

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

AS OF AND FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Rhode Island Commerce Corporation

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, discretely presented component unit and the aggregate remaining fund information of the Rhode Island Commerce Corporation, a component unit of the State of Rhode Island, as of and for the year ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Rhode Island Commerce 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 the business-type activities, discretely presented component unit and the aggregate remaining fund information of the Rhode Island Commerce Corporation, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, 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 Commerce 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Rhode Island Commerce Corporation is dependent upon annual appropriations by the General Assembly of the State of Rhode Island and advances from the State of Rhode Island to fund its operating expenses and debt service on its conduit debt obligations. For the years ended June 30, 2024 and 2023, appropriations by the General Assembly of the State of Rhode Island received by the Rhode Island Commerce Corporation to fund its expenses comprised approximately 55% and 59%, respectively, of the Corporation's total operating and nonoperating revenues. Our opinions are 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 Rhode Island Commerce 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 auditors' report that includes our opinions. 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 Commerce 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 Commerce 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 4-10 and required supplementary information on pages 66-77 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 opinions on the financial statements that collectively comprise the Rhode Island Commerce Corporation's basic financial statements. The accompanying combining schedules, State of Rhode Island required forms, as presented on pages 92-93, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 combining schedules, State of Rhode Island required forms, and schedule of expenditures of federal awards are 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 October 24, 2024 on our consideration of the Rhode Island Commerce 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 Commerce 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 Rhode Island Commerce Corporation's internal control over financial reporting and compliance.

Marcum LLP

Providence, RI
October 24, 2024

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

As management of the Rhode Island Commerce Corporation, a component unit of the State of Rhode Island (the "State"), we offer readers of Rhode Island Commerce Corporation's financial statements this narrative overview and analysis of the financial activities of Rhode Island Commerce Corporation for the years ended June 30, 2024 and 2023. Rhode Island Commerce Corporation's financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

INTRODUCTION

Rhode Island Commerce Corporation was authorized, created, and established in 1974 by an Act (the "Act") of the General Assembly of the State for the purpose of acquiring and developing real and personal property to promote economic development in the state. Rhode Island Commerce Corporation, a governmental agency and public instrumentality of the State, has a distinct legal existence from the State and has the power to issue tax-exempt industrial development bonds and revenue bonds to accomplish its corporate purpose.

2024 marked another pivotal year for the Rhode Island Commerce Corporation. Several federal American Rescue Plan Act (ARPA) funded programs that began in 2022, aimed at building on COVID-19 pandemic recovery efforts that began in 2021 and that work to stimulate Rhode Island economic growth to lift the State out of pandemic hardship ended. Other ARPA programs continued and are close to fulfilling their full expenditure obligations, or they received additional funding in the 2024 State budget. In 2024, the Corporation also began experiencing traction in the implementation of the State's federally funded (through a combination of National Telecommunications and Information Administration and ARPA funding) Broadband initiative, with 2024 focused primarily on the mapping and planning component of this project and setting up for the capital infrastructure phase in the coming years. Lastly, the State's General Assembly continued to fund, and in some cases increased funding or capitalized programs not funded for several years, focused on bolstering the State's economy and infrastructure. During these unprecedented years of significant State and Federal funding, the Corporation has necessarily expanded the work it undertook, leveraging an unprecedented amount of federal funding. These efforts are reflected in the financial statements herein.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to Rhode Island Commerce Corporation's financial statements. Traditionally, the Rhode Island Commerce 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. During the COVID-19 pandemic and beyond, the Rhode Island Commerce Corporation expanded its support footprint for Rhode Island businesses administering a series of direct-award grant and technical assistance programs. These emergency and necessary efforts were funded through a one-time infusion of \$87,271,251 of funding from the federal CARES Act in 2021 allowing for 4,353 RestoreRI direct grant awards, 43 HART

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

DS/Tourism awards, and 3,697 Relief Grants. From 2022 through 2024, pandemic related grant and technical assistance programs continued, funded by the American Rescue Plan Act (ARPA). This funding totaled \$44,495,819 in 2022 and is still currently being administered directly to businesses and intermediaries as part of Rhode Island Commerce Corporation's RI Rebounds programs. To date, these programs have provided direct grant and technical assistance awards to approximately 3,775 businesses and intermediaries. In 2023 and 2024, Rhode Island Commerce Corporation was awarded an additional \$36,000,000 in ARPA funding to be deployed over the next several years, for new projects and programs including Minority Business Accelerator technical assistance and direct grant programs, additional support for Destination Tourism Marketing and funding to invest in Broadband projects to provide high-speed, reliable internet to all Rhode Islanders. \$61,700,000 of the overall 2023 ARPA award total, to be received in three tranche installments over a 5-year period, is for the State Small Business Credit Initiative (SSBCI), which provides access to capital for small businesses through a series of lean and capital access programs and lender partners.

As a result, Rhode Island Commerce 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; the statements of fiduciary net position, the statements of changes in fiduciary net position and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of Rhode Island Commerce Corporation's finances, in a manner similar to a private-sector business.

The statements of net position present detail on Rhode Island Commerce Corporation's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Changes in Rhode Island Commerce Corporation's net position serve as a useful indicator of whether Rhode Island Commerce Corporation's net position is improving or deteriorating. Readers should also consider other non-financial factors when evaluating Rhode Island Commerce Corporation's net position. The statements of revenues, expenses, and changes in net position present information on how Rhode Island Commerce Corporation's net position changed during the year. Readers should also consider other non-financial factors when evaluating the Rhode Island Commerce Corporation's net position.

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

2024 FINANCIAL HIGHLIGHTS

STATEMENTS OF NET POSITION

Current assets increased approximately \$9,248,000 compared to the prior year primarily due to an increase in restricted cash, cash and cash equivalents and funds due from the State of Rhode Island. Noncurrent assets increased approximately \$4,001,000 compared to prior year primarily due to an increase in Rebuild RI Tax Credit program notes receivable, partially offset by the direct financing lease liability balance remaining.

Deferred outflows of resources decreased by approximately \$618,000 and deferred inflows remained relatively flat, compared to the prior year. These both relate specifically to the entity's Defined Benefit Pension plan. This is a closed plan for employees hired prior to January 1, 2006. The decrease in deferred outflows represents Rhode Island Commerce Corporation's proportion of the plans expected expense recognition over the expected remaining service lives of all employees in the plan. This is the actuarially determined future cost funded with existing plan assets. Relatively unchanged deferred inflows resulted from net investment income that didn't experience any significant change.

Total liabilities decreased approximately \$31,677,000 compared to the prior year primarily due to decreases in Rebuild RI Tax Credit program accrued expenses and American Rescue Plan Act program (mainly the State Small Business Credit Initiative) unearned revenue and a continued reduction in the bonds and leases payable principal balance resulting from amortization.

Net position increased by approximately \$44,259,000 compared the prior year due the aforementioned increases in assets and decreases in liabilities.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Operating revenues increased by approximately \$149,000 due to an increase in other income for the Renewable Energy Fund.

Operating expenses increased by approximately \$3,475,000 primarily due to an increase in contractual services expenses. See Note 13.

Net operating loss increased by approximately \$3,325,000 due to the increase in operating revenues being more than offset by the increase in operating expenses.

Net nonoperating revenues increased approximately \$22,536,000 primarily due to an increase in both State and Federal appropriations and awards.

Changes in net position increased over prior year by approximately \$19,185,000 due to the increase in net nonoperating revenue more than offsetting the increase in the net operating loss.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

2023 FINANCIAL HIGHLIGHTS

STATEMENTS OF NET POSITION

Current assets increased approximately \$54,155,000 compared to the prior year primarily due to an increase in restricted cash and funds due from the State of Rhode Island. Noncurrent assets decreased approximately \$4,074,000 compared to prior year primarily due to a decrease in the net pension asset and direct financing lease liability balance remaining.

Deferred outflows of resources increased significantly by approximately \$2,004,000 and deferred inflows decreased by approximately \$482,000, compared to the prior year. These both relate specifically to the entity's Defined Benefit Pension plan. This is a closed plan for employees hired prior to January 1, 2006. The increase in deferred outflows represents Rhode Island Commerce Corporation's proportion of the plans expected expense recognition over the expected remaining service lives of all employees in the plan. This is the actuarially determined future cost funded with existing plan assets. The decrease in deferred inflows resulted from lower net investment income than in previous years.

Total liabilities increased approximately \$27,671,000 compared to the prior year primarily due to increases in Rebuild RI Tax Credit program accrued expenses and American Rescue Plan Act program (mainly the State Small Business Credit Initiative) unearned revenue, partially offset by a decrease in Renewable Energy Fund unearned revenue and an a continued reduction in the bonds and leases payable principal balance resulting from amortization.

Net position increased by approximately \$24,896,000 compared the prior year due to a significant increase in restricted funds, primarily for the Renewable Energy Fund program.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Operating revenues decreased by approximately \$835,000 due to a decrease in other income for the Renewable Energy Fund.

Operating expenses increased by approximately \$4,133,000 primarily due to an increase in contractual services expenses. See Note 13.

Net operating loss increased by approximately \$4,968,000 due to a decrease in operating revenues and an increase in operating expenses.

Net nonoperating revenues decreased approximately \$23,326,000 primarily due to a decrease in appropriations from the State.

Changes in net position decreased over prior year by approximately \$28,220,000 due to the decreases in net operating and net nonoperating revenue and increase in operating expenses.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

CONDENSED COMPARATIVE INFORMATION

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

	June 30,			Increase (decrease)	Increase (decrease)
	2024	2023	2022	2024 v. 2023	2023 v. 2022
Net Position					
Current assets	\$ 243,927	\$ 234,679	\$ 180,052	\$ 9,248	\$ 54,627
Noncurrent assets	22,829	18,828	22,902	4,001	\$ (4,074)
Total Assets	266,756	253,507	202,954	13,249	50,553
Deferred outflows of resources	1,636	2,254	250	(618)	2,004
Current liabilities	30,537	60,115	28,138	(29,578)	31,977
Noncurrent liabilities	6,672	8,771	12,784	(2,099)	(4,013)
Total Liabilities	37,209	68,886	40,922	(31,677)	27,964
Deferred inflows of resources	1,582	1,533	2,015	49	(482)
Net (Deficit) Position	<u>\$ 229,600</u>	<u>\$ 185,342</u>	<u>\$ 160,268</u>	<u>\$ 44,258</u>	<u>\$ 25,074</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024 and 2023, capital assets, net of accumulated depreciation was approximately \$8,847,000 and \$7,981,000, respectively. Capital assets include land, construction in progress, leasehold improvements and equipment. The schedule below reflects the changes in capital assets, net of depreciation (in thousands):

	Year ended June 30,			Increase	Increase
	2024	2023	2022	(decrease) 2024 v. 2023	(decrease) 2023 v. 2022
Land	\$ 8,272	\$ 7,536	\$ 7,664	\$ 736	\$ (128)
Construction in Progress	454	363	241	91	122
Leasehold Improvements	34	7	325	27	(318)
Equipment	413	405	910	8	(505)
Total Capital Assets	9,172	8,310	9,140	862	(830)
Accumulated Depreciation	(325)	(330)	(1,106)	5	776
Capital Assets, Net of Accumulated Depreciation	\$ 8,847	\$ 7,981	\$ 8,034	\$ 866	\$ (53)

During the year ended June 30, 2024, the Rhode Island Commerce Corporation purchased a third parcel of ProvPort land for approximately \$736,000.

Additional information on the Corporation's capital assets can be found in the notes to the financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Debt Administration

At June 30, 2024 and 2023, the Corporation had long-term debt of approximately \$5,022,000 and \$6,468,000, respectively. The schedule below reflects the changes in capital assets, net of depreciation (in thousands):

Long-Term Debt					
	Year ended June 30,			Increase	Increase
	2024	2023	2022	(decrease)	(decrease)
	2024	2023	2022	2024 v. 2023	2023 v. 2022
Long-term bonds	\$ 5,022	\$ 6,468	\$ 7,808	\$ (1,446)	\$ (1,340)

Additional information on the Corporation's long-term debt can be found in the notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed as a general overview of the Corporation'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 President, Rhode Island Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908.

Complete financial statements for the Rhode Island Commerce Corporation Pension Plan and Trust are available at the office of the Rhode Island Commerce Corporation.

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STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023

	2024		2023	
	Primary		Primary	
	Reporting Entity	Component Unit	Reporting Entity	Component Unit
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
Assets				
Current Assets				
Cash and cash equivalents - See Note 2	\$ 19,616,401	\$ --	\$ 17,261,579	\$ --
Accounts receivable	781,419	--	1,001,300	--
Notes and loans receivable, less allowance for loan losses	--	1,673,815	--	1,439,700
Interest receivable	--	44,095	--	15,659
Interfund receivable	49,494	--	9,311	--
Due from State of Rhode Island	7,295,837	--	6,080,719	--
Due from other State component units - See Note 17	350,323	--	2,387	--
Deposits and prepaid expenses	250,295	10,993	325,621	11,616
Restricted:				
Cash and cash equivalents	212,969,269	--	207,578,700	--
Investments - See Note 3	978,644	--	944,443	--
Grants and other receivables	80,404	--	28,747	--
Net investment in direct financing leases	1,554,697	--	1,445,827	--
Total Current Assets	<u>243,926,783</u>	<u>1,728,903</u>	<u>234,678,634</u>	<u>1,466,975</u>
Noncurrent Assets				
Restricted:				
Cash and cash equivalents	736,199	4,005,984	698,882	5,235,079
Notes receivable	7,542,182	--	3,318,399	--
Net investment in direct financing leases, less current portion	2,578,769	--	4,133,466	--
Investment in joint venture	--	272,203	--	1,326,844
Notes and loans receivable, less allowance for loan losses	--	9,660,204	--	9,493,587
Net pension asset	2,039,322	--	1,106,758	--
Capital assets not being depreciated - See Note 7	8,652,426	73,200	7,849,906	48,800
Capital assets being depreciated, net - See Note 7	1,280,395	--	1,721,024	--
Total Noncurrent Assets	<u>22,829,293</u>	<u>14,011,591</u>	<u>18,828,435</u>	<u>16,104,310</u>
Total Assets	<u>266,756,076</u>	<u>15,740,494</u>	<u>253,507,069</u>	<u>17,571,285</u>
Deferred Outflows of Resources - See Notes 10 and 11				
Rhode Island Commerce Corporation pension plan	1,628,577	--	2,221,862	--
State OPEB plan	3,816	--	8,070	--
State of Rhode Island pension plan	3,701	--	24,053	--
Total Deferred Outflows of Resources	<u>1,636,094</u>	<u>--</u>	<u>2,253,985</u>	<u>--</u>

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

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STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2024 AND 2023

	2024		2023	
	Primary		Primary	
	Reporting Entity	Component Unit	Reporting Entity	Component Unit
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
Liabilities				
Current Liabilities				
Accounts payable	3,417,836	8,156	2,866,335	9,412
Accrued expenses and other	11,952,854	5,825	22,210,877	--
Interfund payable	--	49,495	--	9,273
Bonds and leases payable, current portion, restricted - See Note 8	1,554,697	--	1,445,827	--
Lease liability, current portion, net - See Note 5	407,780	--	421,522	--
Subscription liability, current portion, net - See Note 6	7,082	--	7,459	--
Payable from restricted assets	115,972	--	97,075	--
Unearned revenue, restricted	<u>13,081,139</u>	<u>--</u>	<u>33,065,722</u>	<u>435,658</u>
Total Current Liabilities	<u>30,537,360</u>	<u>63,476</u>	<u>60,114,817</u>	<u>454,343</u>
Noncurrent Liabilities				
Liabilities payable from restricted cash and cash equivalents	1,464,067	--	890,771	--
Net other post-employment benefit liability	--	--	17,813	--
Net pension liability - ERSRI	--	--	129,320	--
Lease liability, less current portion	714,244	--	1,122,024	--
Subscription liability, less current portion	1,621	--	8,703	--
Bonds and leases payable, less current portion, restricted - See Note 8	3,467,179	--	5,021,876	--
Advances from State for conduit debt obligations	--	--	--	--
Unearned revenue, restricted	<u>1,024,253</u>	<u>--</u>	<u>1,580,838</u>	<u>--</u>
Total Noncurrent Liabilities	<u>6,671,364</u>	<u>--</u>	<u>8,771,345</u>	<u>--</u>
Total Liabilities	<u>37,208,724</u>	<u>63,476</u>	<u>68,886,162</u>	<u>454,343</u>
Deferred Inflows of Resources - See Notes 10 and 11				
Rhode Island Commerce Corporation pension plan	1,343,247	--	1,349,216	--
State of Rhode Island OPEB plan	44,558	--	38,387	--
State of Rhode Island pension plan	<u>195,565</u>	<u>--</u>	<u>145,764</u>	<u>--</u>
Total Deferred Inflows of Resources	<u>1,583,370</u>	<u>--</u>	<u>1,533,367</u>	<u>--</u>
Net Position				
Investment in capital assets	8,774,256	--	7,932,508	--
Restricted for grants and other programs	197,920,463	4,005,984	160,867,747	4,799,421
Restricted for net pension asset	792,481	--	1,106,758	--
Unrestricted (deficit)	<u>22,112,876</u>	<u>11,671,034</u>	<u>15,434,512</u>	<u>12,317,521</u>
Total Net Position	<u>\$ 229,600,076</u>	<u>\$ 15,677,018</u>	<u>\$ 185,341,525</u>	<u>\$ 17,116,942</u>

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

RHODE ISLAND COMMERCE CORPORATION
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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024		2023	
	Primary		Primary	Component
	Reporting Entity	Component Unit	Reporting Entity	Unit
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
Operating Revenues				
Charges for services:				
Rental fees	\$ 11,000	\$ --	\$ 21,914	\$ --
Interest on loans	2,026	604,746	2,756	601,732
Other income, principally Renewable Energy Fund	<u>4,576,009</u>	<u>10,825</u>	<u>4,414,971</u>	<u>42</u>
Total Operating Revenues	<u>4,589,035</u>	<u>615,571</u>	<u>4,439,641</u>	<u>601,774</u>
Operating Expenses				
Personnel services	6,608,439	192,589	6,185,902	160,183
Contractual services	10,299,133	56,494	6,693,366	37,968
Grants	5,838,982	--	3,860,907	--
Other expenses	7,452,635	79,218	5,208,496	96,489
Provision for loan losses and uncollectibles, net of recoveries	111	1,127,906	4,602	131,901
Public investment payments and job credits	--	--	--	--
Incentive Program expenses - See Note 15	15,958,771	--	20,635,507	--
Depreciation and amortization	<u>540,823</u>	<u>--</u>	<u>635,304</u>	<u>--</u>
Total Operating Expenses	<u>46,698,894</u>	<u>1,456,207</u>	<u>43,224,084</u>	<u>426,541</u>
Operating (Loss) Income	<u>(42,109,859)</u>	<u>(840,636)</u>	<u>(38,784,443)</u>	<u>175,233</u>
Nonoperating Revenues (Expenses)				
Appropriations from State - See Note 9A	64,454,106	--	50,101,479	--
Hotel tax revenue	6,981,140	--	6,762,922	--
Other income from State sources - See Note 9B	--	--	128,696	--
Investment and other revenue	9,885,870	--	5,340,594	--
Interest expense	(495,952)	--	(499,285)	--
Debt extinguishment - See Notes 6 and 11	--	--	--	--
Grant income	30,551,707	--	17,586,095	--
Grant expenses	(23,480,612)	(548,401)	(13,206,831)	(213,352)
Other - See Note 16	<u>(2,032,015)</u>	<u>(50,887)</u>	<u>(2,885,454)</u>	<u>58,056</u>
Nonoperating Revenues (Expenses), Net	<u>85,864,244</u>	<u>(599,288)</u>	<u>63,328,216</u>	<u>(155,296)</u>
Income (Loss) Before Transfer	<u>43,754,385</u>	<u>(1,439,924)</u>	<u>24,543,773</u>	<u>19,937</u>
Transfer from Other State Component Units	--	--	--	--
Transfer to State of Rhode Island	<u>504,166</u>	<u>--</u>	<u>530,031</u>	<u>--</u>
Change in Net Position	<u>44,258,551</u>	<u>(1,439,924)</u>	<u>25,073,804</u>	<u>19,937</u>
Total Net Position - Beginning of Year	<u>185,341,525</u>	<u>17,116,942</u>	<u>160,267,721</u>	<u>17,097,005</u>
Total Net Position - End of Year	<u>\$ 229,600,076</u>	<u>\$ 15,677,018</u>	<u>\$ 185,341,525</u>	<u>\$ 17,116,942</u>

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

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024		2023	
	Primary		Primary	
	Reporting Entity	Component Unit	Reporting Entity	Component Unit
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
Cash Flows from Operating Activities				
Receipts from customers/borrowers	\$ (23,156,550)	\$ (901,283)	\$ 23,381,528	\$ (92,588)
Payments to suppliers	(33,229,516)	(590,578)	(5,323,673)	(744,211)
Payments to employees	(7,408,361)	(192,589)	(6,683,043)	(160,183)
Net Cash Used in Operating Activities	<u>(63,794,427)</u>	<u>(1,684,450)</u>	<u>11,374,812</u>	<u>(996,982)</u>
Cash Flows from Noncapital Financing Activities				
State of Rhode Island appropriations received	63,238,988	--	45,847,022	--
State of Rhode Island hotel tax revenue	6,981,140	--	6,762,922	--
State of Rhode Island other income received	--	--	128,696	--
Special item-debt forgiveness	--	--	--	--
Grants received	30,500,050	--	17,839,095	--
Grant expenditures	(24,811,564)	(548,401)	(16,066,617)	(213,352)
Transfer to State of Rhode Island	(15,958,771)	--	(20,635,507)	--
Transfers	504,166	--	530,031	--
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>60,454,009</u>	<u>(548,401)</u>	<u>34,405,642</u>	<u>(213,352)</u>
Cash Flows from Capital and Related Financing Activities				
Interest paid, long-term obligations	(495,952)	--	(499,285)	--
Acquisition of capital assets	(902,714)	--	(534,246)	--
Receipts under direct financing leases	4,646,342	--	1,340,656	--
Payments under direct financing leases	(1,554,697)	--	(1,445,827)	--
Payments for conduit debt obligations	--	--	--	--
Net Cash Used in Capital and Related Financing Activities	<u>1,692,979</u>	<u>--</u>	<u>(1,138,702)</u>	<u>--</u>
Cash Provided by Investing Activities, Interest Income	<u>9,851,669</u>	<u>--</u>	<u>5,338,717</u>	<u>--</u>

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

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024		2023	
	Primary		Primary	
	Reporting Entity	Component Unit	Reporting Entity	Component Unit
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	8,204,230	(2,232,851)	49,885,593	(1,210,334)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	<u>225,539,161</u>	<u>5,235,079</u>	<u>175,653,568</u>	<u>6,445,413</u>
Cash, Cash Equivalents and Restricted Cash - End of Year	<u>\$ 233,743,391</u>	<u>\$ 3,002,228</u>	<u>\$ 225,539,161</u>	<u>\$ 5,235,079</u>
Cash is reported in the financial statements as follows:				
Cash and cash equivalents	\$ 19,616,401	\$ --	\$ 17,261,579	\$ --
Cash and cash equivalents - restricted	212,969,269	--	207,578,700	--
Noncurrent cash and cash equivalents - restricted	<u>736,199</u>	<u>4,005,984</u>	<u>698,882</u>	<u>5,235,079</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 233,321,869</u>	<u>\$ 4,005,984</u>	<u>\$ 225,539,161</u>	<u>\$ 5,235,079</u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities				
Operating (loss) income	\$ (26,151,088)	\$ (840,636)	\$ (18,148,936)	\$ 175,233
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:				
Depreciation	540,823	--	635,304	--
Pension expense	(333,147)	--	(250,946)	--
Provision for loan losses, net	--	1,127,906	--	131,901
Changes in:				
Notes and accounts receivable	(7,219,143)	(1,557,074)	(610,129)	(740,109)
Deposits and prepaid expenses	75,326	623	(1,924)	(4,159)
Due to/from other State component units	(373,393)	40,220	(38,287)	45,747
Accounts payable, accrued expenses, and unearned revenue	(30,247,690)	(455,489)	29,972,165	(605,595)
State OPEB liability	(17,813)	--	(16,068)	--
Subscription-based IT arrangements	(7,459)	--	16,162	--
Deferred outflows of resources for pensions	<u>(60,843)</u>	<u>--</u>	<u>(182,529)</u>	<u>--</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (63,794,427)</u>	<u>\$ (1,684,450)</u>	<u>\$ 11,374,812</u>	<u>\$ (996,982)</u>

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

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

RHODE ISLAND COMMERCE CORPORATION PENSION PLAN AND TRUST
STATEMENTS OF FIDUCIARY NET POSITION

JUNE 30, 2024 AND 2023

	2024	2023	Increase (decrease) 2024 v. 2023
Assets			
Cash and cash equivalents	\$ 937,351	\$ 700,413	\$ 236,938
Investments, at Fair Value			
Fixed income	7,814,870	7,102,812	712,058
Mutual funds	1,885,999	8,038,934	(6,152,935)
Equities	2,777,482	11,340,654	(8,563,172)
Mortgage-backed securities	--	--	--
Total Investments	<u>12,478,351</u>	<u>26,482,400</u>	<u>(14,004,049)</u>
Receivables			
Accrued interest, dividends and other	<u>107,362</u>	<u>123,692</u>	<u>(16,330)</u>
Total assets	<u>13,523,064</u>	<u>27,306,505</u>	<u>(13,783,441)</u>
Net Position Restricted for Pension Benefits	<u>\$ 13,523,064</u>	<u>\$ 27,306,505</u>	<u>\$ (13,783,441)</u>

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

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

RHODE ISLAND COMMERCE CORPORATION PENSION PLAN AND TRUST
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023	Increase (decrease) 2024 v. 2023
Additions			
Investment Income			
Net appreciation in fair value of investments	\$ 3,091,795	\$ 2,933,150	\$ 158,645
Interest and dividends	<u>710,387</u>	<u>683,872</u>	<u>26,515</u>
Net Investment Income	3,802,182	3,617,022	185,160
Contributions			
Employers	<u>--</u>	<u>60,843</u>	<u>(60,843)</u>
Total Additions	<u>3,802,182</u>	<u>3,677,865</u>	<u>124,317</u>
Deductions			
Benefits paid to participants	1,097,855	1,246,171	(148,316)
Administrative expenses	<u>97,474</u>	<u>100,922</u>	<u>(3,448)</u>
Total Deductions	<u>1,195,329</u>	<u>1,347,093</u>	<u>(151,764)</u>
Net Increase Before Transfers in Net Position Restricted for Pension Benefits	<u>2,606,853</u>	<u>2,330,772</u>	<u>276,081</u>
Transfer To Quonset Development Corporation Pension Plan	(16,390,294)	--	(16,390,294)
Net Increase (Decrease) in Net Position Restricted for Pension Benefits	<u>(13,783,441)</u>	<u>2,330,771</u>	<u>(16,114,212)</u>
Net Position Restricted for Pension Benefits - Beginning of Year	<u>27,306,505</u>	<u>24,975,734</u>	<u>2,330,771</u>
Net Position Restricted for Pension Benefits - End of Year	<u>\$ 13,523,064</u>	<u>\$ 27,306,505</u>	<u>\$ (13,783,441)</u>

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

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

DESCRIPTION OF BUSINESS

The Rhode Island Commerce Corporation (“Corporation”) was authorized, created and established in 1974 by an Act (the “Act”) of the General Assembly of the State of Rhode Island and Providence Plantations (“Rhode Island” or the “State”) for the purpose of acquiring and developing real and personal property to promote economic development in the State. Rhode Island Commerce Corporation, a governmental agency and public instrumentality of the State, has a distinct legal existence from the State and has the power to issue tax-exempt industrial development bonds and revenue bonds to accomplish its corporate purpose. Certain bonds issued under the provisions of the Act are not a liability of Rhode Island Commerce Corporation and, accordingly, are considered conduit debt obligations and are not reported as liabilities in the accompanying financial statements.

Rhode Island Commerce Corporation is a component unit of the State for financial reporting purposes. As such, the financial statements of Rhode Island Commerce Corporation are included in the State’s comprehensive annual financial report.

Rhode Island Commerce Corporation and its component unit are exempt from federal and state income taxes.

REPORTING ENTITY

The accompanying financial statements present Rhode Island Commerce Corporation (referred to herein as the primary reporting entity) and its component units, the Small Business Loan Fund Corporation (“SBLF”) and the Rhode Island Commerce Corporation Pension Plan and Trust (the “Pension”), entities for which Rhode Island Commerce Corporation has control over and for which Rhode Island Commerce Corporation has financial accountability. The Rhode Island Commerce Corporation and its component units are collectively referred to herein as the Corporation.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Corporation applies the criteria prescribed by Governmental Accounting Standards Board (“GASB”) Statement No. 14, as amended by GASB Statement Nos. 39 and 61. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Through the application of GASB criteria, SBLF and the Pension have been presented as a component unit of the Rhode Island Commerce Corporation.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

REPORTING ENTITY (CONTINUED)

In August 2008, pursuant to an act of the General Assembly of the State, the management and fund balance of the Renewable Energy Fund (“REF”) was transferred from the State’s Office of Energy Resources to Rhode Island Commerce Corporation. While Rhode Island Commerce Corporation is responsible for managing REF, REF does not have separate corporate powers that would distinguish it as being legally separate from Rhode Island Commerce Corporation; therefore, its activities have been included in the primary reporting entity.

DISCRETELY PRESENTED COMPONENT UNITS

SBLF, a discretely presented component unit, is reported in a separate column in the accompanying financial statements to emphasize that it is legally separate from Rhode Island Commerce Corporation.

SBLF was created and incorporated on January 21, 1986, under Rhode Island law, as a subsidiary of Rhode Island Commerce Corporation, for the purpose of granting secured and unsecured loans to small businesses located throughout Rhode Island. The SBLF Board serves at the pleasure of the Rhode Island Commerce Corporation Board.

SBLF does not prepare separate financial statements.

The Pension, a discretely presented component unit, is reported as a separate fiduciary fund to emphasize that the Rhode Island Commerce Corporation holds the assets in a fiduciary capacity. The Pension is a noncontributory, multiple employer cost-sharing defined benefit plan. See Note 9, Section A, for a discussion of the Pension. Complete financial statements for the Pension may be obtained at the Rhode Island Commerce Corporation’s office located at 315 Iron Horse Way, Suite 100, Providence, RI 02908.

FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

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

The Corporation for its business-type, discretely presented component units and fiduciary activities, uses the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of cash flows.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

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

The Corporation distinguishes between operating and nonoperating revenues and expenses in its business-type activities. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. Operating expenses include the cost of and losses resulting from services provided, administrative expense, and depreciation and amortization expense. All other revenues and expenses are reported as nonoperating revenues and expenses.

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 amount of revenues and expenses during the reporting period. A significant item subject to such estimates and assumptions is the allowance for loan losses. Actual results could differ from those estimates.

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 position that is applicable to a future reporting period. See Notes 9 and 10.

CASH AND CASH EQUIVALENTS, RESTRICTED

Unexpended grant funds, payments received under direct financing leases, loan loss reserves and amounts restricted by federal and state requirements are reported as restricted cash and cash equivalents in the accompanying statements of net position and are classified as either current or noncurrent based on the reporting period in which the underlying monies are expected to be used.

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.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

CASH AND CASH EQUIVALENTS (CONTINUED)

Under the *Rhode Island Collateralization of Public Deposits Act*, (the “Act”) depository institutions holding deposits of the State, its agencies, or governmental subdivisions of the State, shall, at a minimum, 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 shall insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. June 30, 2024 and 2023, the Corporation had deposits, excluding money markets, of \$5,055,611 and \$4,795,740, respectively, which were uninsured and uncollateralized. The Corporation has suffered no losses in connection with its banking activity.

ACCOUNTS RECEIVABLE

Accounts receivable are reported at gross value when earned and are reduced to their net realizable value by the estimated portion that is expected to be uncollectible. The Corporation does not require collateral or other forms of security from its customers.

INVESTMENTS

Money market investments having a maturity of one year or less at the time of purchase are reported on the statements of net position at their amortized cost. All other investments are reported at fair value. Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SBLF’s investment in a joint venture (see Note 3) is accounted for using the equity method, under which the investment in the joint venture is increased (decreased) by SBLF’s share of the venture’s undistributed earnings (losses) and decreased by distributions received from the joint venture.

NOTES AND LOANS RECEIVABLE

Notes and loans receivable are stated at the principal amount outstanding less any charge-offs and an allowance for loan losses. Interest income on notes and loans receivable is recognized over the term of the notes and loans and is calculated using the simple-interest method on principal amounts outstanding.

Accrual of interest income on notes and loans receivable is discontinued when management has determined that the borrower will be unable to meet contractual obligations. When a note

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

NOTES AND LOANS RECEIVABLE (CONTINUED)

or loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed against current-period income. Interest received on nonaccrual notes and loans is either applied against principal or reported as income according to management's judgment as to the collectability of principal. Nonaccrual notes and loans may be returned to accrual status when principal and interest payments are not delinquent and the risk characteristics of the note or loan have improved to the extent that concern no longer exists as to the collectability of principal.

The Corporation measures impairment using a discounted cash-flow method, or the loan's observable market price, or the fair value of the collateral if the loan is collateral-dependent. However, impairment is based on the fair value of the collateral if it is determined that foreclosure is probable.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is established through a provision charged to operations based on management's assessment of many factors, including the risk characteristics of the notes and loans, current economic conditions that may affect the borrowers' ability to pay, and trends in delinquencies and charge-offs. Realized losses, net of recoveries, are charged directly to the allowance. While management uses information available in establishing the allowance for loan losses, future adjustments to the allowance may be necessary if economic conditions or other factors differ substantially from the assumptions used in making the evaluation.

CAPITAL ASSETS AND DEPRECIATION

Capital assets are stated at cost except for capital assets conveyed to the Corporation by the State or the United States of America, which are stated at fair value as of the date of contribution. Expenditures in excess of \$2,500 which substantially increase the useful lives of existing assets are capitalized; routine maintenance and repairs are expensed as incurred. Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of the assets.

The Corporation evaluates its capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted cash flows from the use and disposition of the asset is less than the carrying amount. Generally, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Corporation did not record an impairment loss during the years ended June 30, 2024 and 2023.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

UNEARNED REVENUE

For the Corporation, unearned revenue pertains principally to payments received by the Corporation in advance of revenues earned under terms of applicable energy programs. Unearned revenue is recognized as the Renewable Energy Fund incurs expenses related to its operations or makes grants to other organizations.

For SBLF, unearned revenue pertains principally to the State Small Business Credit Initiative program (see Note 3). Revenue is recognized as SBLF incurs expenses related to this program.

DIRECT FINANCING LEASES

Land and buildings leased to unrelated parties under capital leases are recorded as net investment in direct financing leases. Interest income under capital leases consists of the excess of lease payments due under the terms of the leases over the cost of land and buildings and is recognized over the lease terms using the level yield method.

GRANTS

Revenues from grants are recognized as soon as all eligibility requirements imposed by the provider have been met.

From time to time, REF will issue forgivable loans or recoverable grants to entities for the purposes of furthering solar technology initiatives. In the year in which the funds are expended, such amounts are recorded as a receivable, and it is not until the recipient achieves specific benchmarks, as set forth in the agreements between REF and the recipient, that the loan is forgiven and an expense is recorded. As of June 30, 2024 and 2023, amounts provided by REF to recipients under forgivable loan and recoverable grant agreements totaled \$124,797 and \$138,934 respectively. As of June 30, 2024 and 2023, no corresponding amounts have been recorded as receivables, or repaid or recovered.

Due to the COVID-19 pandemic and federal economic recovery and growth initiatives that have continued, the Rhode Island Commerce Corporation has experienced a significant increase in federal grant revenues and expenditures. In 2023 and 2024, of the \$36,000,000 in new ARPA subawards for the various aforementioned programs, \$6,591,359 was actually received as of year ended June 30, 2024. Of the \$6,591,359 received, \$4,239,003 was recognized as grant income as of year ended June 30, 2024. The first SSBCI tranche of \$19,739,282 has also been received, with \$8,614,288 of this amount having been recognized as grant income during this same period. In 2022, the single largest subaward was under ARPA's RI Rebounds suite of programs in the amount of \$44,495,819, \$42,334,760 of which has been received to date. Of the \$42,334,760 received, \$42,141,186 has been recognized as grant income as of year ended June 30, 2024.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

COVID-19 pandemic federal grant funding received (returned) encompassed several different programs, consisting of the following at June 30, 2024 and 2023:

	2024	2023
American Rescue Plan Act:		
RI Rebounds - Small Business Direct Grants	\$ (330,688)	--
RI Rebounds - Technical Assistance	750,000	6,862,659
RI Rebounds - Take it Outside	(611,650)	1,205,888
RI Rebounds - Broadband	--	230,731
RI Rebounds - Ventilation	(418,747)	2,604,218
RI Rebounds - Placemaking	--	3,125,561
RI Rebounds - Tourism Marketing	--	1,999,400
RI Rebounds- Admin	37,840	--
SSBCI 2.0	--	19,739,282
Minority Business Accelerator	2,592,500	999,760
Destination Marketing	2,099,738	899,362
Totals	\$ 4,118,993	\$ 37,666,861

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System plan ("ERS") and the Rhode Island Commerce Corporation Pension Plan and Trust (the "Plan") and the additions to/deductions from ERS' and the Plan's fiduciary net position have been determined on the same basis as are reported by ERS and the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an actuarial valuation and are accounted for in accordance with the requirements of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

APPLICATION OF RESOURCES

When both restricted and unrestricted amounts are available for use for a particular item of expense, it is Rhode Island Commerce Corporation's practice to use the restricted resources first.

NET POSITION

The Corporation's net position has been segregated into the following three components:

NET INVESTMENT IN CAPITAL ASSETS

Represents the net book value of all capital assets less the accumulated depreciation, outstanding balances of bonds and other debt, leased right to use asset and related lease liability and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to these assets, if any. The Corporation had no debt related to its capital assets at June 30, 2024 and 2023.

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

NET POSITION (CONTINUED)

RESTRICTED

Those net assets that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets.

UNRESTRICTED

A residual category for the balance of net position.

RECENTLY ISSUED GOVERNMENTAL ACCOUNTING STANDARDS

GASB Statement No. 91, *Conduit Debt Obligations* is effective for the Corporation's fiscal year ending June 30, 2023. Management has completed its review of the requirements of this standard and determined that it is not applicable to the Rhode Island Commerce Corporation, as the Corporation doesn't not currently have any conduit debt obligations recorded.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Management has completed its review of the requirements of this standard and determined that it is not applicable to the Rhode Island Commerce Corporation, as the Corporation does not engage in these types of partnerships and arrangements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* is effective for the Corporation's fiscal year ended June 30, 2023. Management had evaluated the requirements of this standard and has adopted the standard. See Note 6 for additional information.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, is effective for the Corporation's fiscal year ending June 30, 2022. Management has completed its review of the requirements of this standard and determined that it is not applicable to the Rhode Island Commerce Corporation, as the Rhode Island Commerce Corporation Section 457 Deferred Compensation Plan does not meet the criteria of a pension plan as defined in GASB Statement No. 67.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, is effective for the year ending June 30, 2024. Management has determined this standard did not have a significant impact on the Corporation's financial statements as of and for the year ended June 30, 2024.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 24, 2024, 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.

NOTE 2 - CASH AND CASH EQUIVALENTS

In accordance with Chapter 35-10.1 of the Rhode Island General Laws dealing with Public Finance, depository institutions holding public deposits shall insure or pledge eligible collateral equal to one-hundred percent (100%) of any time deposit with maturities greater than sixty (60) days. If any depository institution does not meet its minimum capital standards as prescribed by its federal regulator, they shall insure or pledge eligible collateral equal to one-hundred percent (100%) of all public deposits. None of the cash deposits of the Corporation were required to be collateralized at June 30, 2024 pursuant to this statutory provision.

Cash and cash equivalents, including restricted amounts, consist of the following at June 30, 2024 and 2023:

	2024		2023	
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
Deposits held in Santander	\$ 227,766,258	\$ 4,005,984	\$ 220,243,421	\$ 5,235,079
Deposits held in Bank RI	435,210	--	435,245	--
Short-Term Investments, Cash Equivalents	5,120,401	--	4,860,495	--
	\$ 233,321,869	\$ 4,005,984	\$ 225,539,161	\$ 5,235,079

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

The carrying amounts of cash equivalents approximate fair value and consist of the following at June 30, 2024 and 2023:

	2024	2023
Money market mutual funds, Goldman Sachs (FGTXX)	\$ 4,383,342	\$ 4,161,613
Money market mutual funds, Fidelity (FIGXX)	736,199	698,882
Retirement (Voya) Restricted Account	860	--
	\$ 5,120,401	\$ 4,860,495

The bank balance of the Corporation's cash and cash equivalents, excluding money market accounts, is as follows at June 30, 2024 and 2023:

	2024		2023	
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
Bank balance	\$ 233,321,869	\$ 4,005,984	\$ 225,539,162	\$ 5,235,080
Bank balance insured by FDIC	750,000	250,000	750,000	250,000
Collateralized, Santander Bank, N.A.	227,516,258	3,755,984	219,993,422	4,985,080
Uninsured and uncollateralized	\$ 5,055,611	\$ --	\$ 4,795,740	\$ --

At June 30, 2024 and 2023, the Rhode Island Commerce Corporation and the Small Business Loan Fund Corporation collectively had \$237,077,853 and \$230,524,242 (bank balance), respectively, on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC").

The Corporation's money market mutual funds invested in Goldman Sachs Financial Square Funds - Government (FGTXX) are held at Bank of America as of June 30, 2024. The fund is designed to maintain a stable share price of \$1.00 and maintains a dollar weighted average maturity of 30 days as of June 30, 2024. As of June 30, 2024, the funds were invested as follows: 66% in a government agency and treasury repurchase agreements, and 34% in government agency and treasury debt. As of June 30, 2024, the fund was rated Aaa-mf and AAAM by Moody's Investors Services ("Moody's") and Standard & Poor's Rating Service ("S&P"), respectively.

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

The Corporation's money market mutual fund accounts invested in Fidelity Institutional Money Market Government Portfolio - Class I (FIGXX) are held at U.S. Bank as of June 30, 2024. The fund is designed to maintain a stable share price of \$1.00 and normally invests 100% of the fund's assets in cash, U.S. government securities and/or repurchase agreements that are collateralized fully, the remainder is neither insured nor guaranteed by the United States Government. As of June 30, 2024, the fund was rated AAA-mf by Moody's and AAAM by S&P, respectively.

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market value interest rates.

Although it has no established policy, the Corporation manages its exposure to declines in fair values by limiting the term of liquid investments to less than 60 days.

CREDIT RISK

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment and is measured by the assignment of a rating by a nationally recognized statistical rating organization to debt securities. Although it has no established policy, the Corporation manages its exposure to credit risk by monitoring the ratings assigned to such securities, as applicable.

CONCENTRATION OF CREDIT RISK

Although it has no established policy, the Corporation continually evaluates alternative investment options to diversify its portfolio and maximize interest income.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Corporation's deposits and investments may not be returned. The Corporation does not have a deposit or investment policy for custodial credit risk. The Corporation manages the custody of its cash and cash equivalents through analysis and review of the custodians' or counterparties' credit worthiness.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 3 - INVESTMENTS

At June 30, 2024 and 2023, the Corporation’s investments consist of the following:

	2024		2023	
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
United States Government Obligations	\$ 978,644	\$ --	\$ 944,443	\$ --
Investment in joint venture	<u> --</u>	<u> 272,203</u>	<u> --</u>	<u> 1,326,844</u>
Uninsured and Uncollateralized	<u>\$ 978,644</u>	<u>\$ 272,203</u>	<u>\$ 944,443</u>	<u>\$ 1,326,844</u>

As of June 30, 2024, Rhode Island Commerce Corporation funds were invested in United States government obligations that accrue interest at 2.875% and have a maturity date of April 30, 2024. The obligations were rated Aaa by Moody’s.

INVESTMENT IN JOINT VENTURE

The State Small Business Credit Initiative (“SSBCI”) funding received from the State is being administered through SBLF. During fiscal year 2012, SBLF and Beta Spring Managers 100, LLC (“Beta Spring Managers 100”) formed Startup Investments, LLC (“Startup”), a joint venture. Under the terms of the Startup Operating Agreement, SBLF’s initial contribution was \$2,000,000. In exchange for the \$2,000,000 investment, SBLF received half of the 100,000 outstanding shares of common stock in Startup.

Also during fiscal year 2012, Startup invested in Beta Spring, an entity that helps develop entrepreneurs through a “boot camp” process to allow their “graduates” to be placed before investors to help bootstrap their idea into a future viable business. Beta Spring acquired a 6% interest in the common stock of the entrepreneurs’ companies via Beta Spring Managers 100. Beta Spring does not prepare separate financial statements.

SBLF has accounted for its investment in Startup as an investment in a joint venture due to SBLF’s ongoing financial interest in Beta Spring. Since the date of its initial contribution, SBLF’s share of net loss incurred by the investment in Startup is \$717,599, including a loss of \$50,887 and a gain of \$58,056 for the years ended June 30, 2024 and 2023, respectively, which is classified as other nonoperating expense on the statements of revenues, expenses, and changes in net position. As an equity method investor in a joint venture, SBLF is not permitted nor required to test Startup’s underlying assets for impairment pursuant to relevant provisions

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 3 - INVESTMENTS (CONTINUED)

INVESTMENT IN JOINT VENTURE (CONTINUED)

of the applicable accounting guidance. If Startup were to recognize an impairment loss on its books, SBLF would be required to recognize its proportional share of that impairment loss.

FAIR VALUE MEASUREMENTS

The Corporation categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Corporation has the following recurring fair value measurements as of June 30, 2024 and 2023:

U.S. government obligations classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments in joint ventures classified in Level 3 are valued using the equity method.

	June 30, 2024	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. government obligations	\$ 978,644	\$ 978,644	\$ --	\$ --
Investment in joint venture	<u>272,203</u>	<u>--</u>	<u>--</u>	<u>272,203</u>
Total Investments by Fair Value Level	<u>\$ 1,250,847</u>	<u>\$ 978,644</u>	<u>\$ --</u>	<u>\$ 272,203</u>

	June 30, 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. government obligations	\$ 944,443	\$ 944,443	\$ --	\$ --
Investment in joint venture	<u>1,326,844</u>	<u>--</u>	<u>--</u>	<u>1,326,884</u>
Total Investments by Fair Value Level	<u>\$ 2,271,287</u>	<u>\$ 944,443</u>	<u>\$ --</u>	<u>\$ 1,326,884</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 4 - LOANS AND NOTES RECEIVABLE

PROVISION FOR LOAN LOSSES

An analysis of SBLF's allowance for loan losses for the year ended June 30, 2024 and 2023, is as follows:

	2024	2023
SBLF - Core		
Balance - Beginning of Year	\$ 378,111	\$ 313,452
Provision for loan losses	518,198	131,901
Loans charged off	34,409	67,243
Balance - End of Year	\$ 861,900	\$ 378,110
SBLF - Cares Act		
Balance - Beginning of Year	\$ --	\$ --
Provision for loan losses	352,670	--
Loans charged off	--	--
Balance - End of Year	\$ 352,670	\$ --

COMMITMENTS

SBLF has \$0 in commitments to originate loans at June 30, 2024 and 2023, respectively.

SBLF's Board of Directors approved an additional \$2,782,500 and \$2,525,000 of loans in fiscal year 2024 and 2023, respectively.

REF had loan and grant commitments of \$11,861,905 and \$16,090,143 at June 30, 2024 and 2023, respectively.

NOTES AND GRANTS RECEIVABLE

The Rhode Island Commerce Corporation issues notes and grants to private-sector entities and others located in Rhode Island. The ability of Rhode Island Commerce Corporation's debtors to honor their contracts is primarily dependent upon various factors, including among others, the financial success of the borrower, success of the project financed and general economic conditions in Rhode Island.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 - LEASES

The Rhode Island Commerce Corporation headquarters' lease entered into with the Foundry ALCO Member, LLC, ("the lessor") on May 1, 2022. Rhode Island Commerce Corporation, located at 315 Iron House Way Suite 101, Providence Rhode Island, has annual base rent payments of \$452,872.35 for a 5-year term.

During the year ended June 30, 2022, the Rhode Island Commerce Corporation implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The new standard enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in Rhode Island Commerce Corporation's financial statements starting with the year ended June 30, 2022 and had no effect on the beginning net position as the lease was previously month-to-month during the year ended June 30, 2021 while a new lease agreement was negotiated.

At June 30, 2024, Rhode Island Commerce Corporation recognized a non-current lease asset of \$1,122,024, net of accumulated amortization of \$930,268, a lease liability, current portion, net of \$407,780, and a non-current lease liability, less of current portion of \$714,244 for the building leased in May 2022 in the accompanying statement of net position.

The future net present value of annual minimum lease payments are as follows:

Year Ended		
June 30,		
2025	\$	407,780
2026		394,486
2027		319,758
	\$	<u>1,122,024</u>

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 6 - SUBSCRIPTION-BASED IT ARRANGEMENTS

The Rhode Island Commerce Corporation entered into subscription-based IT arrangements (SBITAs) with Qualtrics, LLC on August 8, 2022 for a 3-year term and Adara, Inc. on January 1, 2023 for a 2-year term. Qualtrics, LLC had a one-time upfront payment of \$5,775 payable at the start of the contract and has annual payments \$7,856. Adara, Inc. had a one-time upfront payment of \$100,000, payable at the start of the contract, now being amortized over the life of the term.

During the year ended June 30, 2023, the Rhode Island Commerce Corporation implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The new standard establishes uniform accounting and financial reporting requirements for SBITAs; improves the comparability of government's financial statements; and enhances the understandability, reliability, relevance, and consistency of information about SBITAs.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

These changes were incorporated in Rhode Island Commerce Corporation's financial statements starting with the year ended June 30, 2023 and had no effect on the beginning net position as these arrangements went into effect during fiscal year 2023.

At June 30, 2024, Rhode Island Commerce Corporation recognized a non-current right-to-use subscription asset of \$36,541, net of accumulated amortization of \$93,137, a subscription liability, current portion, net of \$7,082, and a non-current subscription liability less of current portion of \$1,621 for the combined SBITAs mentioned above, in the accompanying statement of net position.

The future net present value of annual minimum lease payments are as follows:

Year Ended	
June 30,	
2025	\$ 7,082
2026	1,621
	<u>\$ 8,703</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 - CAPITAL ASSETS

Capital asset activity during the years ended June 30, 2024 and 2023 were as follows:

	Depreciable Life	Balance at July 1, 2023	Increases	Decreases	Balance at June 30, 2024
Capital Assets Not Being Depreciated					
Land		\$ 7,535,639	\$ 736,019	\$ --	\$ 8,271,657
Construction in progress		<u>363,067</u>	<u>117,900</u>	<u>(26,998)</u>	<u>453,969</u>
Total capital assets not being depreciated		<u>7,898,706</u>	<u>853,919</u>	<u>(26,998)</u>	<u>8,725,626</u>
Capital Assets Being Depreciated					
Leasehold improvements	2 - 3.2 years	7,117	26,998	--	34,116
Equipment	3-5 years	392,647	71,039	(51,100)	412,586
Lease asset		2,052,292	--	--	2,052,292
Right-to-use subscription asset		<u>127,521</u>	<u>2,157</u>	<u>--</u>	<u>129,678</u>
Total Capital Assets Being Depreciated		<u>2,579,577</u>	<u>100,194</u>	<u>(51,100)</u>	<u>2,628,672</u>
Less accumulated depreciation for:					
Leasehold improvements		(3,023)	(3,524)	--	(6,547)
Equipment		(314,140)	(55,286)	51,100	(318,326)
Lease asset		(508,746)	(421,522)	--	(930,268)
Right-to-use subscription asset		<u>(32,645)</u>	<u>(60,492)</u>	<u>--</u>	<u>(93,137)</u>
Total accumulation depreciation		<u>(858,553)</u>	<u>(540,824)</u>	<u>51,100</u>	<u>(1,348,278)</u>
Total Capital Assets Being Depreciated, Net		<u>1,721,024</u>	<u>(440,630)</u>	<u>--</u>	<u>1,280,395</u>
Capital Assets, Net		<u>\$ 9,619,730</u>	<u>\$ 413,289</u>	<u>\$ (26,998)</u>	<u>\$ 10,006,021</u>
	Depreciable Life	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023
Capital Assets Not Being Depreciated					
Land		\$ 7,664,401	\$ --	\$ (128,762)	\$ 7,535,639
Construction in progress		<u>289,885</u>	<u>78,300</u>	<u>(5,118)</u>	<u>363,067</u>
Total capital assets not being depreciated		<u>7,954,286</u>	<u>78,300</u>	<u>(133,880)</u>	<u>7,898,706</u>
Capital Assets Being Depreciated					
Leasehold improvements	2 - 3.2 years	324,970	4,895	(322,748)	7,117
Equipment	3-5 years	904,636	44,389	(556,379)	392,647
Lease asset		2,052,292	--	--	2,052,292
Right-to-use subscription asset		<u>--</u>	<u>127,521</u>	<u>--</u>	<u>127,521</u>
Total Capital Assets Being Depreciated		<u>3,281,898</u>	<u>176,805</u>	<u>(879,127)</u>	<u>2,579,577</u>
Less accumulated depreciation for:					
Leasehold improvements		(324,600)	(1,171)	322,748	(3,023)
Equipment		(776,926)	(93,593)	556,379	(314,140)
Lease asset		(73,018)	(435,728)	--	(508,746)
Right-to-use subscription asset		<u>--</u>	<u>(32,645)</u>	<u>--</u>	<u>(32,645)</u>
Total accumulation depreciation		<u>(1,174,543)</u>	<u>(563,137)</u>	<u>879,127</u>	<u>(858,553)</u>
Total Capital Assets Being Depreciated, Net		<u>2,107,355</u>	<u>(386,332)</u>	<u>--</u>	<u>1,721,024</u>
Capital Assets, Net		<u>\$ 10,061,641</u>	<u>\$ (308,032)</u>	<u>\$ (133,880)</u>	<u>\$ 9,619,730</u>

Depreciation expense was \$53,675 and \$93,914 for the years ended June 30, 2024 and 2023, respectively.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 8 - LONG-TERM DEBT

BONDS PAYABLE AND NET INVESTMENT IN DIRECT FINANCING LEASES

During 1996, Rhode Island Commerce Corporation issued \$25,000,000 of 1996 Series bonds to finance the acquisition of land and to make land improvements and construct a building at Island Woods Industrial Park (the “FMR Rhode Island, Inc. Project”). The 1996 Series bonds bear interest at 8.28%, were payable in semi-annual installments of approximately \$1,244,000, and matured May 1, 2022. During 2002, Rhode Island Commerce Corporation issued \$10,000,000 of 2002 Series bonds to the FMR Rhode Island, Inc. Project. The 2002 Series bonds bear interest at 7.24%, interest only until 2008, and mature in 2027. Amounts outstanding under the bonds are secured by the direct financing lease discussed below.

During November 1997, Rhode Island Commerce Corporation issued \$11,000,000 of 1997 Series bonds to finance the acquisition of land and to make improvements and renovations to a building and parking lot (the “Fleet National Bank Project”). The 1997 Series bonds bear interest at 7.61%, are payable in semi-annual installments of approximately \$472,000, and mature May 1, 2027. Amounts outstanding under the bonds are secured by the direct financing lease discussed below.

Aggregate scheduled principal and interest payments due on Rhode Island Commerce Corporation’s revenue bonds and total future minimum lease payments receivable at June 30, 2024 are as follows:

	June 30,	Principal	Interest
2025		\$ 1,554,697	\$ 344,387
2026		1,667,537	226,999
2027		1,799,642	100,781
Total Bonds Payable		5,021,876	672,167
Less Current Portion		1,554,697	344,387
Net Long-Term Portion of Bonds Payable		\$ 3,467,179	\$ 327,780

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 8 - LONG-TERM DEBT (CONTINUED)

BONDS PAYABLE AND NET INVESTMENT IN DIRECT FINANCING LEASES (CONTINUED)

Rhode Island Commerce Corporation has entered into direct financing leases with Bank of America and FMR Rhode Island, Inc. (“FMR”). Total minimum lease payments receivable and unearned income under direct financing leases is equivalent to scheduled aggregate principal payments and scheduled aggregate interest payments, respectively, under the bonds payable, net of job rent credits. Job rent credits are payable by Rhode Island Commerce Corporation semi-annually over the life of the bonds provided that the lessees achieve certain job targets. For the years ended June 30, 2024 and 2023, job rent credits issued by Rhode Island Commerce Corporation totaled \$0, and are included in public investment payments on the accompanying statements of revenue, expenses, and changes in net position.

Cash and investments on hand related to, and collections on, net investment in direct financing leases are restricted to pay the bonds issued to finance such direct financing lease transactions. The current portion of amounts payable from restricted assets equals the \$0 current portion of long-term debt.

Changes in long-term obligations during the year ended June 30, 2024, excluding the net pension liability and including SBLF, were as follows:

	Balance			Amounts Due	
	July 1, 2023	Increases	Decreases	Balance June 30, 2024	within One Year
Revenue Bonds	\$ 6,467,704	\$ --	\$ 1,445,828	\$ 5,021,876	\$ 1,554,697
Unearned revenue	35,082,218	--	20,976,826	14,105,392	13,081,139
Payable from Restricted Assets	890,771	573,296	--	1,464,067	--
Lease Liability	1,543,546	--	421,522	1,122,024	407,780
Subscription Liability	16,162	--	7,459	8,703	7,082
	<u>\$ 44,000,401</u>	<u>\$ 573,296</u>	<u>\$22,851,635</u>	<u>\$ 21,722,062</u>	<u>\$15,050,698</u>

	Balance			Amounts Due	
	July 1, 2022	Increases	Decreases	Balance June 30, 2023	within One Year
Revenue Bonds	\$ 7,808,359	\$ --	\$ 1,340,655	\$ 6,467,704	\$ 1,445,827
Unearned revenue	15,587,150	19,495,068	--	35,082,218	33,501,380
Payable from Restricted Assets	1,021,606	159,165	130,835	890,771	--
Lease Liability	1,979,275	--	435,729	1,543,546	421,522
Subscription Liability	--	16,162	--	16,162	7,459
	<u>\$ 26,396,390</u>	<u>\$ 19,670,395</u>	<u>\$ 1,907,219</u>	<u>\$ 44,000,401</u>	<u>\$35,376,188</u>

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 9 - APPROPRIATIONS FROM STATE, HOTEL TAX REVENUE, AND OTHER INCOME FROM STATE

During the years ended June 30, 2024 and 2023, Rhode Island Commerce Corporation received the following line item appropriations from the State:

	2024	2023
Rebuild Rhode Island Tax Credit	\$ 26,360,000	\$ 13,500,000
ProvPort	--	--
Rhode Island Commerce Corporation Base Budget Funding	8,290,488	7,947,777
Regional Green House Gas Initiative	2,568,760	11,738,838
Wavemaker Fellowship	4,000,000	3,200,000
Designated Grants	1,116,200	1,116,200
RI Airport Corporation Impact Aid	1,005,740	1,008,664
Innovative Initiative	2,000,000	1,000,000
Innovative Matching Grants (SBIR/STTR)	1,000,000	490,000
Site Readiness	1,000,000	1,000,000
Science and Technology Advisory Council (STAC) Research Alliance	900,000	900,000
Small Business Assistance Program	2,000,000	650,000
Supply Rhode Island	1,000,000	300,000
Air Service Development Fund	2,250,000	2,250,000
Main St Revitalization	1,000,000	5,000,000
First Wave Closing Fund	10,000,000	--
Total State Appropriations	64,491,188	50,101,479
Designated Grants FY2023 - Returned appropriation	(37,082)	--
Net State Appropriations	64,454,106	50,101,479
Less: Net Change in Due from State at end of year	(1,215,118)	(4,254,457)
Net State Appropriations	\$ 63,238,988	\$ 45,847,022

For the years ended June 30, 2024 and 2023, appropriations by the General Assembly of the State received by Rhode Island Commerce Corporation to fund its expenses comprised approximately 55% and 59%, of Rhode Island Commerce Corporation's total operating and nonoperating revenues. As of June 30, 2024 and 2023, the Rhode Island Commerce Corporation had balances of \$8,016,342 and \$6,080,719 of amounts due from the State, respectively.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 9 - APPROPRIATIONS FROM STATE, HOTEL TAX REVENUE, AND OTHER INCOME FROM STATE (CONTINUED)

For the years ended June 30, 2024 and 2023, the Rhode Island Commerce Corporation received \$6,981,140 and \$6,762,922, respectively, of hotel tax revenue from the State. The Rhode Island Commerce Corporation receives an allocation of the State's hotel taxes based on the location of the hotel for the purpose of promotion and marketing of Rhode Island as a destination for tourists or businesses, in accordance with RIGL §42-63.1-3.

The Rhode Island Commerce Corporation also had other income from State sources which represents non-appropriated, miscellaneous revenue:

	<u>2024</u>	<u>2023</u>
Innovation Campus	\$ --	\$ 128,696
Total Other State Sources	<u>\$ --</u>	<u>\$ 128,696</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS

A. RHODE ISLAND COMMERCE CORPORATION PENSION PLAN AND TRUST

PLAN DESCRIPTION

Employees of the Corporation hired prior to January 1, 2006 are covered by the Rhode Island Commerce Corporation Pension Plan and Trust (the “Plan”), a multiple-employer defined benefit pension plan administered by Rhode Island Commerce Corporation. Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers’ payment of its pension obligation to the Plan.

SPIN-OFF OF QDC PARTICIPATION IN PLAN

Effective on February 29, 2024, Quonset Development Corporation terminated its participation in the Plan. Accordingly, on March 25, 2024 the Plan transferred assets totaling \$16,390,294 to the Quonset Development Corporation Pension Plan. In connection with the termination of its participation, 74 plan participants (10 active, 11 terminated but vested, and 53 retirees) were removed from the Plan along with their related benefit obligations totaling \$13,206,318.

BENEFIT PROVISIONS

Employees with five or more years of service are entitled to receive annual pension benefits beginning at their normal retirement age, or earlier, as defined. The amount of their monthly benefit shall be equal to the product of 1.715% of their average compensation over the three plan years producing the highest average of their years of service not in excess of thirty-five years. For all participants who started to receive a benefit prior to March 1, 2009, an annual cost of living adjustment (“COLA”) of 3% will be added to the monthly benefit. The COLA takes place July 1st of every year. The 3% COLA shall not apply to participants who began receiving their benefits after March 1, 2009. Accrued benefits of \$20,000 or less can be paid in a single sum amount.

The plan sponsor has the authority, under the plan document, to amend benefit provisions. Participants may elect to provide pension benefits to their designated beneficiary. However, such election results in reduced benefit payment to the participants themselves.

FUNDING POLICY

The funding policy and related contribution requirements are established by Rhode Island Commerce Corporation. Plan members are not required to contribute to the Plan. The Corporation is responsible for funding the cost of all benefits. Rhode Island Commerce

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

A. RHODE ISLAND COMMERCE CORPORATION PENSION PLAN AND TRUST (CONTINUED)

FUNDING POLICY (CONTINUED)

Corporation is to fund 100% of the actuarially determined contribution; the rate was 37.71% of the annual covered payroll for the fiscal year ended June 30, 2023. Rhode Island Commerce Corporation contributed \$0 and \$60,843 in fiscal years ended June 30, 2024 and 2023, respectively, equal to 100% of the required contributions for fiscal years ended June 30, 2024 and 2023. The actuarially determined contribution is calculated in accordance with the aggregate actuarial cost method. Changes in plan provisions and actuarial assumptions give rise to changes in the unfunded liability. The new layer(s) created each year is (are) amortized over a closed 30-year period on a level dollar basis. Actuarial gains and losses are not separately amortized under this method. Rather, the impact is spread through the normal cost component over the working lifetime of the participant.

PENSION LIABILITY, PENSION EXPENSE, AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

At June 30, 2024 and 2023, Rhode Island Commerce Corporation reported an asset of \$2,039,321 and \$1,106,758, respectively, for its proportionate share of the net pension liability related to the Plan. The net pension asset and obligation was measured as of June 30, 2023 and 2022, the measurement dates. Rhode Island Commerce Corporation's proportion of the net pension asset was based on its share of contributions to the Plan for fiscal years 2024 and 2023 relative to the total contributions of all participating employers for those fiscal years. At June 30, 2024 and 2023, Rhode Island Commerce Corporation's proportion was 40.81%.

PENSION EXPENSE

For the years ended June 30, 2024 and 2023, Rhode Island Commerce Corporation recognized pension expense of (\$162,747) and (\$193,325), respectively, relating to the Plan.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

A. RHODE ISLAND COMMERCE CORPORATION PENSION PLAN AND TRUST (CONTINUED)

PENSION EXPENSE (CONTINUED)

At June 30, 2024 and 2023, Rhode Island Commerce Corporation reported the following deferred outflows of resources and deferred inflows of resources related to the Plan:

	2024	2023
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ --	\$ 4,038
Differences between projected and actual earnings	1,567,734	2,090,312
Changes in Assumptions	--	5,826
Contributions subsequent to the measurement date	60,843	121,686
Total	<u>\$ 1,628,577</u>	<u>\$ 2,221,862</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ (23,706)	\$ --
Differences between projected and actual earnings	(1,319,541)	(1,349,216)
Changes in assumptions	--	--
Total	<u>\$ (1,343,247)</u>	<u>\$ (1,349,216)</u>

For the years ended June 30, 2024 and 2023, \$60,843 and \$121,686, respectively, were reported as deferred outflows of resources related to the Plan resulting from Rhode Island Commerce Corporation's contributions in fiscal year 2024 and 2023 subsequent to the measurement date and will be recognized as a decrease in the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending June 30,	
2024	\$ (55,629)
2025	(16,820)
2026	409,757
2027	(112,821)
Thereafter	--
Total	<u>\$ 224,487</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

A. RHODE ISLAND COMMERCE CORPORATION PENSION PLAN AND TRUST (CONTINUED)

ACTUARIAL ASSUMPTIONS

The total pension asset was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal - the Individual Entry Age Actuarial Cost
Amortization method	Level percent of payroll - closed
Inflation	3.00%
Salary increases	3.00%
Investment Rate of Return	6.50%

Mortality rates are based on the PubG-2010 Above Median Employee/Healthy Annuitant (M/F) with MP-2021 Generational Improvements mortality tables.

Long-term rate of return assumption is 6.50% based on historical data and the allocation of the Plan's assets by investment class and the capital market outlook for each investment class. The money-weighted rate of return in prior year was 12.07%. This rate is determined assuming contributions and expenses are paid in the middle of the month and benefits are paid at the beginning of the month.

The asset allocation and best estimates of rates of return for each major asset class are as follows:

	June 30, 2024 Asset Allocation	Target Asset Allocation	Long-Term Expected Real Rate of Return
Stocks and mutual funds	41.53%	60.00%	9.00%
Bonds	26.01%	0.00%	N/A
Mutual funds	29.44%	40.00%	4.00%
Real Estate / Other	45.00%	0.00%	N/A
Cash	2.57%	0.00%	N/A
Total	<u>100.00%</u>	<u>100.00%</u>	

DISCOUNT RATE

The discount rate for purposes of determining the net pension asset was 6.50% at June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that contributions from the employers will be made at actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

A. RHODE ISLAND COMMERCE CORPORATION PENSION PLAN AND TRUST (CONTINUED)

DISCOUNT RATE (CONTINUED)

available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE CORPORATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability (asset) calculated using the discount rate of 6.50% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

2024	1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
Corporation's net pension liability (asset)	<u>\$ (1,132,973)</u>	<u>\$ (2,039,321)</u>	<u>\$ (2,818,680)</u>
2023	1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
Corporation's net pension liability (asset)	<u>\$ (181,363)</u>	<u>\$ (1,106,758)</u>	<u>\$ (1,900,644)</u>

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued Rhode Island Commerce Corporation Pension Plan and Trust financial statements.

B. EMPLOYEES' RETIREMENT SYSTEM PLAN

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System ("ERS") and the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

B. EMPLOYEES' RETIREMENT SYSTEM PLAN (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PLAN DESCRIPTION

Certain employees of the Corporation participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (the "System" or "ERS").

Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

BENEFIT PROVISIONS

The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. For members retiring after July 1, 2024, retiree benefit amounts are based on the average highest three consecutive years of compensation. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service-connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

B. EMPLOYEES' RETIREMENT SYSTEM PLAN (CONTINUED)

BENEFIT PROVISIONS (CONTINUED)

Cost of living adjustments are provided to retirees based on statutory provisions (Section 36-10-35 of the Rhode Island General Laws). For members and/or beneficiaries of members who retired on or before June 30, 2012, cost of living adjustments are computed annually. For members retiring on or after July 1, 2012, twenty-five percent (or 1/4th) of the cost of living adjustment is computed annually until the plan reaches a 75% funded status. The full benefit adjustment is reinstated for all members upon the plan reaching the 75% funded status.

The plan also provides nonservice-connected disability benefits after five years of service, and service-connected disability benefits with no minimum service requirement.

CONTRIBUTIONS

The funding policy, as set forth in the RIGL §36-10-2, provides for actuarially determined periodic contributions to the plan. For fiscal years ended June 30, 2024 and 2023, participating Rhode Island Commerce Corporation employees with less than 20 years of service as of July 1, 2012 were required to contribute 3.75% of their annual covered salary. Employees with more than 20 years of service as of July 1, 2012 were required to contribute 11.00% of their annual covered salary. Rhode Island Commerce Corporation is required to contribute at an actuarially determined rate; the rate was 28.97% and 28.01% of annual covered payroll for the fiscal years ended June 30, 2024 and 2023, respectively. Rhode Island Commerce Corporation contributed \$0, \$14,298, and \$28,135 for the fiscal years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for each year.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

At June 30, 2024 and 2023, Rhode Island Commerce Corporation reported a liability of \$0 and \$129,320, respectively, for its proportionate share of the net pension liability related to its participation in ERS. The net pension liability reported was measured as of June 30, 2023, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the June 30, 2023 measurement date. The Rhode Island Commerce Corporation's proportion of the net pension liability was based on its share of contributions to the ERS for fiscal year 2023 relative to the total contributions of all participating employers for that fiscal year. At the June 30, 2023 and 2022 measurement date, Rhode Island Commerce Corporation's proportion was approximately 0% and 0.66%, respectively.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

B. EMPLOYEES' RETIREMENT SYSTEM PLAN (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (CONTINUED)

For the years ended June 30, 2024 and 2023, Rhode Island Commerce Corporation recognized pension expense of (\$59,167) and (\$21,816) relating to the ERS, respectively.

At June 30, 2024 and 2023, Rhode Island Commerce Corporation reported the following deferred outflows of resources and deferred inflows of resources related to the ERS:

	2024	2023
Deferred Outflows of Resources		
Contributions subsequent to measurement date	\$ --	\$ --
Change in assumptions	--	--
Net difference projected and actual earnings	--	17,354
Changes in proportionate share of contributions	3,701	5,668
Net difference between expected and actual experience	--	1,031
Total	\$ 3,701	\$ 24,053
Deferred Inflows of Resources		
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 195,565	\$ 125,838
Net difference between projected and actual earnings on pension plan investments	--	18,345
Differences between expected and actual experience	--	55
Changes in assumptions	--	1,526
Total	\$ 195,565	\$ 145,764

Contributions of \$0 and \$14,298 are reported as deferred outflows of resources related to pensions resulting from Rhode Island Commerce Corporation contributions in fiscal years 2024 and 2023, respectively, subsequent to the measurement date and will be recognized as a reduction of the net pension liability determined in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the ERS will be recognized in pension expense as follows:

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

B. EMPLOYEES' RETIREMENT SYSTEM PLAN (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (CONTINUED)

Year Ending June 30	
2025	\$ (57,860)
2026	(57,964)
2027	(59,328)
2028	(16,712)
Total	\$ (191,864)

ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal – the Individual Entry Age Actuarial Cost
Amortization method	Level percentage of payroll – closed
Inflation	2.50%
Salary increases	3.25% to 7.25%
Investment rate of return	7.00%
Mortality – Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16	

The actuarial assumptions used in the June 30, 2022 valuation rolled forward to June 30, 2023 and the calculation of the total pension liability at June 30, 2023 were based on the 2023 Actuarial Experience Investigation Study for the six-year period ended June 30, 2022 as approved by the System's Board on May 17, 2023.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

B. EMPLOYEES' RETIREMENT SYSTEM PLAN (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

collective summary of capital market expectations from 42 sources. The June 30, 2023 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
U.S. Equity	25.10%	6.46%
International Developed Equity	10.70%	6.91%
Emerging Markets Equity	4.20%	8.92%
Private Growth		
Private Equity	12.50%	10.30%
Non-Core RE	2.50%	5.01%
INCOME		
Equity Options	2.00%	6.20%
Liquid Credit	5.00%	4.56%
Private Credit	3.00%	4.56%
Collateralized Loan Obligations (CLO)	2.00%	4.56%
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	76.00%
Systematic Trend	5.00%	4.07%
Inflation Protection		5.01%
Core Real Estate	4.00%	5.91%
Private Infrastructure	4.00%	5.65%
TIPs		
Volatility Protection		
IG Fixed Income	3.25%	2.46%
Securitized Credit	3.25%	2.46%
Absolute Return	6.50%	4.07%
Cash	<u>2.00%</u>	76.00%
	<u>100.00%</u>	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 10 - PENSION PLANS (CONTINUED)

B. EMPLOYEES' RETIREMENT SYSTEM PLAN (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability calculated using the discount rate of 7.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

2024	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Corporation's net pension liability	<u>\$</u> <u>--</u>	<u>\$</u> <u>--</u>	<u>\$</u> <u>--</u>
2023	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Corporation's net pension liability	<u>\$</u> <u>160,338</u>	<u>\$</u> <u>129,320</u>	<u>\$</u> <u>101,136</u>

PENSION PLAN FIDUCIARY NET POSITION

As noted earlier, ERS issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>. The report contains detailed information about the pension plan's fiduciary net position.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

C. DEFINED CONTRIBUTION PLAN

Certain employees participating in the defined benefit plan (those with less than 20 years of service as of July 1, 2012), as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by RIGL §36-10.3. The defined contribution plan is established under IRS Section 401(a) and is administered by TIAA-CREF. The Retirement Board is the plan administrator and plan trustee. The Employees may choose among various investment options available to plan participants. The State Investment Commission is responsible for implementing the investment policy of the plan and selecting the investment options available to members.

PLAN CONTRIBUTIONS

Certain employees (those with less than 20 years of service as of July 1, 2012) contribute 5% of their annual covered salary and employers contribute at the following percentages of annual covered salary for these employees based on their years of service as of July 1, 2012:

Years of Service as of 7/1/2012	Employer Contribution Rate
15-20 Years	1.50%
10-15 Years	1.25%
0-10 Years	1.00%

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws of the State of Rhode Island, which are subject to amendment by the General Assembly.

Rhode Island Commerce Corporation currently had no employees participating in the defined contribution plan for the years ended June 30, 2024 and 2023.

PLAN VESTING AND CONTRIBUTION FORFEITURE PROVISIONS

The total amount contributed by the employee, including associated investment gains and losses, shall immediately vest in the employee's account and is non-forfeitable. The total amount contributed by the employer, including associated investment gains and losses, vests with the employee and is nonforfeitable upon completion of three years of contributory service. Nonvested employer contributions are forfeited upon termination of employment. Such forfeitures can be used by employers to offset future remittances to the plan.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 - PENSION PLANS (CONTINUED)

C. DEFINED CONTRIBUTION PLAN (CONTINUED)

RETIREMENT BENEFITS

Benefits may be paid to an employee after severance from employment, death, plan termination, or upon a deemed severance from employment for participants performing qualified military service. At a minimum, retirement benefits must begin no later than April 1 of the calendar year following the year in which the employee attains age 70½ or terminates employment, if later.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the System. The report may be obtained at <http://www.ersri.org>.

D. OTHER PLANS

Employees of Rhode Island Commerce Corporation hired on or after January 1, 2006 participate in the Rhode Island Commerce Corporation Section 401(a) Retirement and Savings Plan (the “401(a) Plan”), a discretionary contribution plan. The 401(a) Plan provides for Rhode Island Commerce Corporation to make discretionary matching or additional contributions as approved by the Board of Directors. For the fiscal year ended June 30, 2024, Rhode Island Commerce Corporation contributed 4% of eligible salary and provided up to an additional 3% to the extent the employee participated in the Rhode Island Commerce Corporation Section 457 Deferred Compensation Plan (the “457 Plan”). Contributions for the fiscal years ended June 30, 2024 and 2023, were \$331,414 and \$250,656, respectively. All employees are eligible to participate in both the 401(a) Plan and the 457 Plan. Management has determined that the 457 Plan does not meet the criteria of a pension plan.

NOTE 11 - POSTEMPLOYMENT HEALTHCARE

PLAN DESCRIPTION

Employees of the Rhode Island Commerce Corporation participate in a cost-sharing multiple-employer defined benefit other post-employment benefits (“OPEB”) plan included within the Rhode Island State Employees’ and Electing Teachers OPEB System (the “System”). The Rhode Island Commerce Corporation participates in the State Employees’ plan within the System.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - POSTEMPLOYMENT HEALTHCARE (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Under a cost sharing plan, OPEB obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing OPEB benefits through the plan, regardless of the status of the employers' payment of its OPEB obligation to the plan. The plan provides health care benefits to plan members.

The System is administered by the OPEB Board and was authorized, created, and established under RIGL §36-12.1. The Board was established under RIGL §36-12.1 as an independent board to hold and administer, in trust, the funds of the OPEB system. The four members of the OPEB Board are: the State Controller, the State Budget Officer, the State Personnel Administrator and the General Treasurer, or their designees.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.oag.ri.gov/reports.html>.

MEMBERSHIP AND BENEFIT PROVISIONS

The plans within the System generally provide healthcare coverage to pre-Medicare eligible retirees and health reimbursement account contributions or Medicare supplement coverage for members who are Medicare eligible. Members may purchase coverage for spouses and dependents. Dental and vision coverage may be purchased by these groups with no state subsidy.

Members of the System must meet the eligibility and services requirements set forth in the RIGL or other governing documents. RIGL §16-17.1-1 and 2, §36-10-2, §36-12.1, §36-12-2.2 and §36-12-4 govern the provisions of the System, and they may be amended in the future by action of the General Assembly.

CONTRIBUTIONS

The funding policy, as set forth in the RIGL and which may be amended at any time, provides for actuarially determined periodic contributions to the plans. The Rhode Island Commerce Corporation is required to contribute at an actuarially determined rate; the rate was 4.52% of annual covered payroll for the fiscal year ended June 30, 2024. The Rhode Island Commerce Corporation contributed \$0, \$2,695, and \$5,992, for the fiscal years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for each year.

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - POSTEMPLOYMENT HEALTHCARE (CONTINUED)

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

Active employees do not make contributions to the plan. Retired member contributions consist of the required retiree share of coverage based on the time of retirement and years of service.

At June 30, 2024 and 2023, the Rhode Island Commerce Corporation reported a liability of \$0 and \$17,813, respectively for its proportionate share of the net OPEB liability related to its participation in the System. The net OPEB liability was measured as of June 30, 2023, the measurement date, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the June 30, 2023 measurement date. The Rhode Island Commerce Corporation's proportion of the net OPEB liability was based on its share of contributions to the System for fiscal year 2023 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2024 and 2023, the Rhode Island Commerce Corporation's proportion was 0.000% and 0.007%, respectively.

For the year ended June 30, 2024 and 2023, the Rhode Island Commerce Corporation recognized OPEB expense of (\$6,925) and (\$3,688) respectively. At June 30, 2024 and 2023, the Rhode Island Commerce Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	2024	2023
Changes in assumptions	\$ --	\$ 435
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,816	4,940
Contributions subsequent to measurement date	--	2,695
Total Deferred Outflows of Resources	<u>\$ 3,816</u>	<u>\$ 8,070</u>
Deferred Inflows of Resources		
Difference between expected and actual experience	\$ --	\$ 4,450
Changes in assumptions	--	2,557
Changes in proportionate share of contributions	44,558	28,863
Net difference between projected and actual investment earnings	--	2,517
Total Deferred Inflows of Resources	<u>\$ 44,558</u>	<u>\$ 38,387</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - POSTEMPLOYMENT HEALTHCARE (CONTINUED)

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

Contributions of \$0, and \$2,695 are reported as deferred outflows of resources related to OPEB resulting from Rhode Island Commerce Corporation contributions in fiscal years 2024 and 2023, respectively, subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Net Deferred Outflows (Inflows) of Resources
2024	\$ (6,925)
2025	(7,152)
2026	(7,195)
2027	(7,159)
2028	(7,679)
Thereafter	(4,632)
	\$ (40,742)

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability was determined using the following significant actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost Methodology is used
Amortization Method	Level Percent of Payroll - Closed
Inflation	2.50%
Salary Increases	3.25% to 7.25%
Investment Rate of Return	5.00%
Health Care Cost Trend Rate	6.00% to 7.5% in fiscal 2023 decreasing annually to 3.5% in fiscal year 2033 and later

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - POSTEMPLOYMENT HEALTHCARE (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Mortality rates for male plan members were based on the PUB-10 Median Table for General Healthy Retiree Males, loaded by 115%, projected with Scale Ultimate MP16. Mortality rates for female plan members were based on the PUB-10 Median Table for General Healthy Retiree Females, loaded by 111%, projected with Scale Ultimate MP16.

The long-term expected rate of return best-estimate on OPEB plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of OPEB plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 42 nationally recognized investment consulting firms (27 of which provided long-term assumptions). The June 30, 2023 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Long-Term Target Asset Collation	Long-Term Expected Real Rate of Return
Growth		
Global Equity / Public Growth	40.0%	6.84%
Private Growth	5.0%	9.24%
Income		
Equity Options	4.0%	6.20%
Liquid Credit	4.0%	4.56%
Emerging Market Debit	4.0%	4.53%
Collateralized Loan Obligations	4.0%	4.56%
Private Credit	5.0%	4.56%
Stability		
Inflation Protection		
Core Real Estate	4.0%	5.01%
Private Real Assets	4.0%	5.91%
Volatility Protection		
U.S. Aggregate Bond	26.0%	1.78%
	100.0%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - POSTEMPLOYMENT HEALTHCARE (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, if any, will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, and the projection of cash flows as of each fiscal year ending, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - POSTEMPLOYMENT HEALTHCARE (CONTINUED)

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net OPEB liability calculated using the discount rate of 5 percent as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (4.0% Discount Rate)	(5.0% Discount Rate)	1% Increase (6.0% Discount Rate)
2024			
Net OPEB Liability	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
	1% Decrease (4.0% Discount Rate)	(5.0% Discount Rate)	1% Increase (6.0% Discount Rate)
2023			
Net OPEB Liability	<u>\$ 22,931</u>	<u>\$ 17,813</u>	<u>\$ 13,545</u>

The following table presents the net OPEB liability calculated using the healthcare cost trend rate baseline (defined in the actuarial assumptions table above), as well as what the employers' net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease	5.00%	1% Increase
2024			
Net OPEB Liability	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
	1% Decrease	5.00%	1% Increase
2023			
Net OPEB Liability	<u>\$ 12,445</u>	<u>\$ 17,813</u>	<u>\$ 24,528</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 - POSTEMPLOYMENT HEALTHCARE (CONTINUED)

OPEB PLAN FIDUCIARY NET POSITION

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.oag.ri.gov/reports.html>. The report contains detailed information about the OPEB plan's fiduciary net position.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

GRANTS

Under the terms of federal and other grants, periodic expenditures financed by grants are subject to audits by the grantors or their representatives and, consequently, certain costs may be questioned as not being appropriate, and result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. Corporation officials believe that such disallowances, if any, would not be material.

PUBLIC INVESTMENT PAYMENTS

For the years ended June 30, 2024 and 2023, the Rhode Island Commerce Corporation had public investment payments that consisted of Job Rent Credits – FMR (see Note 8) of \$0.

LITIGATION

Rhode Island Commerce Corporation and SBLF are defendants in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Rhode Island Commerce Corporation's management, the resolution of these matters will not have a material adverse effect on the financial position of Rhode Island Commerce Corporation or SBLF.

RISK MANAGEMENT

Rhode Island Commerce Corporation is self-insured for unemployment compensation. No accrual has been made for claims expected to arise from services rendered on or before June 30, 2024 because Rhode Island Commerce Corporation officials are of the opinion that, based upon prior years' experience, any claims will not be material.

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

RISK MANAGEMENT (CONTINUED)

Rhode Island Commerce Corporation is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which Rhode Island Commerce Corporation carries commercial insurance. Neither Rhode Island Commerce Corporation nor its insurers have settled any claims which exceeded Rhode Island Commerce Corporation's insurance coverage in any of the last three fiscal years.

There have been no significant reductions in any insurance coverage during the last three years.

RISKS AND UNCERTAINTIES

There were no risks or uncertainties during the years ended June 30, 2024 and June 30, 2023.

NOTE 13 - CONDUIT DEBT OBLIGATIONS AND CREDIT ENHANCEMENTS

From time to time, Rhode Island Commerce Corporation issues revenue bonds and notes to provide financial assistance to private-sector and public-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 or public-sector entity serviced by the bond or note issuance. Rhode Island Commerce Corporation is not obligated in any manner for repayment of the bonds and notes, except for those obligations in default that were issued with a credit enhancement by the Corporation under the Job Creation Guaranty Program, as described below. The bonds and notes are not reported as liabilities in the accompanying financial statements.

Under the terms of the various indentures and related loan and lease agreements, the private-sector and public-sector entities make loan and lease payments directly to the trustees of the related bond and note issued in amounts equal to interest and principal payments due on the respective issues. Accordingly, the payments are not shown as receipts and disbursements of Rhode Island Commerce Corporation.

The total aggregate principal amount outstanding under all conduit debt obligations at June 30, 2024 and 2023 was approximately \$695,966,080 and \$778,436,702, respectively.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 14 - CONTRACTUAL SERVICES

Contractual services expense by service category for Rhode Island Commerce Corporation and SBLF for the years ended June 30, 2024 and 2023 are as follows:

	2024		2023	
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
Consulting	\$ 6,005,974	\$ --	\$ 2,486,440	\$ --
Marketing	2,802,348	--	2,551,861	--
Legal Services	776,301	45,373	935,878	29,128
Other	556,963	11,121	563,945	8,840
Information Technology	<u>157,547</u>	<u>--</u>	<u>155,242</u>	<u>--</u>
	<u>\$ 10,299,133</u>	<u>\$ 56,494</u>	<u>\$ 6,693,366</u>	<u>\$ 37,968</u>

NOTE 15 - INCENTIVE PROGRAM EXPENSES

The Rhode Island Commerce Corporation recognized the following incentive program expenses for the years ended June 30, 2024 and 2023:

	2024	2023
Rebuild Rhode Island	\$ 13,147,188	\$ 17,708,677
Small Business Assistance	44,525	788,977
Innovative Initiative	1,149,983	1,237,097
Wavemaker Fellowship	546,186	397,787
First Wave Closing	--	200,000
Main Street	51,689	302,969
Pathways in Technology Early College High School (P-TECH)	--	--
Industry Cluster	--	--
ARRA Energy	--	--
Airport Services	<u>1,019,200</u>	<u>--</u>
Total Incentive Program Expenses	<u>\$ 15,958,771</u>	<u>\$ 20,635,507</u>

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 15 - INCENTIVE PROGRAM EXPENSES (CONTINUED)

The Innovative Initiative Program was authorized under RIGL §42-64.28 for Rhode Island based small businesses with 500 or fewer employees to apply for vouchers worth \$5,000 to \$75,000 to access technical assistance and other services, including, but not limited to, research, technological development, product development, commercialization, market development, technology exploration, and improved business practices. The voucher can be used at any knowledge provider, generally meaning a Rhode Island institution of higher education or other entity in Rhode Island that will provide services to a voucher recipient pursuant to a voucher agreement. Manufacturers can use a voucher to fund internal research and development.

The Wavemaker Fellowship Program was authorized under RIGL §42-64.26 and provides qualifying candidates refundable tax credits based on certain criteria. The Rhode Island Commerce Corporation administers the program and makes payments to the State of Rhode Island when the refundable tax credits are claimed. The value of the individual tax credit is capped between \$1,000 and \$6,000 based on the highest degree awarded.

The Regional Greenhouse Gas Initiative (“RGGI”) is the nation’s first mandatory, market-based cap and trade program to reduce emissions of carbon dioxide (“CO₂”). As a participating state, Rhode Island receives CO₂ allowance proceeds, which are invested in a variety of consumer benefit programs, including energy efficiency, renewable energy, direct energy bill assistance and other greenhouse gas reduction programs. The allowable use of auction proceeds in Rhode Island is governed by §23-82-6 of the Rhode Island General Laws. Applicants can receive up to \$350,000 in funding.

The Rebuild Rhode Island Program was authorized under RIGL §42-64.20 and provides redeemable tax credits covering up to 20% of project costs for commercial office, industrial, mixed use development, and residential ground-up construction and historic rehabilitation with minimum project costs of \$5,000,000 and certain square footage and project size minimums. Pursuant to an amendment to R.I. Gen. Laws § 42-64.20-5(c) enacted in 2019, the Corporation was tasked with establishing a streamlined Rebuild application process for projects that include (i) certified or recognize historic structures, (ii) at least one manufacturer, or (iii) affordable or workforce housing. In addition, R.I. Gen Laws § 42-64.20-5(e) was amended to provide for an exemption of certain eligibility requirements for the aforementioned historic or manufacturing projects (such amendments may collectively be referred to as the “Streamlined Rebuild Program”). Projects that are subject to this exemption do not have to meet the size, unit count, square footage or employment requirements that would normally be applicable to residential, mixed-use or commercial projects under the program.

The Small Business Assistance Program was authorized under RIGL §42-64.25 and assists entrepreneurs and small businesses that encounter difficulty in obtaining adequate credit from

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 15 - INCENTIVE PROGRAM EXPENSES (CONTINUED)

traditional lending organizations. The Rhode Island Commerce Corporation partners with lenders by providing direct loans to businesses ranging from \$2,000 to \$500,000.

The Main Street Program is authorized under RIGL §42-64.27 and awards grants or loans on a competitive basis to facilitate improvement of streetscapes such as, but not limited to, enhanced sidewalks, new wayfinding signage, upgraded business facades, and improved street and public space lighting, in support of creating an attractive environment for small business development and commerce. Projects can receive grant awards of not more than 30% of funds available for the fiscal year and applicants must have matching funds.

The Airport Services Program is authorized under RIGL §42-64.32 and will provide certain air carriers and/or cargo carriers direct financial incentives, revenue guarantees, and/or other support to incentivize air service to T.F. Green Airport.

The First Wave Closing Program is authorized under RIGL §42-64.23 and provides linchpin financing unavailable from other sources to close transactions of a critical or catalytic nature. Funds can be used for a variety of purposes, including working capital, equipment purchases, furnishings, construction, and permanent financing.

The Rhode Island Commerce Corporation has on occasion required developers of projects receiving incentives under the Rebuild Rhode Island Tax Credit Program or the Tax Increment Financing Program to provide for return from cash flows and/or upon a capital event based upon higher than expected returns from a 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 developer has made a payment to the Rhode Island Commerce Corporation under such contractual provisions in relation to a project for which incentives have been provided under the foregoing programs.

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 16 - OTHER NONOPERATING EXPENSES

The Rhode Island Commerce Corporation recognized the following other nonoperating expenses for the years ended June 30, 2024 and 2023:

	2024		2023	
	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation	Rhode Island Commerce Corporation	Small Business Loan Fund Corporation
Loss on conduit debt obligation	\$ --	\$ --	\$ --	\$ --
Rhode Island Science & Technology Advisory Council (STAC)	814,980	--	1,037,364	--
Airport Impact Aid	--	--	1,008,661	--
Rhode Island Export Assistance Center	1,054,464	--	839,394	--
Supply RI Grant Expenses	--	--	--	--
First Wave Closing Expenses	35	--	35	--
RILSH-Pass Through	162,534	--	--	--
Loss on SSBCI Investment	--	50,887	--	--
Gain on SBLF Loans Receivable	--	--	--	(58,056)
Other Non Operating Expenses	2	--	--	--
Total other nonoperating expenses	<u>\$ 2,032,015</u>	<u>\$ 50,887</u>	<u>\$ 2,885,454</u>	<u>\$ (58,056)</u>

NOTE 17 - RELATED PARTY TRANSACTIONS

The Rhode Island Commerce Corporation provides accounting, budgeting, and reporting services, program and administrative support, and office space to the Rhode Island Executive Office of Commerce. For the years ended June 30, 2024 and 2023, the Rhode Island Commerce Corporation was not compensated for these services. The value of these services are not readily determinable.

The Rhode Island Commerce Corporation also provides management and program services to the Rhode Island Industrial Facilities Corporation (“RIIFC”) and the Rhode Island Industrial-Recreational Building Authority (“RIIRBA”). For the years ended June 30, 2024 and 2023, the Rhode Island Commerce Corporation received from RIIFC \$2,387 and \$3,858, respectively. For the years ended June 30, 2024 and 2023, the Rhode Island Commerce

RHODE ISLAND COMMERCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 17 - RELATED PARTY TRANSACTIONS (CONTINUED)

Corporation received from RIIRBA \$0 and \$1,161, respectively. Amounts charged are based on hours of service and indirect rates.

Amounts due from other State component units are as follows as of June 30, 2024 and 2023:

	2024	2023
Due to Financial Services Reserve from RIIRBA (through RIIFC)	\$ 350,323	
Rhode Island Industrial Facilities Corporation	--	\$ 2,387
Rhode Island Industrial-Recreational Building Authority	--	--
	<u>\$ 350,323</u>	<u>\$ 2,387</u>

REQUIRED SUPPLEMENTARY INFORMATION

RHODE ISLAND COMMERCE CORPORATION
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SCHEDULE OF CORPORATION'S CONTRIBUTIONS

RHODE ISLAND COMMERCE CORPORATION PENSION PLAN AND TRUST

LAST TEN YEARS

Valuation Date	2024 7/1/23	2023 7/1/22	2022 7/1/21	2021 7/1/20	2020 7/1/19	2019 7/1/18	2018 7/1/17	2017 7/1/16	2016 7/1/15	2015 7/1/14
Actuarially Determined	\$ --	\$ --	\$ --	\$ --	\$ 4,622	\$ 92,740	\$ 204,613	\$ 97,831	\$ 97,831	\$ 92,525
Contributions in relation to the actuarially determined contribution	243,344	304,179	182,529	121,686	182,529	243,372	207,271	88,549	88,549	45,990
Contribution deficiency/(excess)	(243,344)	(304,179)	(182,529)	(121,686)	(177,907)	(150,632)	(2,658)	9,281	9,281	46,535
Covered Employee Payroll	645,255	673,446	674,446	783,430	895,680	884,951	1,036,833	1,077,914	1,077,914	1,118,572
Contributions as a Percentage of Covered Employee Payroll	37.71%	45.17%	27.06%	15.53%	20.38%	27.50%	19.99%	8.21%	8.21%	4.11%
Actuarially Determined Contribution	Calculated in accordance with the Aggregate Actuarial Cost Method									
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method <i>The normal cost is computed in the aggregate equal to (a) the actuarial present value of future normal cost divided by (b) a temporary annuity. The actuarial present value of future normal cost equals the actuarial present value of future benefits less the adjusted actuarial value of plan assets. The temporary annuity equals the total actuarial present value of future compensation divided by the total compensation for all participants who have not reached their assumed retirement age.</i>									

See notes to Required Supplementary Information.

RHODE ISLAND COMMERCE CORPORATION
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SCHEDULE OF CORPORATION'S CONTRIBUTIONS

EMPLOYEES' RETIREMENT SYSTEM ("ERS") PLAN

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ --	\$ 14,298	\$ 28,135	\$ 28,070	\$ 26,808	\$ 25,267	\$ 23,801	\$ 23,785	\$ 22,833	\$ 21,260
Contributions in relation to the actuarially determined contribution	--	14,298	28,135	28,070	26,808	25,267	23,801	23,785	22,833	21,260
Covered Employee Payroll	--	51,045	102,089	102,089	102,089	94,830	92,559	92,891	91,340	91,129
Contributions as a Percentage of Covered Employee Payroll	28.97%	28.01%	27.56%	27.50%	26.26%	26.64%	25.71%	25.61%	25.00%	23.33%

Notes:

1.) *Employers participating in the State Employees' Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.*

2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

See notes to Required Supplementary Information.

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SCHEDULE OF CORPORATION'S CONTRIBUTIONS

STATE EMPLOYEES' OPEB SYSTEM PLAN

LAST SEVEN FISCAL YEARS

	2024	2023	2022	2021	2021	2020	2019
Statutorily Determined Contribution	\$ --	\$ --	\$ 2,695	\$ 5,992	\$ 6,755	\$ 5,851	\$ 5,715
Contributions in relation to the statutorily determined contribution	<u>--</u>	<u>--</u>	<u>2,695</u>	<u>5,992</u>	<u>6,755</u>	<u>5,851</u>	<u>5,715</u>
Contribution Deficiency (Excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Rhode Island Commerce Corporation's Covered Payroll	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 51,045</u>	<u>\$ 102,089</u>	<u>\$ 102,088</u>	<u>\$ 102,089</u>	<u>\$ 94,830</u>
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	5.28%	5.87%	6.62%	5.73%	6.03%

Notes:

1.) *Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.*

2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

See notes to Required Supplementary Information.

RHODE ISLAND COMMERCE CORPORATION
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SCHEDULE OF CORPORATION'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

EMPLOYEES' RETIREMENT SYSTEM

LAST TEN YEARS

Year Ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Corporation's Proportion of the Net Pension Liability (Asset)	40.81%	40.81%	40.81%	40.81%	40.81%	40.81%	40.79%	40.47%	40.89%	42.15%
Corporation's proportionate share of the net pension	\$ (2,039,321)	\$ (1,106,758)	\$ (3,274,350)	\$ (922,684)	\$ (885,436)	\$ (539,859)	\$ 83,246	\$ 623,723	\$ 1,717	\$ (477,935)
Corporation's covered employee payroll	<u>645,255</u>	<u>673,446</u>	<u>674,446</u>	<u>783,430</u>	<u>895,680</u>	<u>884,951</u>	<u>1,036,833</u>	<u>1,118,572</u>	<u>1,118,572</u>	<u>1,166,710</u>
Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-316.05%	-164.34%	-485.49%	-117.77%	-98.86%	-61.00%	8.03%	55.76%	0.15%	-40.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	112.40%	112.18%	136.61%	110.45%	110.48%	106.64%	98.95%	91.89%	99.98%	106.84%

1.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See notes to Required Supplementary Information.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF CORPORATION'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

EMPLOYEES' RETIREMENT SYSTEM

LAST TEN YEARS

Year Ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Corporation's Proportion of the Net Pension Liability (Asset)	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%
Corporation's proportionate share of the net pension liability (asset)	\$ 129,320	\$ 245,211	\$ 305,307	\$ 302,413	\$ 302,413	\$ 308,888	\$ 305,320	\$ 293,616	\$ 270,891	\$ 273,850
Corporation's covered-employee payroll	--	51,045	102,089	109,650	102,089	94,830	95,703	92,891	91,340	91,129
Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	0.00%	480.39%	299.06%	275.80%	296.22%	325.73%	319.03%	316.09%	296.57%	300.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.30%	59.60%	63.20%	52.60%	52.80%	52.50%	51.80%	51.88%	58.58%	55.03%

Notes:

- 1.) The amounts presented for each fiscal year were determined as of June 30 measurement date prior to the fiscal year-end.*
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

See notes to Required Supplementary Information.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

STATE EMPLOYEES' OPEB SYSTEM PLAN

LAST SIX FISCAL YEARS

Year Ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Rhode Island Commerce Corporation's proportion of the net OPEB liability	0.000%	0.006%	0.015%	0.013%	0.013%	0.014%
Rhode Island Commerce Corporation's proportionate share of the net OPEB liability	\$ --	\$ 17,813	\$ 33,881	\$ 48,366	\$ 58,256	\$ 68,885
Rhode Island Commerce Corporation's covered payroll	--	51,045	102,089	109,650	102,089	94,830
Rhode Island Commerce Corporation's proportionate share of the net OPEB as a percentage of its covered payroll	0.00%	34.90%	33.19%	44.11%	57.06%	72.64%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	55.09%	60.52%	42.51%	33.57%	26.25%

The amounts presented for each fiscal year were determined as of June 30 measurement date prior to the fiscal year-end.

Schedule is intended to show information for 10 years – additional years will be displayed as they become available.

See notes to Required Supplementary Information.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - RHODE ISLAND COMMERCE CORPORATION PENSION PLAN

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of the Proportionate Share of the Net Pension Liability presents multi-year trend information on the Corporation's share of the Net Pension Liability and related ratios.

The Schedule of Contributions presents multi-year trend information for the Rhode Island Commerce Corporation's required and actual contributions relating to the pension plan.

10-YEAR TREND INFORMATION

The Schedules of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions are intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement report.

CHANGES IN ASSUMPTIONS

There were no changes in assumptions from the prior measurement report.

NOTE 2 - RHODE ISLAND COMMERCE CORPORATION EMPLOYER RETIREMENT SYSTEM PENSION PLAN

ACTUARIAL METHODS AND ASSUMPTIONS USED TO CALCULATE THE NET PENSION LIABILITY OF THE PARTICIPATING EMPLOYERS

The actuarial methods and assumptions used to calculate the net pension liability of the participating employers are described in Note 10 to the financial statements. The following information is presented about factors that significantly affect trends in the amounts reported between years.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 2 - RHODE ISLAND COMMERCE CORPORATION EMPLOYER RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

JUNE 30, 2023 MEASUREMENT DATE:

Assumption changes included updated projected salary increases.

JUNE 30, 2022 MEASUREMENT DATE:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plan as of the June 30, 2022 measurement date compared to the June 30, 2021 measurement date.

JUNE 30, 2021 MEASUREMENT DATE:

Assumption changes included updated rates of mortality, retirement, withdrawal, disability and salary increases consistent with the Employees' Retirement System of Rhode Island, as applicable.

JUNE 30, 2020 MEASUREMENT DATE:

As part of the 2020 Actuarial Experience Study for the six-year period ending June 30, 2019 as approved by the System Board on May 22, 2020, certain assumptions were modified and reflected in the determination of net pension liability (asset) at the June 30, 2020 measurement date. The following summarizes the more significant changes in assumptions:

- Updated the underlying mortality tables from the RP-2014 set of tables to the public sector-based PUB (10) tables.
- Increased slightly the probabilities of turnover.
- Decreased slightly the probabilities of retirement.
- Modified slightly the probabilities of disability, including adding material incidence of disability for members in the age ranges that historically have been eligible to retire but under prospective provisions are not.

The "Cadillac tax", which was a tax provision from the federal Affordable Care Act (ACA), was repealed in December 2019. As a result, liability amounts previously included for the "Cadillac tax" within the development of the total OPEB liability has been removed as of the June 30, 2020 measurement date.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 2 - RHODE ISLAND COMMERCE CORPORATION EMPLOYER RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

JUNE 30, 2019 MEASUREMENT DATE:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date.

JUNE 30, 2018 MEASUREMENT DATE:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plan as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

JUNE 30, 2017 MEASUREMENT DATE:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, updated to the ultimate rates of the MP-2016 projection scale.

JUNE 30, 2016 MEASUREMENT DATE:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

JUNE 30, 2015 MEASUREMENT DATE:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date.

Benefit changes are reflected in the calculation of the net pension liability at the June 30, 2015 measurement date. The following is a summary of those benefit changes that resulted from the settlement of the pension litigation and the subsequent enactment of those settlement provisions by the General Assembly.

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 2 - RHODE ISLAND COMMERCE CORPORATION EMPLOYER RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.

- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service.
- Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4-year rather than 5-year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

ACTUARIALLY DETERMINED CONTRIBUTIONS

Actuarially determined contributions are calculated as of June 30, three years prior to the fiscal year in which the contributions are reported. For example, the contribution rate for fiscal 2019 for the plan was based on a valuation performed as of June 30, 2016.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 3 - RHODE ISLAND COMMERCE CORPORATION OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

ACTUARIAL ASSUMPTIONS AND METHODS USED TO CALCULATE THE NET OPEB LIABILITY OF THE PARTICIPATING EMPLOYERS

The actuarial methods and assumptions used to calculate the net OPEB liability of the participating employers are described in Note 10 to the financial statements. The following information is presented about factors that significantly affect trends in the amounts reported between years.

JUNE 30, 2023 MEASUREMENT DATE:

Assumption changes included updated state employees equivalent single remaining amortization period and healthcare trend rates.

JUNE 30, 2022 MEASUREMENT DATE:

There were no changes in actuarial methods reflected in the calculation of the net OPEB liability (asset) of the plans as of the June 30, 2022 measurement date compared to the June 30, 2021 measurement date. Changes in actuarial assumptions were limited to the update of healthcare trend assumptions.

JUNE 30, 2021 MEASUREMENT DATE:

Assumption changes included updated rates of mortality, retirement, withdrawal, disability and salary increases consistent with the Employees' Retirement System of Rhode Island, as applicable.

JUNE 30, 2020 MEASUREMENT DATE:

The "Cadillac tax", which was a tax provision from the federal Affordable Care Act ("ACA"), was repealed in December 2019. As a result, liability amounts previously included for the "Cadillac tax" within the development of the total OPEB liability has been removed as of the June 30, 2020 measurement date.

JUNE 30, 2019 MEASUREMENT DATE:

The June 30, 2018 actuarial valuation rolled forward to the June 30, 2019 measurement date reflected a change in Excise Tax load on pre-65 liabilities from 11.0% to 9.5%.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 3 - RHODE ISLAND COMMERCE CORPORATION OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

JUNE 30, 2018 MEASUREMENT DATE:

There were no changes in actuarial methods or assumptions reflected in the calculation of the net OPEB liability of the plan as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

JUNE 30, 2017 MEASUREMENT DATE:

Certain actuarial assumptions for State Employees were updated to match the assumptions used for State Employees in the pension valuation for the Employees' Retirement System of Rhode Island ("ERSRI") and the results of an actuarial experience investigation performed for ERSRI at June 30, 2016. Changes were made to the following assumptions:

- Merit and longevity portion of the salary increase assumption
- Rates of separation from active membership
- Rates of retirement
- Rates of disability
- The rate of wage inflation
- The mortality assumption
- The trend assumption
- Aging factors and health and inflation trends

The excise tax load on pre-65 liabilities was changed from 13.8% to 11.0%. The Patient Protection and Affordable Care Act includes an excise tax on high cost health plans beginning in 2022. The excise tax is 40% of costs above a threshold. The actual actuarial assumptions used in the most recent valuations assume that the plans will be subject to the excise tax in 2022.

ACTUARIALLY DETERMINED CONTRIBUTIONS

The annual required contributions for fiscal year 2020 were determined based on the June 30, 2017 valuation of the State Employees' OPEB Plan.

SUPPLEMENTARY INFORMATION

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Defense			
Direct Programs:			
APEX Accelerator	12.002	\$ --	\$ 377,386
Total U.S. Department of Defense		<u> -- </u>	<u> 377,386 </u>
U.S. Department of Commerce			
Economic Adjustment Assistance	11.307	--	10,552,379
EDA Tourism Grant	11.307	--	2,980,159
Broadband BEAD	11.035	--	1,466,220
Broadband DE	11.032	--	386,289
Total Department of Commerce		<u> -- </u>	<u> 15,385,046 </u>
U.S. Department of Treasury			
Pass-through Program from the U.S. Economic Development Administration			
EDA Coronavirus Relief Fund	21.019	--	5,790,871
EDA Statewide Planning Grant	21.027	--	573,692
Pass-through Program from the State of Rhode Island			
American Rescue Plan Act-RI Rebounds	21.027	10,902,857	11,393,197
American Rescue Plan Act-SSBCI	21.031	8,333,763	8,333,763
American Rescue Plan Act-Broadband CPF	21.027	--	415,491
American Rescue Plan Act-Other	21.027	--	2,917,509
Total U.S. Department of Treasury		<u> 19,236,620 </u>	<u> 29,424,524 </u>
U.S. Department of Energy			
Pass-through Program from the State of Rhode Island			
State Energy Program	81.041	--	1,074
Total U.S. Department of Energy		<u> -- </u>	<u> 1,074 </u>
Federal Communications Commission			
Pass-through Program from the State of Rhode Island			
FCC Broadband	32.011	84,180	86,129
Total Federal Communications Commission		<u> 84,180 </u>	<u> 86,129 </u>
Total Schedule of Expenditures of Federal Awards		<u> \$ 19,320,800 </u>	<u> \$ 45,274,159 </u>

See notes to the Schedule of Expenditures of Federal Awards.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

**NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Rhode Island Commerce Corporation under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”).

Because the Schedule presents only a selected portion of the operations of the Rhode Island Commerce Corporation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Rhode Island Commerce Corporation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance.

NOTE 3 - DETERMINATION OF MAJOR PROGRAMS

The Schedule is presented as supplementary information required by the State of Rhode Island. The federal programs of Rhode Island Commerce Corporation are included in the State of Rhode Island’s schedule of expenditures of federal awards, which is audited under the Uniform Guidance by the State of Rhode Island’s Office of the Auditor General.

The determination of major programs is made based on the State of Rhode Island’s schedule of expenditures of federal awards, where it was determined that none of Rhode Island Commerce Corporation’s federal programs were major programs during the State fiscal year ended June 30, 2024.

NOTE 4 - LOANS BALANCES OUTSTANDING

The U.S. Economic Development Administration (EDA) CARES Act Revolving Loan Fund had \$4,734,308 with continuing compliance requirements under federal loan and loan guarantee programs at June 30, 2024. The Small Business Loan Fund Corporation had no loans outstanding with continuing compliance requirements under federal loan and loan guarantee programs at June 30, 2024.

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

**NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 - INDIRECT COST RATE

Rhode Island Commerce Corporation has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance in certain circumstances.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

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

JUNE 30, 2024

Assets

Current assets	
Cash and cash equivalents	\$ 19,616,401
Investments	--
Receivables (net)	2,499,329
Restricted assets:	
Cash and cash equivalents	212,969,269
Investments	2,533,341
Receivables (net)	80,404
Other assets	--
Due from primary government	7,295,837
Due from other component units	350,323
Due from other governments	--
Inventories	--
Other assets	261,288
Total Current Assets	<u>245,606,192</u>
Noncurrent Assets	
Investments	272,203
Receivables (net)	9,660,204
Due from other governments and agencies	--
Restricted assets:	
Cash and cash equivalents	4,742,183
Investments	2,578,769
Receivables (net)	7,542,182
Other assets	--
Due from other component units	--
Net pension asset	--
Net OPEB asset	--
Capital assets - nondepreciable	8,725,626
Capital assets - depreciable (net)	1,280,395
Other assets, net of amortization	2,039,322
Total Noncurrent Assets	<u>36,840,884</u>
Total Assets	<u>282,447,076</u>
Deferred outflows of resources	
Deferred pension amounts	--
Deferred OPEB amounts	3,816
Other deferred outflows of resources	1,632,278
Total Deferred Outflows of Resources	<u>\$ 1,636,094</u>

See Independent Auditors' Report.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

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

JUNE 30, 2024

Liabilities

Current Liabilities

Cash overdraft	\$	--
Accounts payable		3,425,992
Due to primary government		--
Due to other component units		--
Due to other governments		--
Accrued expenses		--
Compensated absences		--
Lease liability, current portion, net		407,780
Subscription liability, current portion, net		7,082
Unearned revenue		13,081,139
Other current liabilities		12,074,651
Current portion of long-term debt		1,554,697
Total current liabilities		<u>30,551,341</u>

Noncurrent Liabilities

Due to primary government - advances fom state for conduit debt obligations		--
Due to other component units		--
Due to other governments		--
Net pension liability		--
Net OPEB obligation		--
Unearned revenue		1,024,253
Notes payable		--
Loans payable		--
Obligations under capital leases		--
Compensated absences		--
Lease liability, less current portion		714,244
Subscription liability, less current portion		1,621
Bonds payable		3,467,179
Other liabilities		1,464,067
Total Noncurrent Liabilities		<u>6,671,364</u>

Total Liabilities

37,222,705

Deferred Inflows of Resources

Deferred pension amounts		--
Deferred OPEB amounts		--
Other deferred inflows of resources		1,583,370
Total Deferred Inflows of Resources		<u>1,583,370</u>

Net Position

Net investment in capital assets		9,932,821
Restricted for:		
Debt		--
Other		--
Nonexpendable		201,926,447
Net Pension Asset		792,481
Capital projects		--
Unrestricted (Deficit)		32,625,345
Total Net Position		<u>\$ 245,277,094</u>

See Independent Auditors' Report.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

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

FOR THE YEAR ENDED JUNE 30, 2024

Expenses	\$ 74,712,081
Program Revenues	
Charges for services	5,204,606
Operating grants and contributions	30,551,707
Capital grants and contributions	<u> --</u>
Total Program Revenues	<u>35,756,313</u>
Net (Expenses) Revenues	<u>(38,955,768)</u>
General Revenues	
State appropriations	64,454,106
Interest and investment earnings	9,834,983
Miscellaneous revenue	<u>6,981,140</u>
Total General Revenues	<u>81,270,229</u>
Income before transfers and special and extraordinary items	42,314,461
Transfer from other State component unit	504,166
Transfer to State of Rhode Island	--
Special Item - Debt Forgiveness	<u> --</u>
Change in net position	<u>42,818,627</u>
Total Net Position - Beginning	<u>202,458,467</u>
Total Net Position - Ending	<u>\$ 245,277,094</u>

See Independent Auditors' Report.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

STATE OF RHODE ISLAND REQUIRED FORM
COMBINED SCHEDULE OF LONG-TERM DEBT (ATTACHMENT D)

FOR THE YEAR ENDED JUNE 30, 2024

June 30,	Principal	Interest
2025	\$ 1,554,697	\$ 344,387
2026	1,667,537	226,999
2027	<u>1,799,642</u>	<u>100,781</u>
Total Bonds Payable	5,021,876	672,167
Less Current Portion	<u>1,554,697</u>	<u>344,387</u>
Net Long-Term Portion of Bonds Payable	<u>\$ 3,467,179</u>	<u>\$ 327,780</u>

See Independent Auditors' Report.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

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

FOR THE YEAR ENDED JUNE 30, 2024

Combined Schedule of Changes in Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Bonds Payable	\$ 6,467,703	\$ --	\$ (1,445,827)	\$ 5,021,876	\$ 1,554,697	\$ 3,467,179
Net unamortized premium/discount	--	--	--	--	--	--
Bonds Payable	<u>6,467,703</u>	<u>--</u>	<u>(1,445,827)</u>	<u>5,021,876</u>	<u>1,554,697</u>	<u>3,467,179</u>
Notes payable	--	--	--	--	--	--
Loans payable	--	--	--	--	--	--
Obligations under capital leases	--	--	--	--	--	--
Net pension liability	129,320	--	(129,320.00)	--	--	--
Net OPEB liability	17,813	--	(17,813.00)	--	--	--
Due to primary government - advances from State for conduit debt obligations	--	--	--	--	--	--
Due to component units	--	--	--	--	--	--
Due to other governments and agencies	--	--	--	--	--	--
Lease liability	1,543,546	--	(421,522)	1,122,024	407,780	714,244
Unearned revenue	34,646,560	--	(20,541,168)	14,105,392	13,081,139	1,024,253
Compensated absences	--	--	--	--	--	--
Arbitrage rebate	--	--	--	--	--	--
Pollution remediation	--	--	--	--	--	--
Funds held for others	--	--	--	--	--	--
Subscription liability	16,162	--	(7,459)	8,703	7,082	1,621
Other liabilities - liabilities payable from restricted assets	890,771	573,296	--	1,464,067	--	1,464,067
	<u>\$ 43,711,875</u>	<u>\$ 573,296</u>	<u>\$ (22,563,109)</u>	<u>\$ 21,722,063</u>	<u>\$ 15,050,698</u>	<u>\$ 6,671,365</u>

See Independent Auditors' Report.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

Date	Payee	Amount	Purpose
7/31/2023	Eben Kiesow	\$ 3,291.56	Esri User Conference in San Diego, CA
8/8/2023	American Clean Power Association	\$ 7,000.00	2023 Windpower Conf Booth Fee
8/10/2023	Brian Thorn	\$ 761.78	Increasing Access to High-Speed Internet Event in Washington, DC
8/10/2023	Olivia Read	\$ 3,069.54	Esri User Conference in San Diego, CA
8/15/2023	Anika Kimble-Huntley	\$ 1,626.01	Jennifer Hudson Show Taping in Los Angeles, CA
8/30/2023	Mike Walker	\$ 2,504.49	National Brownfields Conference in Detroit, MI
9/28/2023	Mildred Siu-Li Khoe	\$ 1,919.26	International Trade Mission to Dominican Republic
10/3/2023	Kate Felder	\$ 974.49	Digital Equity Workshop hosted by Federal Reserve Bank in New York, NY
10/11/2023	Elizabeth M. Tanner	\$ 940.57	RI Food Dealers Association Meeting in Washington, DC
10/12/2023	Discover New England	\$ 2,758.65	Airfare and Hotel for Mark Brodeur for the Brand USA Travel Week Marketplace in London, England
10/16/2023	APTAC	\$ 995.00	Registration Fee for Fall 2023 APTAC Conference in Washington, DC for PTAC employees
10/17/2023	Richard Lewis	\$ 509.80	Airfare for APTAC Conference in Washington, DC
10/31/2023	Anthony Cormier	\$ 1,058.97	Food tourism campaign in Detroit, MI
10/31/2023	Robin Erickson	\$ 1,258.42	Air Service Marketing Program in Orange County, CA
10/31/2023	William Cox	\$ 1,275.75	American Clean Power OSW conference in Boston, MA
10/31/2023	Kayleigh Hill	\$ 1,117.53	American Clean Power OSW conference in Boston, MA
11/29/2023	Richard Lewis	\$ 1,618.77	APTAC Fall 2023 Conference in Washington, DC
11/29/2023	Patricia Alison MacBeth	\$ 562.56	NE Food Systems Planners Partnership Retreat in Northampton, MA
11/14/2023	Daniela Fairchild	\$ 362.48	Pew Charitable Trusts' Broadband Access Initiative (BAI), Washington, DC
11/15/2023	Brian Thorn	\$ 963.87	Pew Charitable Trusts' Broadband Access Initiative (BAI), Washington, DC
11/30/2023	Robin Erickson	\$ 550.00	2023 BIG E (The Eastern States Exposition) in Springfield, MA
12/21/2023	American Bus Association	\$ 4,500.00	Sponsorship & booth fee for 2024 ABA Marketplace in Nashville, TN
1/29/2024	Lisa Carnavale	\$ 1,113.06	Visit and tour Ocean Technology Hub and the COVE in Halifax, Canada
1/29/2024	Daniela Fairchild	\$ 1,144.42	Visit and tour Ocean Technology Hub and the COVE in Halifax, Canada
3/5/2024	Kate Felder	\$ 1,980.24	National Digital Inclusion Alliance Conference in Philadelphia, PA
3/5/2024	APTAC	\$ 4,170.00	APEX Spring Training 2024
3/6/2024	Jeffrey Brant	\$ 1,357.20	Airfare for APTAC Conference in Coeur d' Alene, ID
3/6/2024	Cathern Ann Garcia	\$ 1,357.20	Airfare for APTAC Conference in Coeur d' Alene, ID
3/22/2024	Discover New England	\$ 6,885.02	German Sales Mission

See Independent Auditors' Report.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

Date	Payee	Amount	Purpose
3/27/2024	Cathern Ann Garcia	\$ 1,015.57	APTAC Spring Conference, Coeur d' Alene, ID
3/27/2024	Jeffrey Brant	\$ 1,374.90	APTAC Spring Conference, Coeur d' Alene, ID
3/27/2024	Richard Lewis	\$ 2,613.20	APTAC Spring Conference, Coeur d' Alene, ID
4/3/2024	Karen Stewart	\$ 595.68	Airfare for Clear Energy State's Alliance Summit, DC
4/5/2024	Richard Lewis	\$ 1,184.96	Advance ABTW Airfare/Registration
4/30/2024	Richard Lewis	\$ 225.00	Vermont APEX Advance
5/2/2024	Anthony Cormier	\$ 902.06	Jennifer Hudson Show Taping in Los Angeles, CA
5/2/2024	Robin Erickson	\$ 2,330.40	Jennifer Hudson Show Taping in Los Angeles, CA
5/2/2024	Freeman Expo Company	\$ 4,204.81	Booth Furniture fees for the 2024 ABA Marketplace Conference in Nashville, TN
5/2/2024	Robin Erickson	\$ 1,210.24	Atlanta Media 11/2023 - Atlanta, GA
5/6/2024	Daniela Fairchild	\$ 596.48	Satewide Planning Summit, Arlington VA March 2024
5/14/2024	Tyge Joyce	\$ 3,088.95	Airfare and AirBnb for BIO International Convention 6/2024 San Diego, CA
5/15/2024	William Cox	\$ 2,173.85	OSW IPF Conference New Orleans, LA
5/15/2024	Kayleigh Hill	\$ 2,041.99	OSW IPF Conference New Orleans, LA
5/15/2024	Eben Kiesow	\$ 2,349.93	OSW IPF Conference New Orleans, LA
5/28/2024	Richard Lewis	\$ 1,475.46	Small Business Training Week, Chicago, IL
5/28/2024	Richard Lewis	\$ 1,029.82	2024 APEX Training and Matchmaking Event, Burlington, VT
5/28/2024	Jeffrey Brant	\$ 655.38	2024 APEX Training and Matchmaking Event, Burlington, VT
5/28/2024	Lisa Carnavale	\$ 1,178.30	Build Back Better Regional Community of Practice Spring Workshop in Washington, DC
5/30/2024	Debra Overly	\$ 616.00	State Broadband Leaders Network for NTIA in Philadelphia, PA
6/4/2024	Karen Stewart	\$ 767.36	Clear Energy State's Alliance Summit, DC
6/14/2024	Mark Brodeur	\$ 2,650.77	ABA Marketplace, Nashville TN
6/14/2024	Mark Brodeur	\$ 442.38	DNE Summit, Brenton Woods, NH
6/14/2024	Mark Brodeur	\$ 1,691.68	Tourism Travel week Germany
6/14/2024	Mark Brodeur	\$ 1,231.28	Tourism IPW, Los Angeles CA
6/14/2024	Mark Brodeur	\$ 1,181.68	Tourism Travel Week, London

See Independent Auditors' Report.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

Date	Payee	Amount	Purpose
6/14/2024	Discover New England	\$ 6,200.00	IPW 2024-M.Brodeur Reg
6/18/2024	Mike Walker	\$ 894.88	Brownfield Conference, Portland, ME
6/20/2024	Elizabeth M. Tanner	\$ 2,164.23	H2O Conference, Halifax Nova Scotia, Canada
6/20/2024	Melody Weeks	\$ 2,394.64	World Summit AI, FDI, Montreal Canada
6/30/2024	Brian Thorn	\$ 639.88	SBLN Summit, Philadelphia, PA
6/30/2024	Lilia Holt	\$ 3,666.58	BIO International Convention, San Diego, CA
6/30/2024	Melody Weeks	\$ 2,466.46	Select USA 2024 Conference, Nationa Harbor, MD
	Total	<u>\$ 114,881.44</u>	

See Independent Auditors' Report.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2024

	Rhode Island Commerce Corporation	Renewable Energy Fund	ARRA Energy	Airport Services	P-TECH	Rebuild	Industry Cluster	Main Street	Small Business Assistance	Innovative Initiative	First Wave Closing	Wavemaker Fellowship	Big E	Total
Assets														
Current Assets														
Cash and cash equivalents	\$ 19,616,401	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 19,616,401
Accounts receivable	483,129	--	--	--	--	298,290	--	--	--	--	--	--	--	781,419
Interfund receivable	393,669	(36,073)	--	(3,999)	(10,092)	--	--	--	--	(249,999)	(14,835)	(29,177)	--	49,494
Due from State of Rhode Island	4,712,003	2,583,834	--	--	--	--	--	--	--	--	--	--	--	7,295,837
Due from other State component units	350,323	--	--	--	--	--	--	--	--	--	--	--	--	350,323
Deposits and prepaid expenses	250,295	--	--	--	--	--	--	--	--	--	--	--	--	250,295
Restricted:														--
Cash and cash equivalents	30,867,416	26,760,192	3,400	2,096,698	264,972	110,408,401	161,751	7,021,237	3,125,328	2,875,343	18,987,710	9,981,585	415,236	212,969,269
Investments	978,644	--	--	--	--	--	--	--	--	--	--	--	--	978,644
Grants and other receivables	--	79,002	5	--	--	--	--	--	1,397	--	--	--	--	80,404
Net investment in direct financing leases	1,554,697	--	--	--	--	--	--	--	--	--	--	--	--	1,554,697
Total Current Assets	59,206,577	29,386,955	3,405	2,092,699	254,880	110,706,691	161,751	7,021,237	3,126,725	2,625,344	18,972,875	9,952,408	415,236	243,926,783
Noncurrent Assets														
Restricted:														
Cash and cash equivalents	736,199	--	--	--	--	--	--	--	--	--	--	--	--	736,199
Notes receivable, less current portion	--	109,726	3,389	--	--	7,429,067	--	--	--	--	--	--	--	7,542,182
Net investments in direct financing leases, less current portion	2,578,769	--	--	--	--	--	--	--	--	--	--	--	--	2,578,769
Net pension asset - Rhode Island Commerce Corporation	2,039,322	--	--	--	--	--	--	--	--	--	--	--	--	2,039,322
Capital assets not being depreciated	8,480,626	171,800	--	--	--	--	--	--	--	--	--	--	--	8,652,426
Capital assets being depreciated, net	1,280,395	--	--	--	--	--	--	--	--	--	--	--	--	1,280,395
Total Noncurrent Assets	15,115,311	281,526	3,389	--	--	7,429,067	--	--	--	--	--	--	--	22,829,293
Total Assets	74,321,888	29,668,481	6,794	2,092,699	254,880	118,135,758	161,751	7,021,237	3,126,725	2,625,344	18,972,875	9,952,408	415,236	266,756,076
Deferred Outflows of Resources														
Rhode Island Commerce Corporation pension plan	1,628,577	--	--	--	--	--	--	--	--	--	--	--	--	1,628,577
State OPEB plan	3,816	--	--	--	--	--	--	--	--	--	--	--	--	3,816
State of Rhode Island pension plan	3,701	--	--	--	--	--	--	--	--	--	--	--	--	3,701
Total Deferred Outflows of Resources	\$ 1,636,094	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,636,094

See Independent Auditors' Report.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

COMBINING STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2024

	Rhode Island Commerce Corporation	Renewable Energy Fund	ARRA Energy	Airport Services	P-TECH	Rebuild	Industry Cluster	Main Street	Small Business Assistance	Innovative Initiative	First Wave Closing	Wavemaker Fellowship	Big E	Total
Liabilities														
Current Liabilities														
Accounts payable	\$ 3,417,836	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,417,836
Accrued expenses and other	1,602,511	5,580	--	2,500	--	10,342,263	--	--	--	--	--	--	--	11,952,854
Interfund payable	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Bonds and leases payable, current portion, restricted	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Lease liability, current portion, net	407,780	--	--	--	--	--	--	--	--	--	--	--	--	407,780
Subscription liability, current portion, net	7,082	--	--	--	--	--	--	--	--	--	--	--	--	7,082
Payable from restricted assets	1,554,697	--	--	--	--	--	--	--	--	115,972	--	--	--	1,670,669
Unearned revenue, restricted	13,081,139	--	--	--	--	--	--	--	--	--	--	--	--	13,081,139
Total Current Liabilities	20,071,045	5,580	--	2,500	--	10,342,263	--	--	--	115,972	--	--	--	30,537,360
Noncurrent Liabilities														
Liabilities payable from restricted cash and cash equivalents	826,434	637,633	--	--	--	--	--	--	--	--	--	--	--	1,464,067
Net other post-employment benefit liability	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Net pension liability - ERSRI	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Lease liability, less current portion	714,244	--	--	--	--	--	--	--	--	--	--	--	--	714,244
Subscription liability, less current portion	1,621	--	--	--	--	--	--	--	--	--	--	--	--	1,621
Bonds and leases payable, less current portion, restricted	3,467,179	--	--	--	--	--	--	--	--	--	--	--	--	3,467,179
Unearned revenue, restricted	--	1,024,253	--	--	--	--	--	--	--	--	--	--	--	1,024,253
Total Noncurrent Liabilities	5,009,478	1,661,886	--	--	--	--	--	--	--	--	--	--	--	6,671,364
Total Liabilities	25,080,523	1,667,466	--	2,500	--	10,342,263	--	--	--	115,972	--	--	--	37,208,724
Deferred Inflows of Resources														
Rhode Island Commerce Corporation pension plan	1,343,247	--	--	--	--	--	--	--	--	--	--	--	--	1,343,247
State of Rhode Island OPEB plan	44,558	--	--	--	--	--	--	--	--	--	--	--	--	44,558
State of Rhode Island pension plan	195,565	--	--	--	--	--	--	--	--	--	--	--	--	195,565
Total Deferred Inflows of Resources	1,583,370	--	--	--	--	--	--	--	--	--	--	--	--	1,583,370
Net Position														
Investment in capital assets	9,761,021	171,800	--	--	--	--	--	--	--	--	--	--	--	9,932,821
Restricted for grants and other programs	17,786,276	27,829,215	6,794	2,090,199	254,880	107,793,495	161,751	7,021,237	3,126,725	2,509,372	18,972,875	9,952,408	415,236	197,920,463
Restricted for net position asset	792,481	--	--	--	--	--	--	--	--	--	--	--	--	792,481
Unrestricted (deficit)	20,954,311	--	--	--	--	--	--	--	--	--	--	--	--	20,954,311
Total Net Position	\$ 49,294,089	\$ 28,001,015	\$ 6,794	\$ 2,090,199	\$ 254,880	\$ 107,793,495	\$ 161,751	\$ 7,021,237	\$ 3,126,725	\$ 2,509,372	\$ 18,972,875	\$ 9,952,408	\$ 415,236	\$ 229,600,076

See Independent Auditors' Report.

RHODE ISLAND COMMERCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

	Rhode Island Commerce Corporation	Renewable Energy Fund	ARRA Energy	Airport Services	P-TECH	Rebuild	Industry Cluster	Main Street	Small Business Assistance	Innovative Initiative	First Wave Closing	Wavemaker Fellowship	Big E	Total
Operating Revenues														
Charges for services:														
Rentals and fees	\$ 11,000	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 11,000
Interest on loans	--	2,023	79	--	--	--	--	--	(76)	--	--	--	--	2,026
Other income	17,000	3,508,483	--	--	--	--	--	--	800,048	--	--	--	250,478	4,576,009
Total operating revenues	28,000	3,510,506	79	--	--	--	--	--	799,972	--	--	--	250,478	4,589,035
Operating Expenses														
Personnel services	6,091,721	196,347	--	--	74,547	--	--	--	--	--	--	232,487	13,337	6,608,439
Contractual services	10,183,790	90,550	--	11,712	--	--	--	--	--	--	--	13,081	--	10,299,133
Grants	--	5,838,982	--	--	--	--	--	--	--	--	--	--	--	5,838,982
Other expenses	5,830,102	91,435	--	1,362,660	--	--	--	--	--	--	--	20,269	148,169	7,452,635
Provision for loan losses and uncollectibles	--	--	--	--	--	--	--	--	111	--	--	--	--	111
Incentive Program Expenses	--	--	--	1,019,200	--	13,147,188	--	51,689	44,525	1,149,983	--	546,186	--	15,958,771
Depreciation and amortization	533,156	7,667	--	--	--	--	--	--	--	--	--	--	--	540,823
Total Operating Expenses	22,638,769	6,224,981	--	2,393,572	74,547	13,147,188	--	51,689	44,636	1,149,983	--	812,023	161,506	46,698,894
Operating (Loss) Income	(22,610,769)	(2,714,475)	79	(2,393,572)	(74,547)	(13,147,188)	--	(51,689)	755,336	(1,149,983)	--	(812,023)	88,972	(42,109,859)
Nonoperating Revenues (Expenses)														
Appropriations from State	14,275,346	2,568,760	--	2,250,000	--	26,360,000	--	1,000,000	2,000,000	2,000,000	10,000,000	4,000,000	--	64,454,106
Hotel tax revenue	6,981,140	--	--	--	--	--	--	--	--	--	--	--	--	6,981,140
Other State sources	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Investment and other revenue	3,394,340	1,308,583	--	--	--	4,988,527	--	--	--	194,420	--	--	--	9,885,870
Interest expense	(495,952)	--	--	--	--	--	--	--	--	--	--	--	--	(495,952)
Special Item - Debt Forgiveness	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Grant income	30,551,707	--	--	--	--	--	--	--	--	--	--	--	--	30,551,707
Grant expenses	(23,480,612)	--	--	--	--	--	--	--	--	--	--	--	--	(23,480,612)
Other Expenses	(2,031,980)	--	--	--	--	--	--	--	--	--	(35)	--	--	(2,032,015)
Total Nonoperating Revenues (Expenses), Net	29,193,989	3,877,343	--	2,250,000	--	31,348,527	--	1,000,000	2,000,000	2,194,420	9,999,965	4,000,000	--	85,864,244
Income (Loss) Before Transfer	6,583,220	1,162,868	79	(143,572)	(74,547)	18,201,339	--	948,311	2,755,336	1,044,437	9,999,965	3,187,977	88,972	43,754,385
Transfer from Other State Component Units	504,166	--	--	--	--	--	--	--	--	--	--	--	--	504,166
Change in Net Position	7,087,386	1,162,868	79	(143,572)	(74,547)	18,201,339	--	948,311	2,755,336	1,044,437	9,999,965	3,187,977	88,972	44,258,551
Total Net (Deficit) Position - Beginning of Year	42,206,703	26,838,147	6,715	2,233,771	329,427	89,592,156	161,751	6,072,926	371,389	1,464,935	8,972,910	6,764,431	326,264	185,341,525
Total Net Position - End of Year	\$ 49,294,089	\$ 28,001,015	\$ 6,794	\$ 2,090,199	\$ 254,880	\$ 107,793,495	\$ 161,751	\$ 7,021,237	\$ 3,126,725	\$ 2,509,372	\$ 18,972,875	\$ 9,952,408	\$ 415,236	\$ 229,600,076

See 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 ACCORNACE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Rhode Island Commerce 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 Commerce Corporation, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Rhode Island Commerce Corporation's basic financial statements, and have issued our report thereon dated October 24, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rhode Island Commerce 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 Rhode Island Commerce Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Rhode Island Commerce 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rhode Island Commerce 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
October 24, 2024

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDINGS

No matters were reported

FEDERAL AWARDS

No matters were reported.