Facilities Corporation's internal control over financial reporting and compliance.

*Marcum LLP*

Providence, RI  
November 9, 2022

# **RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION (A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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As management of the Rhode Island Industrial Facilities Corporation (the "Corporation"), a component unit of the State of Rhode Island (the "State"), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the years ended June 30, 2022 and 2021. The Corporation's financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

#### **INTRODUCTION**

The Corporation was organized in 1966 as a non-business corporation under Rhode Island law and in 1967 was constituted and established as a public body corporate and agency of the State by an act of the Rhode Island General Assembly. The Corporation was granted the power to issue revenue bonds, construction loan notes, and equipment acquisition notes for the financing of projects which further industrial development in Rhode Island. The powers of the Corporation are vested in a Board of Directors. The Corporation does not have any employees, but is staffed by employees of the Rhode Island Commerce Corporation (the "Corporation"), a component unit of the State.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The Corporation 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 Corporation'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 Corporation's finances, in a manner similar to a private-sector business.

The statements of net position present detail on the Corporation'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 Corporation's net position serve as a useful indicator of whether the Corporation's net position is improving or deteriorating. Readers should also consider other non-financial factors when evaluating the Corporation's net position. The statements of revenues, expenses, and changes in net position present information on how the Corporation'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.

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(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 HIGHLIGHTS**

Total assets exceeded total liabilities by \$247,535 (net position) at June 30, 2022, which is unrestricted and may be used to meet the Corporation’s operating requirements.

Over the last several years the revenue generated on an annual basis from bond fees has not been sufficient to offset the associated administrative costs of running the program. Due to current market conditions with market interest rates on the rise means bond issuance has become more attractive and often less costly when compared to traditional bank loans. Increased activity should translate into a positive change in net position in future years. As a result of the improved market conditions, 2022 net position increased by \$23,609, \$14,871 more than in 2021.

**2021 FINANCIAL HIGHLIGHTS**

Total assets exceeded total liabilities by \$223,925 (net position) at June 30, 2021, which is unrestricted and may be used to meet the Corporation’s operating requirements.

Over the last several years the revenue generated on an annual basis from bond fees has not been sufficient to offset the associated administrative costs of running the program. Due to current market conditions with market interest rates on the rise means bond issuance has become more attractive and often less costly when compared to traditional bank loans. Increased activity should translate into a positive change in net position in future years. Despite the improved market conditions, 2021 net position increased by \$8,738, \$62,267 more than in 2020.

**CONDENSED COMPARATIVE INFORMATION**

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

	Summaries of Net Position				
	Year Ended June 30			Increase (decrease)	
	2022	2021	2020	2022 v 2021	2021 v 2020
Net Position					
Current assets	\$ 276	\$ 350	\$ 315	\$ (74)	\$ 35
Total assets	<u>276</u>	<u>350</u>	<u>315</u>	<u>(74)</u>	<u>35</u>
Current liabilities	13	109	80	(96)	29
Noncurrent liabilities	15	18	20	(3)	(2)
Total liabilities	<u>28</u>	<u>127</u>	<u>100</u>	<u>(99)</u>	<u>27</u>
Net Position, Unrestricted	<u>\$ 248</u>	<u>\$ 223</u>	<u>\$ 215</u>	<u>\$ 25</u>	<u>\$ 8</u>

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

**CONDENSED COMPARATIVE INFORMATION (CONTINUED)**

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

	Summaries of Revenues, Expenses, and Changes in Net Position				
	Year Ended June 30			Increase (decrease)	
	2022	2021	2020	2022 v 2021	2021 v 2020
Changes in Net Position					
Operating revenues	\$ 67	\$ 104	\$ 39	\$ (37)	\$ 65
Operating expenses	<u>43</u>	<u>95</u>	<u>92</u>	<u>(52)</u>	<u>3</u>
Operating Income (Loss)	<u>24</u>	<u>9</u>	<u>(53)</u>	<u>15</u>	<u>62</u>
Change in Net Position	<u>\$ 24</u>	<u>\$ 9</u>	<u>\$ (53)</u>	<u>\$ 15</u>	<u>\$ 62</u>

**2022 FINANCIAL ANALYSIS**

Total assets of the Corporation decreased by \$74,426 during 2022 primarily due to a decrease in funds due from the Rhode Island Industrial-Recreational Building Authority (“RIIRBA”). This decrease was partially offset by a significant increase in cash due to timing of payments and receipts.

Total liabilities of the Corporation decreased by \$98,036 during 2022, due to a decrease in accrued expenses due to fees owed to the Rhode Island Commerce Corporation for financial services provided during the year.

**2022 OPERATING ACTIVITY**

Operating revenues of the Corporation decreased by \$36,891 compared to 2021 due to new bonds issued in 2021, which would not recur in 2022.

Total operating expenses decreased by \$51,762 or 54.4% due primarily to decreased contractual services. The cost of contractual services, particularly legal services, decreased due to the billing of the ARPA response requests in 2021.

The Corporation’s change in net position was \$23,609 in 2022, compared to \$8,738 in 2021. As additional bonds are issued, the administrative costs will be offset by additional bond fee revenues.



**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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**2021 FINANCIAL ANALYSIS**

Total assets of the Corporation increased by \$34,864 during 2021 primarily due to an increase in bond administration fees receivable due to balances of new customers and outstanding balances of existing customers as well as an increase in receivables from Rhode Island Industrial-Recreational Building Authority. This increase was offset by a significant decrease in cash due to timing of payments and receipts.

Total liabilities of the Corporation increased by \$26,126 during 2021, due to an increase in accrued expenses due to fees owed to the Rhode Island Commerce Corporation for financial services provided during the year.

**2021 OPERATING ACTIVITY**

Operating revenues of the Corporation increased by \$65,205 compared to 2020 due to new bonds issued in 2021 which resulted in an increase in bond fee income and commitment fees.

Total operating expenses increased by \$2,938 or 13.2% due to increased contractual services. The cost of contractual services, particularly legal services, increased due to the billing of the ARPA response requests.

The Corporation's operating gain was \$(8,738) in 2021, compared to an operating loss of \$53,529 in 2020. As additional bonds are issued the administrative costs will be offset by additional bond fee revenues.

**REQUESTS FOR INFORMATION**

This financial report is designed as a general overview of the Corporation's financial picture for external and internal shareholders. Questions concerning any of the information provided in this report or public requests for information should be addressed to the Treasurer, Rhode Island Industrial Facilities Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908.

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENTS OF NET POSITION**

**JUNE 30, 2022 AND 2021**

	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 126,260	\$ 15,562
Bond Administration Fees Receivable	24,903	84,439
Due from Rhode Island Industrial-Recreational Building Authority ("RIIRBA")	122,138	246,776
Prepaid insurance	3,817	3,296
<b>Total Current Assets</b>	<b>277,118</b>	<b>350,073</b>
<b>Total Assets</b>	<b>277,118</b>	<b>350,073</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	11,682	7,147
Unearned revenue	2,539	2,539
Due to Rhode Island Commerce Corporation	274	98,834
<b>Total current liabilities</b>	<b>14,495</b>	<b>108,520</b>
<b>Noncurrent liabilities</b>		
Unearned revenue	15,088	17,628
<b>Total Noncurrent Liabilities</b>	<b>15,088</b>	<b>17,628</b>
<b>Total Liabilities</b>	<b>29,583</b>	<b>126,148</b>
<b>Net Position, Unrestricted</b>	<b>\$ 247,535</b>	<b>\$ 223,925</b>

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

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

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

	2022	2021
<b>Operating Revenues and Charges for Services</b>		
Bond administration fees	\$ 51,043	\$ 53,490
Commitment and application fees	15,883	47,325
Other	--	3,002
<b>Total Operating Revenues and Charges for Services</b>	<b>66,926</b>	<b>103,817</b>
<b>Operating Expenses</b>		
Contractual services	13,543	46,541
Administrative	7,083	28,421
Insurance	22,381	19,082
Other	309	1,035
<b>Total Operating Expenses</b>	<b>43,316</b>	<b>95,079</b>
<b>Change in Net Position</b>	<b>23,610</b>	<b>8,738</b>
<b>Net Position - Beginning of Year</b>	<b>223,925</b>	<b>215,187</b>
<b>Net Position - End of Year</b>	<b>\$ 247,535</b>	<b>\$ 223,925</b>

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

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATEMENTS OF CASH FLOWS**

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

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Cash received for services	\$ 126,462	\$ 43,448
Cash paid to suppliers for goods and services	<u>(140,402)</u>	<u>(69,649)</u>
<b>Net Cash Used in Operating Activities</b>	<u>(13,940)</u>	<u>(26,201)</u>
 <b>Cash Flows from Investing Activities</b>		
Repayments from (Advances to) RIIRBA	<u>124,638</u>	<u>(123,288)</u>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>124,638</u>	<u>(123,288)</u>
 <b>Net Decrease in Cash</b>	<u>110,698</u>	<u>(149,489)</u>
 <b>Cash - Beginning of Year</b>	<u>15,562</u>	<u>165,051</u>
 <b>Cash - End of Year</b>	<u><u>\$ 126,260</u></u>	<u><u>\$ 15,562</u></u>
 <b>Reconciliation of Operating Loss to Net Cash</b>		
(Used in) Operating Activities:		
Operating gain	\$ 23,610	\$ 8,738
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Bond Administration Fees Receivable	59,536	(60,369)
Prepaid expenses	(521)	(696)
Accounts payable	4,535	3,344
Unearned revenue	(2,540)	(2,539)
Due to Rhode Island Commerce Corporation	<u>(98,560)</u>	<u>25,321</u>
<b>Net Cash Used in Operating Activities</b>	<u><u>\$ (13,940)</u></u>	<u><u>\$ (26,201)</u></u>

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

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(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 Rhode Island Industrial Facilities Corporation (the “Corporation”) was organized in 1966 as a non-business corporation under Rhode Island law, and in 1967 was constituted and established as a public body corporate and agency of the State of Rhode Island (the “State”) by an act of the Rhode Island General Assembly. The Corporation was granted the power to issue revenue bonds, construction loan notes and equipment acquisition notes for the financing of projects, which further industrial development in Rhode Island. The Corporation is a component unit of the State for financial reporting purposes. Accordingly, the financial statements of the Corporation are included in the State’s comprehensive annual financial report.

The Corporation is exempt from federal and state income taxes.

***FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING***

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

The Corporation 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 related liability for goods and services is incurred, regardless of the timing of the related cash flows.

The Corporation distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services relating to the Corporation’s principal ongoing operations. Operating expenses include the cost of services provided and administrative expenses. All other revenues and expenses are reported as nonoperating revenues and expenses.

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

***USE OF ESTIMATES***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(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 AND CASH EQUIVALENTS***

The Corporation considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

***REVENUE RECOGNITION AND CONCENTRATIONS***

Bond administration fees paid by participants in the Corporation's revenue bond and note programs, calculated as one-eighth of one percent of the principal amount outstanding under conduit debt obligations determined at specified measurement dates, are recognized when earned over the terms of the respective bonds and notes. In certain instances, bond administration fees are paid in full by participants upon the Corporation issuing conduit debt obligations. In these instances, bond administration fees are generally calculated by the Corporation as the present value of one-eighth of one percent of the principal amount outstanding, based upon respective amortization schedules, under such conduit debt obligations at specified measurement dates. Such fees are reported as unearned revenue and recognized as revenue ratably over the term of the conduit debt. Other revenue is recognized when received.

For the years ended June 30, 2022 and 2021, bond administration fees from one participant represents 38% and 36%, respectively, of the Corporation's bond administration fees.

The Corporation also earns other fees from participants upon application for and payoff of conduit debt obligations.

***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through November 9, 2022, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(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 2 - CONDUIT DEBT**

From time to time, the Corporation issues revenue bonds, notes, equipment acquisition notes and construction loan notes to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities. The bonds and notes are secured by the property financed and are payable solely from payments received on the underlying mortgage loans and lease agreements. Upon repayment of the bonds and notes, ownership of the acquired facilities transfers to the private-sector entity served by the bond or note issuance. The Corporation is not obligated in any manner for repayment of the bonds and notes. Accordingly, the bonds and notes are not reported as liabilities in the accompanying financial statements.

Conduit debt obligations of \$2,975,000 and \$9,465,000 were issued during the years ended June 30, 2022 and 2021, respectively.

Under the terms of the various indentures and related loan and lease agreements, the business entities make loan and lease payments directly to the trustees of the related bond and note issues in amounts equal to interest and principal payments due on the respective issues. Accordingly, the payments are not shown as receipts and disbursements of the Corporation. The aggregate amount of conduit debt outstanding at June 30, 2022 and 2021 was approximately \$44,000,000 and \$40,000,000, respectively.

**NOTE 3 - CASH**

Cash, including restricted amounts, consists of the following:

	2022	2021
Bank Balance in Checking Account	\$ 123,628	\$ 15,562
Bank balance insured by federal depository insurance	<u>123,628</u>	<u>15,562</u>
Bank Balance Uninsured and Collateralized	<u>\$ --</u>	<u>\$ --</u>

The Corporation assumes levels of custodial credit risk for its cash. Custodial credit risk is the risk that in the event of a financial institution failure, the Corporation's deposits may not be recovered. The Corporation is authorized to invest excess funds by the provisions of the General Laws of the State, Chapter 37, Section 45-37.1-6, in obligations of the State and of the United States Government or certain agencies thereof, and in certificates of deposit. The Corporation also is authorized to enter into repurchase agreements.

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
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**NOTES TO FINANCIAL STATEMENTS**

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

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**NOTE 3 - CASH (CONTINUED)**

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 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 that 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 Corporation does not have a separate deposit policy for custodial credit risk.

**NOTE 4 - DUE FROM RIIRBA**

The Rhode Island Industrial-Recreational Building Authority (“RIIRBA”), a component unit of the State, guarantees principal and interest payments required under first mortgages and first security agreements issued to private-sector entities. At June 30, 2022 and 2021, due from RIIRBA represents amounts paid by the Corporation on behalf of RIIRBA. The payments pertain to RIIRBA’s guarantee of defaulted revenue bonds issued to a private-sector entity.

**NOTE 5 - DUE TO RHODE ISLAND COMMERCE CORPORATION**

The Rhode Island Commerce Corporation, a component unit of the State, provides accounting services and other administrative services to the Corporation. At June 30, 2022 and 2021, due to Rhode Island Commerce Corporation represents amounts owed for services provided.

**NOTE 6 - 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 Corporation 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 Corporation’s financial condition or its operations.



## **SUPPLEMENTARY INFORMATION**

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORMAT  
STATEMENT OF NET POSITION**

**JUNE 30, 2022**

<b>Assets</b>	<u><b>Attachment B</b></u>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 126,260
Investments	--
Receivables (net)	24,903
Restricted assets:	
Cash and cash equivalents	--
Investments	--
Receivables (net)	--
Other assets	--
Due from primary government	--
Due from other component units	122,138
Due from other governments	--
Inventories	--
Other assets	3,817
<b>Total Current Assets</b>	<u>277,118</u>
<b>Noncurrent Assets</b>	
Investments	--
Receivables	--
(Receivable allowance)	--
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	--
Capital assets - depreciable (net)	--
Other assets, net of amortization	--
<b>Total Noncurrent Assets</b>	<u>--</u>
<b>Total Assets</b>	<u>\$ 277,118</u>

*See independent auditors' report on supplementary information.*

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORMAT  
STATEMENT OF NET POSITION (CONTINUED)**

**JUNE 30, 2022**

<b>Liabilities</b>	<u><b>Attachment B</b></u>
<b>Current Liabilities</b>	
Cash overdraft	\$ --
Accounts payable	11,682
Due to primary government	--
Due to other component units	274
Due to other governments	--
Accrued expenses	--
Compensated absences	--
Unearned revenue	2,539
Other liabilities	--
Current portion of long-term debt	--
<b>Total Current Liabilities</b>	<u>14,495</u>
<b>Noncurrent Liabilities</b>	
Due to primary government	--
Due to other governments	--
Due to other component units	--
Net pension liability	--
Net OPEB liability	--
Unearned revenue	15,088
Notes payable	--
Loans payable	--
Obligations under capital leases	--
Other liabilities	--
Compensated absences	--
Bonds payable	--
<b>Total Noncurrent Liabilities</b>	<u>15,088</u>
<b>Total Liabilities</b>	<u>29,583</u>
<b>Deferred Inflows of Resources</b>	
Deferred pension amounts	--
Deferred OPEB amounts	--
Other deferred inflows of resources	--
<b>Total Deferred Inflows of Resources</b>	<u>--</u>
<b>Net Position</b>	
Net investment in capital assets	--
Restricted for:	
Debt	--
Other	--
Nonexpendable	--
Capital Projects	--
Unrestricted	247,535
<b>Total Net Position</b>	<u>\$ 247,535</u>

*See independent auditors' report on supplementary information.*

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORMAT  
STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Attachment C</u>
<b>Expenses</b>	\$ 43,316
<b>Program Revenues</b>	
Charges for services	66,926
Operating grants and contributions	--
Capital grants and contributions	--
<b>Total Program Revenues</b>	<u>66,926</u>
<b>Net (Expenses) Revenues</b>	<u>23,610</u>
<b>General Revenues</b>	
Interest and investment earnings	--
Miscellaneous Revenue	--
<b>Total General Revenues</b>	<u>--</u>
<b>Gain before contributions, transfers, and special and extraordinary items</b>	<u>23,610</u>
Transfers to State, bond proceeds	--
Special Items	--
Extraordinary items	--
<b>Total contributions and transfers</b>	<u>--</u>
Change in Net Position	<u>23,610</u>
<b>Total Net Position - Beginning</b>	<u>223,925</u>
<b>Total Net Position - Ending</b>	<u><u>\$ 247,535</u></u>

*See independent auditors' report on supplementary information.*

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORMAT  
SCHEDULE OF MATURITIES OF LONG-TERM DEBT (ATTACHMENT D)**

**JUNE 30, 2022**

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<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ --	\$ --
2024	--	--
2025	--	--
2026	--	--
2027	--	--
Total Long-Term Debt	<u>--</u>	<u>--</u>
Less Current Portion	<u>--</u>	<u>--</u>
Net Long-Term Debt	<u>\$ --</u>	<u>\$ --</u>

*See independent auditors' report on supplementary information.*

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORMAT  
SCHEDULE OF CHANGES IN LONG-TERM DEBT**

**FOR THE YEAR ENDED JUNE 30, 2022**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
<b>Bonds Payable</b>	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Bonds payable	--	--	--	--	--	--
Net unamortized premium/discount	--	--	--	--	--	--
<b>Bonds Payable</b>	--	--	--	--	--	--
Notes payable	--	--	--	--	--	--
Loans payable	--	--	--	--	--	--
Obligations under capital leases	--	--	--	--	--	--
Net pension liability	--	--	--	--	--	--
Net OPEB liability	--	--	--	--	--	--
Due to primary government	--	--	--	--	--	--
Due to component units	98,834	--	(98,560)	274	274	--
Due to other governments and agencies	--	--	--	--	--	--
Unearned revenue	20,167	--	(2,540)	17,627	2,539	15,088
Compensated absences	--	--	--	--	--	--
Arbitrage rebate	--	--	--	--	--	--
Pollution remediation	--	--	--	--	--	--
Funds held for others	--	--	--	--	--	--
Other liabilities	--	--	--	--	--	--
<b>Other Liabilities</b>	<u>119,001</u>	<u>--</u>	<u>(101,100)</u>	<u>17,901</u>	<u>2,813</u>	<u>15,088</u>
	<u>\$ 119,001</u>	<u>\$ --</u>	<u>\$ (101,100)</u>	<u>\$ 17,901</u>	<u>\$ 2,813</u>	<u>\$ 15,088</u>

*See independent auditors' report on supplementary information.*

**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 Directors  
**Rhode Island Industrial Facilities Corporation**

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 Rhode Island Industrial Facilities Corporation, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Rhode Island Industrial Facilities Corporation's basic financial statements, and have issued our report thereon dated November 9, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Rhode Island Industrial Facilities Corporation'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rhode Island Industrial Facilities Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rhode Island Industrial Facilities Corporation'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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 Rhode Island Industrial Facilities Corporation'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 results 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  
November 9, 2022