

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE  
CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**  
Memphis, Tennessee

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**Financial Statements  
and Reports of Independent Auditors**

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For the Year Ended June 30, 2022

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**  
Memphis, Tennessee

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February 15, 2023

Board Members

Economic Development Growth Engine Industrial Development Board of the City of  
Memphis and County of Shelby, Tennessee  
Memphis, Tennessee

Dear Board Members:

I am pleased to present the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee ("EDGE") report on audited financial statements for the year ending June 30, 2022. The audit consists of 3 sections: Introduction Section, Financial Section, and the Report on Internal Controls and Compliance. This introductory section consists of the transmittal letter and a list of the Board of Directors and management staff. The next section contains the independent auditor's report, management's discussion and analysis, and the financial statements. The financial statements include the statements related to net position; revenues, expenses, and changes in net position; cash flows; and the related notes to the financial statements. The statutory reporting section includes the independent auditor's report on internal control over financial reporting and on compliance based on the audit of the financial statements.

The accuracy of the data and all audit disclosures are the responsibility of the EDGE. To the best of our knowledge, information and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to represent the financial position and operations of the EDGE.

This audit includes the activities of EDGE, the Depot Redevelopment Corporation, the Industrial Development Board, and the Port Commission. Separate audits for each of those organizations were completed by Banks, Finley, White & Co. for fiscal year 2022.

### **Overview**

In January/February 2011, the City of Memphis and Shelby County created EDGE and made the EDGE Board of Directors the Board of the Industrial Development Board of the City of Memphis and County of Shelby, Tennessee ("IDB"), the Depot Redevelopment Corporation of Memphis and Shelby County ("DRC"), and a majority of the Board of the Memphis and Shelby County Port Commission. In doing so, the City and County created a unified City/County economic development organization. Subsequent actions led to a common President/CEO for all four entities, as well as common General Counsel, accountants and auditors. EDGE now provides all staffing for the four entities.

**Randy Richardson**

VP Port and Industrial Properties, EDGE  
Executive Director, Memphis & Shelby County Port Commission  
RRichardson@Edgemem.com

EDGE Board held its first meeting in August 2011.

EDGE is an industrial development corporation organized as a public benefit corporation under TCA §7-53-101 et seq. Based on its status as an industrial development corporation and through its management of the DRC, IDB and Port Commission, EDGE has assumed responsibility for: the Payment In Lieu Of Tax ("PILOT") real and personal property tax abatement program to encourage commercial activity to locate or expand in the City of Memphis or unincorporated Shelby County; Tax Increment Financing ("TIF"); the issuance of various tax-exempt and taxable revenue bonds; Foreign-Trade Zone 77; as well as managing the Port of Memphis and the industrial properties owned/leased/managed by the Port Commission and DRC. In addition, EDGE has created new economic development loan programs and technical assistance programs to assist small firms grow and prosper. In April 2017, EDGE assumed management of the Greater Memphis Alliance for a Competitive Workforce (GMACW), a 501(c)(3) non-profit workforce intermediary. The goal of those activities is to increase employment, payroll and taxable investment in the City of Memphis and Shelby County.

I would like to thank Banks, Finley, White & Co. and Alexander Thompson Arnold, PLLC for their support in preparing the fiscal year 2022 audit. The audit of EDGE seeks to ensure fiscal transparency and accountability for the Board of Directors and the public. These financial statements were created utilizing the highest professional standards to achieve that goal.

Cordially,

A handwritten signature in blue ink, appearing to read "Randy Richardson".

Randy Richardson  
Vice President

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**

MANAGEMENT OFFICIALS AND BOARD OF DIRECTORS  
For the Year Ended June 30, 2022

**VICE PRESIDENT**

Randy Richardson

**AUDIT COMMITTEE**

Gerre Currie  
Larry C. Jackson

**EDGE, DEPOT AND IDB BOARD MEMBERS**

Al Bright, Chairman  
Tom Dyer, Vice Chairman  
Dr. Florence Jones, Secretary  
Gerre Currie, Treasurer  
Natasha Donerson  
Councilman Edmund Ford, Sr.  
Mark J. Halperin  
Commissioner Mickell Lowery  
Larry Jackson  
Cary Vaughn

**PORT COMMISSION BOARD MEMBERS**

Tom Dyer, Chairman  
Mark J. Halperin, Vice Chairman  
Dr. Florence Jones, Secretary  
Gerre Currie, Treasurer  
Robert Knecht  
Larry Jackson  
Cliff Norville

**GMACW BOARD MEMBERS**

Tom Dyer, Chairman  
Cary Vaughn, Vice Chairman  
Larry Jackson

**Non-Member Officers**

Dr. Florence Jones, Secretary  
Gerre Currie, Treasurer

**GENERAL COUNSEL**

Mark E. Beutelschies

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Economic Development Growth Engine Industrial Development Board  
of the City of Memphis and County of Shelby, Tennessee  
Memphis, Tennessee

### **Report on the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and each major fund of Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (EDGE) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise EDGE's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the the business-type activities, and each major fund of EDGE, as of June 30, 2022, and the respective changes in financial position, and, cash flows thereof for the year 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EDGE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.





In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about EDGE'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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards 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 generally accepted auditing standards 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 EDGE'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 EDGE's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the 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.

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023, on our consideration of EDGE'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 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 EDGE's internal control over financial reporting and compliance.

Bobby Jiles, CPA

Memphis, Tennessee  
February 15, 2023

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**

Management's Discussion and Analysis  
For the Year Ended June 30, 2022

## **INTRODUCTION**

This discussion and analysis of EDGE's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2022. The intent of this management's discussion and analysis is to look at EDGE's financial performance as a whole; readers should also review the transmittal letter, financial statements and notes to the financial statements to enhance their understanding of EDGE's financial performance.

EDGE was created in January/February 2011 as the economic development organization for the City of Memphis and County of Shelby, Tennessee. EDGE began operations in August 2011 and assumed control of and responsibility for the Memphis and Shelby County Port Commission and the Industrial Development Board of the City of Memphis and County of Shelby, Tennessee. In January 2012, EDGE assumed control of and responsibility for the Depot Redevelopment Corporation of Memphis and Shelby County. In April 2017, EDGE assumed management of the Greater Memphis Alliance for a Competitive Workforce.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior two years are required to be presented in the MD&A.

## **FINANCIAL HIGHLIGHTS**

EDGE's total net position decreased \$282.00M or 1.20% from 2021 to 2022. The change in total net position was generated by a loss in operating and not operating income of 214k and the payment of GMAWC's final expenses of 67k.

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**

Management's Discussion and Analysis  
For the Year Ended June 30, 2022

**OVERVIEW OF FINANCIAL STATEMENTS**

**Analysis of EDGE's Statement of Net Position**

Condensed financial information comparing EDGE's net position for the past two fiscal years is presented below:

*(amounts expressed in millions of dollars)*

	<b>Business Type Activities</b>			
	<b>2022</b>	<b>2021</b>	<b>Difference</b>	<b>% Change</b>
Current assets	\$ 28.28	\$ 26.39	\$ 1.89	7.16 %
Restricted assets	32.04	3.44	28.60	831.40 %
Non-current assets	<u>75.22</u>	<u>49.56</u>	<u>25.66</u>	<u>51.78 %</u>
<b>Total Assets</b>	<b><u>\$ 135.54</u></b>	<b><u>\$ 79.39</u></b>	<b><u>\$ 56.15</u></b>	<b><u>70.73 %</u></b>
Current liabilities	\$ 4.42	\$ 3.24	\$ 1.18	36.42 %
Non-current liabilities	<u>56.05</u>	<u>30.48</u>	<u>25.57</u>	<u>83.89 %</u>
<b>Total Liabilities</b>	<b><u>60.47</u></b>	<b><u>33.72</u></b>	<b><u>26.75</u></b>	<b><u>79.33</u></b>
Deferred Inflows	<u>29.02</u>	-	<u>29.02</u>	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b><u>\$ 89.49</u></b>	<b><u>\$ 33.72</u></b>	<b><u>\$ 55.77</u></b>	<b><u>165.39 %</u></b>
Investment in capital assets	\$ 18.69	\$ 19.27	\$ (0.58)	(3.01)%
Unrestricted	25.26	23.80	1.46	6.13 %
Restricted for inner city economic development	<u>2.10</u>	<u>2.60</u>	<u>(0.50)</u>	<u>(19.23)%</u>
<b>Total Net Position</b>	<b><u>46.05</u></b>	<b><u>45.67</u></b>	<b><u>0.38</u></b>	<b><u>0.83 %</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 135.54</u></b>	<b><u>\$ 79.39</u></b>	<b><u>\$ 56.15</u></b>	<b><u>70.73 %</u></b>

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**

Management's Discussion and Analysis  
For the Year Ended June 30, 2022

**Analysis of EDGE's Statement of Revenues, Expenses and Changes in Net Position**

Condensed financial information comparing EDGE's revenues, expenses and changes in net position for the past two fiscal years is presented below:

*(amounts expressed in millions of dollars)*

	<b>Business Type Activities</b>			
	<b>2022</b>	<b>2021</b>	<b>Difference</b>	<b>% Change</b>
Operating revenue	\$ 4.55	\$ 6.01	\$ (1.46)	(24.29)%
Operating expenses	<u>4.69</u>	<u>6.42</u>	<u>(1.73)</u>	<u>(26.95)%</u>
<b>Net operating income (loss)</b>	<b>(0.14)</b>	<b>(0.41)</b>	<b>0.27</b>	<b>(65.85)%</b>
Non-operating revenue (expenses):				
Gain (loss) on sale on assets	(0.06)	0.27	(0.33)	(122.22)%
Interest income	0.09	0.21	(0.12)	(57.14)%
Interest income - lease	0.44	0.07	0.37	528.57 %
Contributions City of Memphis	-	0.10	(0.10)	(100.00)%
Interest expense	(1.28)	(1.34)	0.06	(4.48)%
Debt Service - Interest	(0.04)	-	(0.04)	0.00 %
Contribution - State of TN	2.51	4.72	(2.21)	(46.82)%
Grant expense - State of TN	(2.51)	(4.72)	2.21	(46.82)%
Miscellaneous income (expense)	-	0.03	(0.03)	(100.00)%
Bond fee expense	(0.24)	-	(0.24)	0.00 %
Grant-Ready Whitehaven Workforce	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00 %</u>
<b>Total non-operating revenue (expenses)</b>	<b>(1.09)</b>	<b>(0.66)</b>	<b>(0.43)</b>	<b>65.15 %</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(1.23)</b>	<b>(1.07)</b>	<b>(0.16)</b>	<b>14.95 %</b>
Contributed capital	<u>1.63</u>	<u>1.43</u>	<u>0.20</u>	<u>13.99 %</u>
<b>Change in Net Position</b>	<b><u>0.40</u></b>	<b><u>0.36</u></b>	<b><u>0.04</u></b>	<b><u>11.11 %</u></b>
<b>Total Net Position - Beginning</b>	<b><u>45.67</u></b>	<b><u>45.31</u></b>	<b><u>0.36</u></b>	<b><u>0.79 %</u></b>
<b>Consolidation of GMACW</b>	<b>(0.07)</b>	<b>-</b>	<b>(0.07)</b>	<b>- %</b>
<b>Total Net Position - Beginning, Restated</b>	<b><u>45.60</u></b>	<b><u>45.31</u></b>	<b><u>0.29</u></b>	<b><u>0.64 %</u></b>
<b>Total Net Position - Ending</b>	<b><u>\$ 46.07</u></b>	<b><u>\$ 45.67</u></b>	<b><u>\$ 0.40</u></b>	<b><u>0.88 %</u></b>



**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**

Management's Discussion and Analysis  
For the Year Ended June 30, 2022

Revenues and Expenses

EDGE generates operating revenues from program fees – primarily PILOT fees, but also bond fees and fees associated with Foreign-Trade Zone 77, TIF and other programs. While PILOT revenues are generally expected to decline over the next few years, as smaller PILOTs are being approved compared to earlier years, PILOT revenue decreased \$696K or 37% in 2022. In addition, EDGE generates operating revenue from leasing properties (listed as both Leasing and CAM Income and also Charges for Services) - at the Port.

**Capital Assets, net of depreciation** *(amounts expressed in millions of dollars)*

EDGE, Port, and GMACW all have land and other capital assets.

Capital assets, before taking accumulated depreciation into account, did not substantially change in FY 2022.

EDGE

	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>% Change</u>
<b>Capital Assets, not being depreciated</b>				
Land	\$ 0.82	\$ 0.82	-	-
<b>Total capital assets not being depreciated</b>	<b>0.82</b>	<b>0.82</b>	-	-
<b>Capital assets, being depreciated</b>				
Right-of-use asset	0.18	-	0.18	-
Software	0.06	0.03	0.03	100.00 %
Machinery, software and equipment	-	-	-	-
Furniture and fixtures	0.25	0.25	-	-
Building improvements	7.12	7.12	-	-
Buildings	-	-	-	-
Total capital assets, being depreciated	<u>7.61</u>	<u>7.40</u>	<u>0.21</u>	<u>2.84 %</u>
Less Accumulated Depreciation	<u>(1.80)</u>	<u>(1.46)</u>	<u>(0.34)</u>	<u>23.29 %</u>
<b>Net capital assets, being depreciated</b>	<u>5.81</u>	<u>5.94</u>	<u>(0.13)</u>	<u>(2.19)%</u>
<b>Capital Assets, net</b>	<u>\$ 6.63</u>	<u>\$ 6.76</u>	<u>\$ (0.13)</u>	<u>(1.92)%</u>

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**

Management's Discussion and Analysis  
For the Year Ended June 30, 2022

Port Commission

	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>% Change</u>
<b>Capital Assets, not being depreciated</b>				
Land	\$ <u>4.33</u>	\$ <u>4.35</u>	<u>(0.02)</u>	<u>(0.46)</u>
<b>Total capital assets not being depreciated</b>	<b>4.33</b>	<b>4.35</b>	<b>(0.02)</b>	<b>(0.46)</b>
<b>Capital assets, being depreciated</b>				
Machinery, software and equipment	-	-	-	-
Furniture and fixtures	1.37	1.37	-	-
Building improvements	16.98	16.98	-	-
Buildings	<u>0.07</u>	<u>0.07</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated	<b>18.42</b>	<b>18.42</b>	<b>-</b>	<b>-</b>
Less Accumulated Depreciation	<u>(10.69)</u>	<u>(10.27)</u>	<u>(0.42)</u>	<u>0.00</u>
<b>Net capital assets, being depreciated</b>	<b>7.73</b>	<b>8.15</b>	<b>(0.42)</b>	<b>(5.15)%</b>
<b>Capital Assets, net</b>	<b>\$ <u>12.06</u></b>	<b>\$ <u>12.50</u></b>	<b>\$ <u>(0.44)</u></b>	<b><u>(3.52)%</u></b>

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**

Management's Discussion and Analysis  
For the Year Ended June 30, 2022

**Long-term Debt**

Port Commission

The Port Commission has entered into an agreement with Shelby County, the City of Memphis and Electrolux to partially fund the construction of the Electrolux facility with the use of debt issued by the Port. The County and the City each guarantee the debt, which is payable solely from the County's and City's covenants to timely appropriate from legally valuable non-ad valorem revenues, although the debt is in the name of the Port Commission and is being held on the financial statements of the Port. The Port is under no obligation to pay the debt principal or interest. To reflect that the Port has no obligation to pay the debt, receivables from the City of Memphis and Shelby County have been booked for the principal and will be booked for the interest as it becomes due. Coupon rates on the 24-year, 7-month bonds range from 2.0% to 5.25% over the lives of the bonds.

*(amounts expressed in millions of dollars)*

	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>% Change</u>
Revenue bonds	\$ 28.33	\$ 29.74	\$ (1.41)	(4.74)%
Net premium	<u>1.15</u>	<u>1.24</u>	<u>(0.09)</u>	<u>(7.26)%</u>
<b>Total</b>	<b>\$ <u>29.48</u></b>	<b>\$ <u>30.98</u></b>	<b>\$ <u>(1.50)</u></b>	<b><u>(4.84)%</u></b>

Revenue bonds payable decreased due to normally scheduled debt payments.

**Requests for information**

This financial report is designed to provide a general overview of EDGE's finances for all those with an interest in such information. Questions concerning any of the information provided in this report or request for additional financial information may be addressed to Randy Richardson, Vice President, EDGE and Managed Entities, 100 Peabody Place, Suite 1100, Memphis, TN 38103. General information about EDGE may be found on EDGE's website at [www.Growth-Engine.org](http://www.Growth-Engine.org).

**ECONOMIC DEVELOPMENT GROWTH ENGINE INDUSTRIAL DEVELOPMENT BOARD  
OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

Statement of Net Position

June 30, 2022

**ASSETS**

	EDGE	DRC	PORT COMMISSION	IDB	ELIMINATIONS	BUSINESS-TYPE ACTIVITIES TOTAL
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 10,628,083	\$ 2,097	\$ 12,166,692	\$ 1,750,440	\$ -	\$ 24,547,312
Accounts receivable - Due from Port	3,888,816	-	-	-	(3,888,816)	-
Accounts receivable - Due from EDGE	-	-	-	26,104	(26,104)	-
Grants receivable	-	-	193,046	-	-	193,046
Lease receivables-current portion	-	-	1,341,239	-	-	1,341,239
Due from City of Memphis	-	-	904,731	-	-	904,731
Due from Shelby County	-	-	904,731	-	-	904,731
Notes receivable, current portion	288,597	-	-	-	-	288,597
Prepaid expenses	32,787	-	12,454	-	-	45,241
Interest receivable	-	-	57,449	-	-	57,449
Total Current Assets	<u>14,838,283</u>	<u>2,097</u>	<u>15,580,342</u>	<u>1,776,544</u>	<u>(3,914,920)</u>	<u>28,282,346</u>
<b>RESTRICTED ASSETS:</b>						
Restricted cash - ED Grant Escrow	28,690,197	-	-	-	-	28,690,197
Restricted cash - City Inncity Funds	634,733	-	-	603,989	-	1,238,722
Restricted cash - Grant Funding	100,000	-	30	-	-	100,030
Restricted cash - County Inncity Funds	767,845	-	-	410,354	-	1,178,199
2022 COI Funds-restricted	1,603	-	-	833,408	-	835,011
Total Restricted Assets	<u>30,194,378</u>	<u>-</u>	<u>30</u>	<u>1,847,751</u>	<u>-</u>	<u>32,042,159</u>
<b>NON-CURRENT ASSETS:</b>						
Notes receivable, long-term	1,085,429	-	-	-	-	1,085,429
Property and equipment, not being depreciated	823,868	-	4,334,890	-	-	5,158,758
Property and equipment, being depreciated, net	5,812,726	-	7,722,010	-	-	13,534,736
Non Current lease receivable	-	-	28,036,790	-	-	28,036,790
Related party receivable - EDGE	-	-	-	-	-	-
Due from City of Memphis	-	-	13,425,000	-	-	13,425,000
Due from Shelby County	-	-	13,425,000	-	-	13,425,000
Net investment in lease	-	-	563,455	-	-	563,455
Intangible - internally developed software, net of accumulated amortization	-	-	-	-	-	-
Total Non-Current Assets	<u>7,722,023</u>	<u>-</u>	<u>67,507,145</u>	<u>-</u>	<u>-</u>	<u>75,229,168</u>
<b>TOTAL ASSETS</b>	<u>\$ 52,754,684</u>	<u>\$ 2,097</u>	<u>\$ 83,087,517</u>	<u>\$ 3,624,295</u>	<u>\$ (3,914,920)</u>	<u>\$ 135,553,673</u>

*See accompanying notes to the financial statements*



**ECONOMIC DEVELOPMENT GROWTH ENGINE INDUSTRIAL DEVELOPMENT BOARD  
OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

Statement of Net Position

June 30, 2022

*(Continued)*

**LIABILITIES AND NET POSITION**

	EDGE	DRC	PORT COMMISSION	IDB	ELIMINATIONS	BUSINESS-TYPE ACTIVITIES TOTAL
<b>CURRENT LIABILITIES:</b>						
Accounts payable	\$ 483,952	\$ -	\$ 17,826	\$ 592	\$ -	\$ 502,370
Lease liability- current	66,656	-	-	-	-	66,656
Accrued interest	35,687	-	329,462	-	-	365,149
Accrued payroll	47,019	-	-	-	-	47,019
Deferred revenue- FTZ fees	19,500	-	-	-	-	19,500
Unearned revenue	-	-	-	-	-	-
Revenue received in advance	-	-	-	-	-	-
Due to EDGE	-	-	3,888,816	-	(3,888,816)	-
Net bond premium, current	-	-	83,951	-	-	83,951
Revenue bonds, current	1,855,000	-	1,480,000	-	-	3,335,000
Escrow funds-Electrolux	-	-	-	-	-	-
Total Current Liabilities	<u>2,507,814</u>	<u>-</u>	<u>5,800,055</u>	<u>592</u>	<u>(3,888,816)</u>	<u>4,419,645</u>
<b>NON-CURRENT LIABILITIES:</b>						
Funds held for the benefit of Depot Redevelopment Corporation	-	-	-	-	-	-
Revenue bonds, long-term	-	-	26,850,000	-	-	26,850,000
Due to Industrial Development Board	26,104	-	-	-	(26,104)	-
Due to Depot	-	-	-	-	-	-
Net bond premium, long-term	-	-	1,070,376	-	-	1,070,376
Funds held for others	52,226	-	-	-	-	52,226
Notes payable, long-term	28,080,000	-	-	-	-	28,080,000
Total Non-Current Liabilities	<u>28,158,330</u>	<u>-</u>	<u>27,920,376</u>	<u>-</u>	<u>(26,104)</u>	<u>56,052,602</u>
<b>TOTAL LIABILITIES</b>	<u>30,666,144</u>	<u>-</u>	<u>33,720,431</u>	<u>592</u>	<u>(3,914,920)</u>	<u>60,472,247</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to Leases	-	-	29,019,601	-	-	29,019,601
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	30,666,144	-	62,740,032	592	(3,914,920)	89,491,848
<b>NET POSITION:</b>						
Investment in capital assets	6,636,594	-	12,056,930	-	-	18,693,524
Unrestricted	13,949,368	2,097	8,290,555	3,019,714	-	25,261,734
Restricted for inner city economic development	1,502,578	-	-	603,989	-	2,106,567
Total Net Position	<u>22,088,540</u>	<u>2,097</u>	<u>20,347,485</u>	<u>3,623,703</u>	<u>-</u>	<u>46,061,825</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 52,754,684</u>	<u>\$ 2,097</u>	<u>\$ 83,087,517</u>	<u>\$ 3,624,295</u>	<u>\$ (3,914,920)</u>	<u>\$ 135,553,673</u>

*See accompanying notes to the financial statements*

**ECONOMIC DEVELOPMENT GROWTH ENGINE INDUSTRIAL DEVELOPMENT BOARD  
OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2022

	EDGE	DRC	PORT COMMISSION	IDB	ELIMINATIONS	BUSINESS-TYPE ACTIVITIES TOTAL
<b>OPERATING REVENUES:</b>						
PILOT fees	\$ 16,250	\$ -	\$ -	\$ 26,104	\$ -	\$ 42,354
ICED application fees	700	-	-	-	-	700
Bond closing fees	211,026	-	-	-	-	211,026
City of Memphis - ICED Program	87,264	-	-	-	-	87,264
Shelby County - ICED Program	110,128	-	-	-	-	110,128
Charges for services	-	-	2,739,355	-	-	2,739,355
PILOT basic rent	22,400	-	-	-	-	22,400
PILOT amendment fees	26,030	-	-	-	-	26,030
PILOT pre-paid termination fee	21,000	-	-	-	-	21,000
PILOT closing fees	1,182,156	-	-	-	-	1,182,156
Foreign Trade Zone	39,000	-	-	-	-	39,000
Debt service- Interest	-	-	-	-	-	-
PILOT Lease termination fees	-	-	-	-	-	-
TIF Administration fees	67,231	-	-	-	-	67,231
Grant - City of Memphis/Shelby County	-	-	-	-	-	-
PILOT deletion fees	389	-	-	-	-	389
Grant - affiliate DRC	-	-	-	-	-	-
Grants - AMERICA'S PROMISE/MOVE HIRE	-	-	-	-	-	-
Gain/(Loss) on Sale of Assets	-	-	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Miscellaneous income	471	-	1,248	-	-	1,719
Insurance refund	-	-	-	-	-	-
Total operating revenues	<u>1,784,045</u>	<u>-</u>	<u>2,740,603</u>	<u>26,104</u>	<u>-</u>	<u>4,550,752</u>
<b>OPERATING EXPENSES:</b>						
Accounting and legal fees	\$ 95,065	\$ 10,600	\$ -	\$ 43,015	\$ -	\$ 148,680
Advertising and promotion	-	-	-	-	-	-
Agency support	16,794	-	-	-	-	16,794
Attorney	430,320	-	-	-	-	430,320
Bad debt expense	3,346	-	-	-	-	3,346
Bank charges	2,163	-	-	40	-	2,203
Communications	-	-	-	-	-	-
Computer support	31,149	-	-	-	-	31,149
Computer - internet	12,238	-	-	-	-	12,238
Contract services	-	-	-	-	-	-
Depreciation and amortization	506,214	-	428,090	-	-	934,304
Bond fee expense	-	-	-	-	-	-
NEED Grant expense	-	-	-	-	-	-
ICED Grant expense	150,000	-	-	-	-	150,000
ICED Loan Program expenses	37,840	-	-	-	-	37,840
ICED grant write offs	(10,000)	-	-	-	-	(10,000)

*See accompanying notes to the financial statements*

**ECONOMIC DEVELOPMENT GROWTH ENGINE INDUSTRIAL DEVELOPMENT BOARD  
OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2022

*(Continued)*

	EDGE	DRC	PORT COMMISSION	IDB	ELIMINATIONS	BUSINESS-TYPE ACTIVITIES TOTAL
Indirect cost	-	-	-	-	-	-
Interest expense	15,245	-	-	-	-	15,245
Payroll taxes	53,435	-	-	-	-	53,435
Salaries and benefits	749,299	-	532,927	-	-	1,282,226
Consulting - Non-PILOT	104,158	-	-	-	-	104,158
Dues/memberships	5,761	-	-	-	-	5,761
PILOT analysis & FTZ	17,908	-	-	-	-	17,908
PILOT - diversity	-	-	-	-	-	-
PILOT - professional fees	183,018	-	-	-	-	183,018
Insurance	40,924	135	-	-	-	41,059
Legal and accounting	-	1,447	-	-	-	1,447
Office supplies	8,131	-	-	-	-	8,131
Maintenance and repairs	-	-	-	-	-	-
Marketing and Communications	13,047	-	-	-	-	13,047
Materials and supplies	331	-	687,840	-	-	688,171
Meals and entertainment	2,126	-	-	-	-	2,126
Meeting expense	18,856	-	-	-	-	18,856
Staff mileage and reimbursement	1,593	-	-	-	-	1,593
Miscellaneous	2,267	-	-	-	-	2,267
Rent - computer equipment	4,392	-	-	-	-	4,392
Rent	-	-	-	-	-	-
Parking	3,787	-	-	-	-	3,787
Professional fees	-	-	-	11,750	-	11,750
SBA Emerging Leaders	-	-	-	-	-	-
Staff Development	5,332	-	-	-	-	5,332
Staff Recruitment	41,481	-	-	-	-	41,481
Suburban Chamber Grants	320,000	-	-	-	-	320,000
Grants expense- GWERC	100,000	-	-	-	-	100,000
Telephone	3,260	-	-	-	-	3,260
Travel	-	-	-	-	-	-
Workers Comp & Risk Management	6,403	-	-	-	-	6,403
Total operating expenses	<u>2,975,883</u>	<u>12,182</u>	<u>1,648,857</u>	<u>54,805</u>	<u>-</u>	<u>4,691,727</u>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,191,838)</b>	<b>(12,182)</b>	<b>1,091,746</b>	<b>(28,701)</b>	<b>-</b>	<b>(140,975)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Gain (loss) on sale of assets	(130,886)	-	68,992	-	-	(61,894)
Income-Port Comm	-	-	-	-	-	-
State of Tennessee Grant	-	-	-	-	-	-
GMACW forgiveness of debt	444,258	-	-	-	(444,258)	-
Interest income	35,186	-	49,652	5,908	-	90,746
Interest income - lease	-	-	439,829	-	-	439,829
Payment to EDGE for revenue share	-	-	(1,091,746)	-	1,091,746	-
Transfers to EDGE	1,091,746	-	-	-	(1,091,746)	-
Interest expense	-	-	(1,286,774)	-	-	(1,286,774)

*See accompanying notes to the financial statements*

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**

Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Year Ended June 30, 2022

*(Continued)*

	EDGE	DRC	PORT COMMISSION	IDB	ELIMINATIONS	BUSINESS-TYPE ACTIVITIES TOTAL
Contribution - State of TN	719,474	-	1,794,079	-	-	2,513,553
Grant Expense - State of TN	(719,474)	-	(1,794,079)	-	-	(2,513,553)
Loan payable forgiveness - affiliate GMACW	(444,258)	-	-	-	444,258	-
Debt service - Interest	(35,687)	-	-	-	-	(35,687)
Bond fee expense	(243,200)	-	-	-	-	(243,200)
Capital contributions	-	-	-	-	-	-
Total Non-operating revenues (expenses)	<u>717,159</u>	<u>-</u>	<u>(1,820,047)</u>	<u>5,908</u>	<u>-</u>	<u>(1,096,980)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>\$ (474,679)</b>	<b>\$ (12,182)</b>	<b>\$ (728,301)</b>	<b>\$ (22,793)</b>	<b>\$ -</b>	<b>\$ (1,237,955)</b>
Capital contributions	259,974	-	1,370,725	-	-	1,630,699
<b>CHANGE IN NET POSITION</b>	<b>(214,705)</b>	<b>(12,182)</b>	<b>642,424</b>	<b>(22,793)</b>	<b>-</b>	<b>392,744</b>
<b>TOTAL NET POSITION--BEGINNING OF YEAR</b>	<b><u>22,370,909</u></b>	<b><u>14,279</u></b>	<b><u>19,705,061</u></b>	<b><u>3,646,496</u></b>	<b><u>-</u></b>	<b><u>45,736,745</u></b>
<b>CONSOLIDATION OF GMACW</b>	<b>(67,664)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(67,664)</b>
<b>TOTAL NET POSITION--BEGINNING OF THE YEAR, RESTATED</b>	<b><u>22,303,245</u></b>	<b><u>14,279</u></b>	<b><u>19,705,061</u></b>	<b><u>3,646,496</u></b>	<b><u>-</u></b>	<b><u>45,669,081</u></b>
<b>TOTAL NET POSITION--END OF YEAR</b>	<b><u>\$ 22,088,540</u></b>	<b><u>\$ 2,097</u></b>	<b><u>\$ 20,347,485</u></b>	<b><u>\$ 7,270,199</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 46,061,825</u></b>

*See accompanying notes to the financial statements*



**ECONOMIC DEVELOPMENT GROWTH ENGINE INDUSTRIAL DEVELOPMENT BOARD  
OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

Statement of Cash Flows  
For the Year Ended June 30, 2022

	EDGE	DRC	PORT COMMISSION	IDB	BUSINESS-TYPE ACTIVITIES TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash receipts from customers/contributors	\$ 1,978,581	\$ -	\$ 2,038,535	\$ -	\$ 4,017,116
Cash payments to other suppliers for goods or services	(1,624,749)	(27,182)	(806,593)	(56,175)	(2,514,699)
Cash payments to employees for services	(1,413,309)	-	(2,098)	-	(1,415,407)
Cash payments for grants to others	-	-	-	-	-
Net Cash Provided By (Used in) Operating Activities	<u>(1,059,477)</u>	<u>(27,182)</u>	<u>1,229,844</u>	<u>(56,175)</u>	<u>87,010</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
TIF receipt	302,019	-	-	-	302,019
Principal paid on capital debt	-	-	(1,410,000)	-	(1,410,000)
Interest paid on capital debt	-	-	(1,370,725)	3,620	(1,367,105)
Principal paid on lease	(112,840)	-	-	-	(112,840)
Net proceeds from sale of capital assets	-	-	50,000	-	50,000
Interest received on leases	-	-	-	-	-
Purchase of capital assets	(29,232)	-	311,635	-	282,403
Net Cash Provided By (Used in) Capital and Related Financing Activities	<u>159,947</u>	<u>-</u>	<u>(2,419,090)</u>	<u>3,620</u>	<u>(2,255,523)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Capital contributions	-	-	2,798,351	-	2,798,351
Proceeds from issuance of debt	28,935,000	-	-	-	28,935,000
Cash received from Depot	-	-	-	-	-
Payments from Port Commission	-	-	-	-	-
Payments for bond issuance costs	(243,200)	-	-	-	(243,200)
Receipts from EDGE	-	-	-	-	-
Cash payments for grants	-	12,182	-	-	12,182
Net Cash Provided By (Used in) Non-Capital Financing Activities	<u>28,691,800</u>	<u>12,182</u>	<u>2,798,351</u>	<u>-</u>	<u>31,502,333</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from Stepherson Superlo ICED loan	13,853	-	-	-	13,853
Proceeds from Castle Retail ICED loan	14,203	-	-	-	14,203
Interest earned	35,186	-	120,391	-	155,577
Net Cash Provided By (Used in) Investing Activities	<u>63,242</u>	<u>-</u>	<u>120,391</u>	<u>-</u>	<u>183,633</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	27,855,512	(15,000)	1,729,496	(52,555)	29,517,453
<b>CASH AND CASH EQUIVALENTS AND ESCROW DEPOSITS, BEGINNING OF YEAR</b>	<u>12,966,949</u>	<u>17,097</u>	<u>10,437,226</u>	<u>2,817,338</u>	<u>26,238,610</u>
<b>CASH AND CASH EQUIVALENTS AND ESCROW DEPOSITS, END OF YEAR</b>	<u>\$ 40,822,461</u>	<u>\$ 2,097</u>	<u>\$ 12,166,722</u>	<u>\$ 2,764,783</u>	<u>\$ 55,756,063</u>

*See accompanying notes to the financial statements*

**ECONOMIC DEVELOPMENT GROWTH ENGINE INDUSTRIAL DEVELOPMENT BOARD  
OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

Statement of Cash Flows  
For the Year Ended June 30, 2022  
*(Continued)*

	EDGE	DRC	PORT COMMISSION	IDB	BUSINESS-TYPE ACTIVITIES TOTAL
<b>CASH AND CASH EQUIVALENTS, END OF YEAR CONSIST OF:</b>					
Unrestricted cash and cash equivalents:					
Cash and cash equivalents	\$ 10,326,064	\$ 2,097	\$ 12,166,692	\$ 2,160,794	\$ 24,655,647
Restricted cash	1,804,597	-	-	603,989	2,408,586
Restricted cash and cash equivalents:					
ED Grant Escrow	-	-	-	-	-
Inner City Economic Development Escrow Deposit	28,691,800	-	30	-	28,691,830
	<u>28,691,800</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>28,691,830</u>
 TOTAL	 <u>\$ 40,822,461</u>	 <u>\$ -</u>	 <u>\$ 30</u>	 <u>\$ 28,690,197</u>	 <u>\$ 28,691,830</u>

*See accompanying notes to the financial statements*

**ECONOMIC DEVELOPMENT GROWTH ENGINE INDUSTRIAL DEVELOPMENT BOARD  
OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

Statement of Cash Flows  
For the Year Ended June 30, 2022  
(Continued)

	EDGE	DRC	PORT COMMISSION	IDB	BUSINESS-TYPE ACTIVITIES TOTAL
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (1,191,838)	\$ (12,182)	\$ 1,091,746	\$ (28,701)	\$ (140,975)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation/amortization expense	392,848	-	428,090	-	820,938
Amortization	113,366	-	-	-	113,366
Lease receivables-noncash	-	-	(28,692,475)	-	(28,692,475)
Deferred inflow of resources	-	-	29,019,601	-	29,019,601
Bad debt	3,345	-	-	-	3,345
(Increase) decrease in assets:					
Accounts receivables	29,736	-	-	-	29,736
Accounts receivables-affiliates	(538,040)	-	-	-	(538,040)
Grant receivable	146,176	-	(80,258)	-	65,918
Contributions receivable	-	-	-	-	-
Lease receivables	-	-	(35,825)	-	(35,825)
Prepaid expenses	(811)	-	2,462	-	1,651
Net investment in lease	-	-	28,384	-	28,384
Accounts payable	(26,368)	-	(109,587)	(1,370)	(137,325)
Accrued interest	-	-	(17,625)	-	(17,625)
Unearned revenue	-	-	(342,442)	-	(342,442)
Revenue received in advance	-	-	(600,267)	-	(600,267)
Escrow funds - Port Sec Grant	-	-	-	-	-
Increase (decrease) in liabilities:					
Net investment in lease	-	-	-	-	-
Accounts payable	-	(15,000)	-	-	(15,000)
Accrued payroll	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due to EDGE - Operating portion	-	-	538,040	-	538,040
Revenue received in advance	-	-	-	-	-
Unearned revenue	52,226	-	-	-	52,226
Accrued expenses	(10,381)	-	-	-	(10,381)
Due to affiliate	(29,736)	-	-	(26,104)	(55,840)
Escrow funds Port Sec Grant	-	-	-	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ (1,059,477)</b>	<b>\$ (27,182)</b>	<b>\$ 1,229,844</b>	<b>\$ (56,175)</b>	<b>\$ 87,010</b>

*See accompanying notes to the financial statements*

**ECONOMIC DEVELOPMENT GROWTH ENGINE INDUSTRIAL DEVELOPMENT BOARD  
OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

Statement of Cash Flows  
For the Year Ended June 30, 2022  
*(Continued)*

Schedule of Non-cash Operating, Investing and Capital and Related Financing Activities:

Excess operating income due to EDGE from the Port Commission	\$ <u>1,091,746</u>	\$ <u>-</u>	\$ <u>(1,091,746)</u>	\$ <u>-</u>	\$ <u>-</u>
Recording of lease liability	\$ <u>(179,496)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Related Party Loan Receivable Forgiveness/Write off	\$ <u>(444,258)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Recording of lease asset	\$ <u>179,496</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Capital contribution	\$ <u>259,974</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Amortization of bond premium	<u>-</u>	<u>-</u>	<u>(83,951)</u>	<u>-</u>	<u>-</u>
Allocation of lease income related to lease/sales agreement	<u>-</u>	<u>-</u>	<u>(35,603)</u>	<u>-</u>	<u>-</u>
Asset transferred from GMACW	\$ <u>1,270</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Supplemental Disclosure of Non-cash Non-Capital and Financing Activities:					
Related Party Loan Receivable Forgiveness/Write Off-GMACW	\$ <u>444,258</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Transfers to EDGE from GMACW	\$ <u>(44,258)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

*See accompanying notes to the financial statements*

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**  
Memphis, Tennessee

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**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**

Notes to the Financial Statements  
For the Year Ended June 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

***Organization and Structure***

The Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (EDGE) was created in January and February 2011 by Joint Resolution of the Memphis City Council and Shelby County Commission as an Industrial Development Board within the meaning of Title 7, Chapter 53, Industrial Development Corporations, codified at Tennessee Code Annotated §7-53-101; et seq., as amended from time to time. The Joint Resolution approved and directed the Industrial Development Board of the City of Memphis and County of Shelby, Tennessee, the Depot Redevelopment Corporation of Memphis and Shelby County ("DRC"), and the Memphis and Shelby County Port Commission to take all such actions appropriate to effectuate coordination and consolidation of activities within EDGE. In addition, EDGE was given responsibility for Foreign-Trade Zone 77, the programs of the Office of Economic Development, and other functions. In April 2017, EDGE assumed management of the Greater Memphis Alliance for a Competitive Workforce ("GMACW"), a 501(c)(3) non-profit workforce intermediary. EDGE acts as the economic development agency for the City of Memphis and Shelby County, Tennessee. During the year ended June 30, 2022, control of GMACW was transferred to Workforce Mid-South Inc. In April 2022, all GMACW's income and expenses were transferred to EDGE. The transfers from GMACW consisted of a capital asset with a net book value of \$1,270, income of \$211, expenses of \$367,804 and debt forgiveness of \$444,258.

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact its business, financial position, results of operations and cash flows.

***Component Units***

The following entities self-report as enterprise funds. However, for EDGE reporting purposes, the following entities are blended component units, and are considered major funds:

**Depot Redevelopment Corporation of Memphis and Shelby County (DRC)** - The DRC is an Industrial Development Board within the meaning of Title 7, Chapter 53, Industrial Development Corporations, codified at Tennessee Code Annotated §7-53-101; et seq., as amended from time to time. The primary purpose of the DRC is to secure from the United States the land, building, and equipment of the Memphis Defense Depot (closed as a military base in 1997); enter into agreements to acquire, construct, improve, lease, operate and dispose of property; and to promote the redevelopment of the Memphis Depot for the citizens of the City and County. The EDGE Board serves as the Board of the DRC and EDGE President/CEO is the President/CEO of the DRC.

**Memphis and Shelby County Port Commission (Port)** - The Port was formed in 1947 under the Tennessee Private Acts of 1947, Chapter 500, as subsequently amended. The Port's purpose is to promote regional economic development while enhancing the natural environment. Five of the seven members of the Port Commission Board are appointed from the EDGE Board, while the Memphis and Shelby County Mayors each have one ex-officio appointee. EDGE President/CEO is the President/CEO of the Port.

**Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (IDB)** - The IDB was incorporated on November 4, 1977, as an Industrial Development Board within the meaning of Title 7, Chapter 53, Industrial Development Corporations, codified at Tennessee Code Annotated §7-53-101; et seq., as amended from time to time. The objective of the IDB is to assist in the financing of new business and industry and to promote local business expansion in Memphis and unincorporated Shelby County through the issuance of industrial revenue bonds and the Payment-In-Lieu-Of-Tax (PILOT) programs. The IDB's functions have been assumed by EDGE, which now originates PILOTs, TIFs, bonds and loans in the City of Memphis and unincorporated Shelby County. As a result, the IDB's revenue is now primarily derived from fees associated with older, pre-EDGE PILOTs. Those fees will continually diminish over time. The EDGE Board serves as the Board of the IDB and EDGE President/CEO is the President/CEO of the IDB.

Complete financial statements for each individual component unit may be obtained at EDGE's administrative office.

### ***Basis of Accounting and Revenue Recognition***

EDGE is considered to be a special-purpose government engaged in a business-type activity since its existence is to satisfy a very narrow purpose. It consists of an enterprise fund. The enterprise fund is classified as a proprietary fund by GASB and is accounted for using a total economic resources measurement focus. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The financial statements of EDGE are prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred, if measurable.

EDGE is not required to demonstrate statutory compliance with its annual operating budget. Accordingly, budgetary data is not included in the basic financial statements.

#### *Property, Plant and Equipment*

Property and equipment are stated at cost. EDGE does not have a minimum capitalization threshold. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 4 to 50 years. Amounts expended for maintenance and repairs are charged to expense as incurred and expenditures for major renewals and betterments are capitalized.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include amounts in demand deposits and highly liquid short-term investments with maturities of three months or less at date of acquisition.

#### *Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. EDGE provides an allowance for doubtful accounts equal to the estimated uncollectible portion. This estimate is based on historical collection experience and a periodic review of the accounts by management. The allowance for doubtful accounts was \$- for the year ended June 30, 2022.

#### *Contributions*

Contributions of assets are recorded at fair market value at the date of receipt.

#### *Income Taxes*

No provisions for federal income taxes are required since EDGE is an agency established under the ordinances of the State of Tennessee Industrial Development Corporation Act.

#### *Use of Estimates*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.



### *Operating and Non-Operating Revenues*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues are related to tax incentive and bond closing fees. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. Non-operating revenues and expenses are comprised of funds received from outside sources such as grant income, investment earnings or expenses and certain grants to other organizations. Additionally, all revenues and expenses not defined as operating are reported as non-operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Fund Net Position and Cash Flows.

### *Risk Management*

EDGE purchase commercial insurance coverage for claims arising out of bodily injury or property damage as well as property insurance on EDGE's property, which includes earthquake and flood coverage. There were no significant reductions in insurance coverage over the prior year. Additionally, there were no significant settlements which exceeded insurance coverages for each of the past three years.

As of January 1, 2013, all Port Commission employees became employees of EDGE. The employees are eligible to participate in EDGE's health and medical benefits plan, and are covered under EDGE's workers' compensation insurance.

On July 1, 2017, all former GMACW employees became EDGE employees, and are eligible to participate in EDGE's health and medical benefits plan, and are covered under EDGE's workers' compensation insurance. During the year ended June 30, 2022, control of GMACW was transferred to Workforce Mid-South Inc. GMACW employees are no longer employees of EDGE at June 30, 2022.

### *Compensated Absences*

Compensated absences are not reflected in the financial statements because the obligations relate to rights that do not vest or accumulate and the amount cannot be reasonably estimated.

### *Net Position*

The net position of proprietary funds is classified into three components. "Net investments in capital assets" consists of capital assets net of accumulated depreciation plus capital-related deferred outflows of resources and reduced by capital-related borrowings and deferred inflows of resources. The "Restricted" category of net position consists of assets that must be used for a particular purpose as specified by creditors, grantors, or contributions external to EDGE. The "Unrestricted" category of net position consists of the remaining net position that does not meet the definition of the other two categories.

When an expenditure is incurred in which both restricted and unrestricted funds are available for use, it is EDGE's policy to spend restricted funds first, then unrestricted funds.

### *Investments*

For June 30, 2022, EDGE held no investments.

### *Adoption of New Accounting Standard*

EDGE adopted the provisions of GASB Statement No. 87, Leases, on July 1, 2021. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirement of this statement was effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The implementation of the new standard did not have a material effect on the financials.

### *Subsequent Events*

EDGE has evaluated subsequent events for potential recognition and disclosure through February 15, 2023, the date the financial statements were available to be issued.

## **NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:**

### ***Deposit and Investment Risks***

Balances in the deposit accounts are insured by federal depository insurance. As required by state statute, cash deposits in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limit are to be collateralized at 105%; either with securities pledged by a financial institution held in trust in EDGE's name or classified as public funds, which is held in local government investment pools.

At June 30, 2022, EDGE maintained accounts at several local banks. Accounts at these banks are insured by the FDIC up to \$250,000. For the year ended June 30, 2022, the amounts held at these local banks were in excess of the FDIC limit by \$11,588,091, which are collateralized by the Tennessee Bank Collateral Pool.

At June 30, 2022, EDGE had an escrow balance of \$28,690,197 that was invested through the trustee in State and Local Government Series securities issued by the U.S. Department of the Treasury with an original maturity of 30 days. The security was for the purpose of refunding the revenue bonds held by the Port Commission at June 30, 2022. This amount was transferred to Port Commission subsequent to the year-end and used to refund the bonds.

### Port Commission

For June 30, 2022, the Port has cash and cash equivalents of \$12,166,692 deposited at one financial institution. The Port's bank accounts are insured by the Federal Deposit Insurance Corporation. Further, any amount exceeding the financial depository insurance coverage level is collateralized; as required by state statutes; either with securities pledged by a financial institution held in trust in the Port's name or classified as public funds, which is held in local government investment pools. The financial institution is a member of the Tennessee State Collateral Pool and has pledged securities in joint-custody at the Federal Reserve Bank to the State of Tennessee Treasurer. The financial institution's required collateral requirement is 105% of market value, less the allowance FDIC limitation.

### DRC

Balances in the deposit accounts are insured by federal depository insurance. As required by state statute, cash deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limit are to be collateralized at 105%; either with securities pledged by a financial institution held in trust in the DRC's name or classified as public funds, which is held in local government investment pools.

At June 30, 2022, the DRC maintained a bank account at a local bank. Accounts at this bank are insured by the FDIC up to \$250,000. For the year ended June 30, 2022, the amounts held at this bank were not in excess of \$250,000. The DRC held no temporary investments at June 30, 2022.

### IDB

Balances in the deposit accounts are insured by federal depository insurance. As required by state statute, cash deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limit are to be collateralized at 105%; either with securities pledged by a financial institution held in trust in the IDB's name or classified as public funds, which is held in local government investment pools.

At June 30, 2022, the IDB maintained a bank account at a local bank. Accounts at this bank are insured by the FDIC up to \$250,000. For the year ended June 30, 2022, the amounts held at this bank were in excess of the FDIC limit by \$1,500,440, which is collateralized by securities held by the Tennessee Bank Collateral Pool or securities held by Federal Home Loan Bank of Dallas.

### ***Credit Risks***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. EDGE has no formal policy on managing credit risk.

### Port Commission

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Port has no formal policy on managing credit risk. The Port's credit risk relate primarily to cash, cash equivalents and accounts receivables.

### IDB

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The IDB has no formal policy on managing credit risk. The IDB's credit risk related primarily to cash, cash equivalents and accounts receivables.

### DRC

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The DRC has no formal policy on managing credit risk. The DRC's credit risk relate primarily to cash, cash equivalents and accounts receivables.

### ***Custodial Credit Risks***

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, EDGE will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2022, EDGE had no temporary investments subject to repurchase agreements which were collateralized by uninsured and unregistered investments which are not in EDGE's name. EDGE has no policy on custodial credit risk.

### Port Commission

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Port will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2022, the Port had no temporary investments subject to repurchase agreements which were collateralized by uninsured and unregistered investments which are not in the Port's name. The Port has no policy on custodial credit risk.

## DRC

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the DRC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2022, the DRC had no temporary investments subject to repurchase agreements which were collateralized by uninsured and unregistered investments which are not in DRC's name. The DRC has no policy on custodial credit risk.

## IDB

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the IDB will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2022, IDB had no temporary investments subject to repurchase agreements which were collateralized by uninsured and unregistered investments which are not in the IDB's name. The IDB has no policy on custodial credit risk.

## ***Interest Rate Risks***

### Port Commission

Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations.

## DRC

Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The DRC only invests excess funds on an overnight basis. DRC limits its interest rate risk through the short-term nature of its investments.

## IDB

Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The IDB only invests excess funds on an overnight basis under the terms of a repurchase agreement. The IDB limits its interest rate risk through the short-term nature of its investments.

### ***Concentration of Credit Risks***

EDGE places no limit on the amount that it may invest in any one issuer. At June 30, 2022, EDGE held no investments.

#### **Port Commission**

Port places no limit on the amount that it may invest in any one issuer. At June 30, 2022, Port held no investments.

#### **DRC**

The DRC places no limit on the amount that it may invest in any one issuer. At June 30, 2022, the DRC held no investments.

#### **IDB**

IDB places no limit on the amount that it may invest in any one issuer. At June 30, 2022, IDB held one investment in a certificate of deposit.

### **NOTE 3 - NOTES RECEIVABLE:**

EDGE:	<u>2022</u>
Notes receivable expected to be collected in:	
Less than one year	\$ 28,622
One to five years	752,096
Thereafter	<u>333,333</u>
	1,114,051
Allowance	-
Net	<u><u>\$ 1,114,051</u></u>

The Castle Retail Group note receivable of \$48,171 has an interest rate of 2% and monthly payments of \$1,277 through September 2025.

The terms for the River City Capital Investment of \$1,000,000 are as follows: interest is due quarterly (March 31, June 30, September 30, and December 31 and is calculated at 2% per annum on the unpaid principal balance. The outstanding principal balance will be due in 3 installments with the first installment commencing on the 8<sup>th</sup> anniversary of the closing date (December 15, 2025), with the second installment due on the 9<sup>th</sup> anniversary of the closing date and the final installment due on the 10<sup>th</sup> anniversary of the closing date.

Stepherson Incorporated, dba Superlo Foods, note receivable of \$65,880 has an interest rate of 2% and monthly payments of \$1,277 through December 2026.

At June 30, 2022, the discount to net realizable value was not significant.

#### **NOTE 4 - CAPITAL ASSETS:**

Changes in capital assets were as follows:

##### **EDGE**

	June 30, 2022			Ending Balances
	Beginning Balance	Increases	Decreases	
<b>Capital assets, not being depreciated</b>				
Land	\$ 823,868	\$ -	\$ -	\$ 823,868
Total capital assets, not being depreciated	823,868	-	-	823,868
<b>Capital assets, being depreciated</b>				
Furniture, fixtures, and equipment	247,968	1,270	-	249,238
Improvements	7,120,662	-	-	7,120,662
Right-of-use asset	-	179,496	-	179,496
Software	29,883	29,234	-	59,117
Total capital assets, being depreciated	<u>7,398,513</u>	<u>210,000</u>	<u>-</u>	<u>7,608,513</u>
Less accumulated depreciation for:				
Furniture and fixtures, equipment	(197,697)	(14,189)	-	(211,886)
Improvements	(1,237,704)	(203,448)	-	(1,441,152)
Right-of-use asset	-	(113,366)	-	(113,366)
Software	(23,383)	(6,000)	-	(29,383)
Total accumulated depreciation	<u>(1,458,784)</u>	<u>(337,003)</u>	<u>-</u>	<u>(1,795,787)</u>
Total capital assets, being depreciated, net	<u>5,939,729</u>	<u>(127,003)</u>	<u>-</u>	<u>5,812,726</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 6,763,597</u>	<u>\$ (127,003)</u>	<u>\$ -</u>	<u>\$ 6,636,594</u>

Depreciation and amortization expense for June 30, 2022 was \$223,637. Lease amortization expense for the year ended June 30, 2022 was \$113,366.

## Port Commission

	June 30, 2022			
	Beginning Balance	Increases	Decreases	Ending Balances
<b>Capital assets, not being depreciated</b>				
Land	\$ 4,351,501	\$ -	\$ 16,611	\$ 4,334,890
Total capital assets, not being depreciated	4,351,501	-	16,611	4,334,890
<b>Capital assets, being depreciated</b>				
Building	66,077	-	-	66,077
Furniture, fixtures, and equipment	1,367,224	-	-	1,367,224
Improvements	16,981,915	-	-	16,981,915
Total capital assets, being depreciated	18,415,216	-	-	18,415,216
Less accumulated depreciation for:				
Building	(61,893)	(129)	-	(62,022)
Furniture and fixtures, equipment	(1,101,917)	(84,945)	-	(1,186,862)
Improvements	(9,101,306)	(343,016)	-	(9,444,322)
Total accumulated depreciation	(10,265,116)	(428,090)	-	(10,693,206)
Total capital assets, being depreciated, net	8,150,100	(428,090)	-	7,722,010
<b>CAPITAL ASSETS, NET</b>	<u>\$ 12,501,601</u>	<u>\$ (428,090)</u>	<u>\$ 16,611</u>	<u>\$ 12,056,900</u>

Depreciation expense for June 30, 2022 was \$428,090.

### **NOTE 5 - REVENUE BONDS:**

The Port Commission has entered into an agreement with Shelby County, the City of Memphis, and Electrolux to partially fund the construction of the Electrolux facility with the use of debt issued by both the County and the City. The County and the City each guarantee the debt, which is payable solely from the County's and City's covenants to timely appropriate from legally available non-ad valorem revenues, although the debt is in the name of the Port Commission and is being held on the financial statements of the Port Commission. The Port Commission is under no obligation to pay the debt principal or interest. To reflect that the Port Commission has no obligation to pay the debt, receivables from the City of Memphis and Shelby County have been booked for the principal and will be booked for the interest as it becomes due. Coupon rates on the 24-year, 7-month bonds range from 2.0% to 5.25% over the lives of the bonds.

*See next page*



Future amortizations of debt principal and interest expense related to such are as follows for the years ending June 30:

	Principal		Interest		Total
2023	\$ 1,480,000	\$	1,317,850	\$	2,797,850
2024	1,560,000		1,240,150		2,800,150
2025	1,640,000		1,158,250		2,798,250
2026	1,730,000		1,072,150		2,802,150
2027	1,795,000		1,002,950		2,797,950
2028-2032	10,140,000		3,856,550		13,996,550
2033-2036	<u>9,985,000</u>		<u>1,211,500</u>		<u>11,196,500</u>
	<u>\$ 28,330,000</u>	\$	<u>10,859,400</u>	\$	<u>39,189,400</u>

The revenue bonds activity for the year ended June 30, 2022 was as follows:

DESCRIPTION	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 29,740,000	\$ -	\$ 1,410,000	\$ 28,330,000	\$ 1,480,000
Net bond premium	<u>1,238,278</u>	<u>-</u>	<u>83,951</u>	<u>1,154,327</u>	<u>83,951</u>
	<u>\$ 30,978,278</u>	<u>\$ -</u>	<u>\$ 1,493,951</u>	<u>\$ 29,484,327</u>	<u>\$ 1,563,951</u>

*See next page*

The Schedule of Changes in Long-Term Debt by Individual Issue for the year ended June 30, 2022 was as follows:

<b>Description of Indebtedness Business-Type Activities</b>	<b>Original Amount of Issue</b>	<b>Interest Rate</b>	<b>Date of Issue</b>	<b>Final Maturity Date</b>	<b>Outstanding July 1, 2,021</b>	<b>Paid and/or Matured During Period</b>	<b>Outstanding June 30, 2,022</b>
<u>Bonds Payable</u>							
Series 2011 Revenue Bonds	\$ 40,795,000	3.0 %	September 7, 2011	April 1, 2036	\$ 29,740,000	\$ 1,410,000	\$ 28,330,000
Net Premium and Issuance Costs of Bonds Issued	<u>2,063,797</u>	- %	September 7, 2011	April 1, 2036	<u>1,238,278</u>	<u>83,951</u>	<u>1,154,327</u>
Total Bonds Payable	<u>\$ 42,858,797</u>				<u>\$ 30,978,278</u>	<u>\$ 1,493,951</u>	<u>\$ 29,484,327</u>

*See next page*

**NOTE 6 - NOTES PAYABLE:**

The terms for the Kresge Fund note payable of \$1,000,000 are as follows: interest is due quarterly (March 31, June 30, September 30, and December 31) and is calculated at 2% per annum on the unpaid principal balance. The outstanding principal balance will be due in 3 installments with the first installment commencing on the 8<sup>th</sup> anniversary of the closing date (December 15, 2025), with the second installment due on the 9<sup>th</sup> anniversary of the closing date and the final installment due on the 10<sup>th</sup> anniversary of the closing date. This note is to be repaid by funds received from River City Capital. Interest payments on this note were waived through September 30, 2020 due to COVID-19.

Maturities on notes payable for the next five years are as follows:

	Principal	Interest	Total
2023	\$ -	\$ 20,000	\$ 20,000
2024	-	20,000	20,000
2025	-	20,000	20,000
2026	333,333	16,389	349,722
2027	333,333	9,722	343,055
Thereafter	333,334	3,056	336,390
	<u>\$ 1,000,000</u>	<u>\$ 89,167</u>	<u>\$ 1,089,167</u>

The long-term notes payable activity for the year ended June 30, 2022 was as follows:

DESCRIPTION	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ <u>1,000,000</u>	\$ -	\$ -	\$ <u>1,000,000</u>	\$ -
<b>TOTAL</b>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

**NOTE 7 - CONTINGENCIES AND COMMITMENTS:**

In the normal course of operations, EDGE is subject to claims and litigation. Management and legal counsel are of the opinion that, based on information presently available, no matters exist that would have a material adverse effect on the financial position and results of operations of EDGE.

**NOTE 8 - RETIREMENT PLANS:**

The EDGE 401(k) Retirement Plan (the "Plan"), a tax-deferred employee savings plan, covers all hourly and salaried full-time employees, beginning the first of the month following six months employment with EDGE. Amendments to the Plan can only be made by EDGE's Board of Directors. The Plan is a defined contribution plan, and it is administered by Adams Keegan, Inc.

EDGE's contributions are discretionary. Currently, EDGE has elected to match employee contributions after employees have been with EDGE six months. Matching is computed as follows: EDGE will match dollar-for-dollar on the first 3% that the employee defers from their compensation and will match 50% of any amounts deferred between 3% and 5%, up to a maximum of 4%. (For example, if the employee defers 4%, EDGE matches with 3.5%, and if the employee defers 5% EDGE matches with 4%). Employer contributions of \$4,318 and \$11,079, were made for EDGE and the Port Commission, respectively, for the year ended June 30, 2022.

**NOTE 9 - NET INVESTMENT IN LEASE:**

In 2000, the Port Commission entered a thirty-year lease-purchase agreement to sell land to another party. The agreement provides for annual payments of \$81,920 for the first ten years, \$90,112 for the next ten years, \$99,123 for the final ten year period, and a balloon payment of \$1,024,000 at the end of the lease term. Title of the property transfers at the end of the lease term. The lease is accounted for by the Port Commission as a sales-type-lease. The transaction resulted in a gain on the sale of \$1,475,923 that will be recognized over the life of the lease using the installment method of gain recognition. The net investment in lease consists of the following at June 30, 2022:

Total minimum lease payments	\$	1,743,552
Less amounts representing interest		<u>(472,884)</u>
Gross investment in lease		1,270,668
Less unearned income		<u>(707,213)</u>
Net investment in lease	\$	<u><u>563,455</u></u>

**NOTE 10 - LEASES:**

On May 17, 2012, EDGE entered into a lease to rent office space for approximately 4,931 square feet at their current location, 100 Peabody Place, Suite 1100. The lease was last amended December 14, 2017 to extend the lease until January 31, 2023. EDGE has determined the net present value of this lease based on the municipal bond rate as of July 1, 2021, which was 0.16% for terms of two years. At June 30, 2022, EDGE had a right of use asset of \$179,496, accumulated amortization of \$113,366, and a lease liability of \$66,656 related to the lease. Annual requirements to amortize the lease obligation and related interest expense are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 66,656	\$ 36
2024	-	-
2025	-	-
2026	-	-
2027	-	-
Thereafter	-	-
Total	<u>\$ 66,656</u>	<u>\$ 36</u>

**Port Commission**

The Port Commission has entered into various operating leases for the rental of buildings and tracts of land. The commencement dates of the leases range from July 1, 2013 to September 1, 2021 with terms that range from one to thirty years. Some of these leases have options to renew for additional terms that range from one option to renew for an additional year to seven options to renew for an additional five-years.

At June 30, 2022, the Port Commission is reporting a lease receivable of \$29,277,530 related to these leases. The Port Commission has determined the net present value of these leases based on the municipal bond rate as of July 1, 2021, which ranged from 0.16% to 1.55% for terms that ranged from two to thirty years. For the year ended June 30, 2022, the Port Commission is reporting lease income of \$1,642,730, interest income of \$369,090, and additional revenues of \$1,096,625 for variable and other lease payments. Variable payments primarily consist of wharfage fees, tariff fees, and payments based on volume of products received as outlined in the various lease agreements.

Future minimum rental income under operating leases that have initial or noncancellable lease terms in excess of one year is due as follows for the year ended June 30:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,240,740	\$ 358,127
2024	1,233,657	347,169
2025	1,234,568	336,092
2026	1,239,258	324,893
2027	1,219,889	313,376
2028-2032	5,222,217	1,398,370
2033-2037	3,797,933	1,140,035
2038-2042	3,166,333	936,079
2043-2047	2,696,057	736,237
2048-2052	2,506,032	545,011
2053-2057	2,971,141	333,474
2058-2062	2,551,788	92,579
2063-2067	184,902	8,398
2068	<u>13,015</u>	<u>42</u>
Total	<u>\$ 29,277,530</u>	<u>\$ 6,869,882</u>

**NOTE 11 - RELATED PARTIES:**

**EDGE**

In accordance with the Joint Resolution of the Board of Commissioners of Shelby County and the Council of the City of Memphis, TN, any excess operating revenues of the Port are distributed to EDGE. As of June 30, 2022, the Port owed EDGE \$3,888,816.

GMACW owed EDGE for reimbursement of certain payroll and related expenses. For the year ended June 30, 2022, \$77,241 was paid by GMACW to EDGE. In April 2022, the remaining outstanding balance due to EDGE of \$444,258 was forgiven.

**NOTE 12 - CONDUIT DEBT OBLIGATIONS:**

From time to time, EDGE has entered into conduit debt arrangements in accordance with EDGE's enabling legislation to provide financial assistance to public and private-sector entities for acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The conduit debt obligations are secured by the property financed and are payable solely from revenues pledged under the applicable loan documents and/or certain tax increment financing approved by the applicable taxing authorities. EDGE is not obligated in any manner for repayment of the obligations. Accordingly, the obligations are not reported as liabilities in the accompanying financial statements. At June 30, 2022, EDGE had 9 approved conduit debt arrangements. The aggregate principal payable for the 9 approved conduit debt arrangements could not be determined; however, their original issue amounts totaled \$422,265,100. The conduit debt arrangements are described as follows:

In November 2014, EDGE approved a tax-exempt revenue bond for Serenity Recovery Centers, Inc. for the financing of a nonprofit substance abuse counseling center located in the City of Memphis, Tennessee. The face amount of the debt obligation is \$2,282,250. EDGE is not responsible for this amount.

In December 2015, EDGE approved taxable bonds (Series 2016 A-B) for another part of the Graceland expansion project, to enhance economic development in the Whitehaven area. The face amount of the debt obligation is \$40,000,000. EDGE is not responsible for this amount.

In April 2017, EDGE approved Qualified Energy Conservation Bonds for the Southbrook Towne Center. The funds will help revitalize the facility. The face amount of the debt obligation is \$2,142,850. EDGE is not responsible for this amount.

In May 2017, EDGE approved tax-exempt bonds for the City of Memphis to refinance debt originally issued for the Bass Pro/Pyramid Project and related costs (TDZ Revenue Refinancing Bonds Series 2017A-C). The face amount of the debt obligation is \$158,240,000. EDGE is not responsible for this amount.

In November 2017, EDGE approved tax increment revenue bonds (Series 2017 A-E) for the Graceland expansion project. The issuance of these bonds refinanced the Series 2015A bonds previously issued for the project. The face amount of the debt obligation is \$104,300,000. EDGE is not responsible for this amount.

In January 2018, EDGE approved tax-exempt bonds to refinance older bonds issued by the IDB on behalf of the YMCA. The face amount of bonds is \$6,410,000. EDGE is not responsible for this amount.

In December 2020, EDGE approved taxable bonds (Series 2021) for the Liberty Park capital improvement projects. The face amount of the debt obligation is \$69,635,000. EDGE is not responsible for this amount.

In February 2021, EDGE approved taxable bonds for BR Distilling. The funds will be used to finance and/or refinance the costs incurred to purchase new machinery and equipment for its facilities. The face amount of the debt obligation is \$15,000,000. EDGE is not responsible for this amount.

In April 2021, EDGE approved taxable bonds (Series 2021 A-B) for the Accelerate Memphis capital improvement projects. The face amount of the debt obligation is \$24,255,000. EDGE is not responsible for this amount.

EDGE and The University Neighborhoods Development Corporation (UNDC) entered into a development agreement dated December 22, 2016. The eligible costs of the redevelopment are paid for by means of tax increment revenue collected through property taxes that are attributable to the plan area per the agreement. The tax increment revenue has been deposited in a separate bank account established by EDGE and is restricted to the specific purpose established by the development agreement. EDGE has no rights to the accumulated cash received other than to make the requested disbursements on behalf of UNDC. At June 30, 2022, the balance of cash remaining in the fund was \$302,019.

**NOTE 13 – RISK MANAGEMENT:**

The Port Commission purchases commercial insurance coverage for claims arising out of bodily injury or property damage as well as property insurance on the Port Commission’s property, which includes earthquake and flood coverage. There were no significant reductions in insurance coverage over the prior year. Additionally, there were no significant settlements which exceeded insurance coverages for each of the past three years.

All Port Commission staff are employees of EDGE. One of these staff members participates in the City of Memphis' dental benefit plan. The rest of the staff participates in EDGE's health and medical benefits plan. All staff of the Port Commission participate in EDGE's workers' compensation insurance.

**NOTE 14 - WITH AND WITHOUT DONOR RESTRICTIONS:**

**GMACW**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS:</b>			
Grants - DEPOT Redevelopment	\$ 265,000	\$ -	\$ 265,000
Grants - AMERICA'S PROMISE/MOVE HIRE	1,268,397	-	1,268,397
Other revenue	8,654	-	8,654
Indirect cost recovery	<u>12,933</u>	<u>-</u>	<u>12,933</u>
Total	1,554,984	-	1,554,984
Total Support, Revenue and Reclassifications	<u>1,554,984</u>	<u>-</u>	<u>1,554,984</u>
<b>EXPENSES:</b>			
Program services	1,734,424	-	1,734,424
General & administrative	<u>47,011</u>	<u>-</u>	<u>47,011</u>
Total Expenses	<u>1,781,435</u>	<u>-</u>	<u>1,781,435</u>
CHANGE IN NET ASSETS	(226,451)	-	(226,451)
NET ASSETS, BEGINNING OF PERIOD	<u>158,786</u>	<u>-</u>	<u>158,786</u>
NET ASSETS, END OF PERIOD	<u><u>\$ (67,665)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (67,665)</u></u>



**NOTE 15 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:**

In 2019, the GASB issued guidance to provide a single method of reporting conduit debt obligations by issuers. The new standard, GASB Statement 91, *Conduit Debt Obligations*, clarifies the definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of commitments extended by issuers, and improves required note disclosures. It was initially effective for reporting periods that begin subsequent to December 15, 2020. This pronouncement now requires the adoption of GASB 91 for all fiscal years that begin subsequent to December 15, 2021. Management has elected to delay implementation until 2023 and the effect of this standard has not yet been determined.

**NOTE 16 - SUBSEQUENT EVENTS:**

On July 15, 2022, EDGE transferred \$28,690,197 to the Port Commission for the purpose of refunding the revenue bonds held by the Port Commission at June 30, 2022.

On August 3, 2022, the lease agreement was amended to extend the lease until January 31, 2030.

## **REPORT ON INTERNAL CONTROL AND COMPLIANCE**

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

Board of Directors  
Economic Development Growth Engine Industrial Development Board  
of the City of Memphis and County of Shelby, Tennessee  
Memphis, Tennessee

We have audited, in accordance with 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (EDGE) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise EDGE's basic financial statements, and have issued our report thereon dated February 15, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered EDGE'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 EDGE's internal control. Accordingly, we do not express an opinion on the effectiveness of EDGE'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 EDGE's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether EDGE's financial statements are free of 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.

Memphis, Tennessee  
February 15, 2023

**ECONOMIC DEVELOPMENT GROWTH ENGINE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**  
Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended June 30, 2022

There were no prior findings reported.