

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

**Financial Statements
and Reports of Independent Auditors**

For the Year Ended June 30, 2025

**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**
FOR MEMPHIS & SHELBY COUNTY

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Memphis, TN 38103-3652
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www.EDGEmem.com

December 31, 2025

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, 2025. The audit consists of 3 sections: Introductory, Financial Statements, and Internal Controls and Compliance. This introductory section consists of the transmittal letter and a list of management officials and the Board of Directors. The financial section begins with the auditor's report and includes the management discussion and analysis and the financial statements. The financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows along with the index to notes to the financial statements and the notes to the financial statements. The internal control and compliance section concludes the report by discussing internal controls and compliance related to 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 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 2025.

Overview

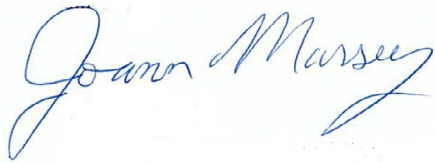
In January/February 2011, the City of Memphis and Shelby County created EDGE and made the EDGE Board of Directors the Board of the Industrial Development Board of the City of Memphis and County of Shelby, Tennessee ("IDB"), the Depot Redevelopment Corporation of Memphis and Shelby County ("DRC"), and 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 of Operations for all entities, as well as common General Counsel, accountants, and auditors. EDGE now provides all staffing for the four entities.

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.

I would like to thank Banks, Finley, White & Co. and Hughey's Debits and Credits for their support in preparing the fiscal year 2025 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.

Sincerely

A handwritten signature in blue ink that reads "Joann Massey". The signature is fluid and cursive, with the first name "Joann" and last name "Massey" clearly legible.

Dr. Joann Massey
President & CEO

**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, 2025

PRESIDENT/CEO

Dr. Joann Massey

AUDIT COMMITTEE

Jatin Kumar
Vijay Kalaga

EDGE AND IDB BOARD MEMBERS

Al Bright, Chairman
Gerre Currie, Vice Chairwoman
Jatin Kumar
Natasha Donerson
Dr. Florence Jones
Mark Halperin
Rodrick Holmes
Vijay Kalaga
Rod Motley
Councilman Chase Carlisle
Commissioner Henri E. Brooks

PORT COMMISSION BOARD MEMBERS

Vijay Kalaga, Chairman
Mark J. Halperin, Vice Chairman
Jatin Kumar, Treasurer
Dr. Florence Jones, Secretary
Gerre Currie
Scott Morgan
Cliff Norville

GENERAL COUNSEL

Mark E. Beutelschies

INDEPENDENT AUDITOR'S 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, 2025, 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, 2025, 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 Auditors' 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.

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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise EDGE's basic financial statements. The accompanying schedules of changes in long-term debt by individual issue, long-term debt, principal and interest requirements, changes in lease obligations and lease obligations, principal and interest requirements by fiscal year 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 schedules of changes in long-term debt by individual issue, long-term debt, principal, and interest requirements, changes in lease obligations and lease obligations, principal and interest requirements by fiscal year are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section as listed in the table of contents, 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 December 31, 2025, 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.

Memphis, Tennessee
December 31, 2025

**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, 2025

INTRODUCTION

This discussion and analysis of EDGE's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2025. 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.

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 increased from \$49.34 million to \$49.89 million (or 1.11%) from 2024 to 2025.

**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, 2025

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)

	Business-Type Activities			
	2025	2024	Difference	% Change
Current assets	\$ 44.92	\$ 23.90	\$ 21.02	87.95 %
Restricted assets	8.47	8.04	0.43	5.35 %
Non-current assets	78.40	74.55	3.85	5.16 %
Total Assets	\$ 131.79	\$ 106.49	\$ 25.30	23.76 %
Current liabilities	\$ 32.61	\$ 3.98	\$ 28.63	719.35 %
Non-current liabilities	24.01	26.23	(2.22)	(8.46)%
Total Liabilities	56.62	30.21	26.41	87.42
Deferred Inflows	25.30	26.96	(1.66)	(6.16)%
Total Liabilities & Deferred Inflows	\$ 81.92	\$ 57.17	\$ 24.75	43.29 %
Investment in capital assets	\$ 19.99	\$ 18.59	\$ 1.40	7.53 %
Unrestricted	27.49	28.46	(0.97)	(3.41)%
Restricted for inner city economic development	2.41	2.29	0.12	5.24 %
Total Net Position	49.89	49.34	0.55	1.11 %
Total Liabilities, Deferred Inflows and Net Position	\$ 131.81	\$ 106.51	\$ 25.30	23.75 %

**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, 2025

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)

	Business-Type Activities			
	2025	2024	Difference	% Change
Operating revenue	\$ 4.63	\$ 5.70	\$ (1.07)	(18.77)%
Operating expenses	<u>5.52</u>	<u>5.56</u>	<u>(0.04)</u>	<u>(0.72)%</u>
Net operating income (loss)	(0.89)	0.14	(1.03)	(735.71)%
Non-operating revenue (expenses):				
Gain (loss) on sale on assets	0.04	0.04	-	0.00 %
Grant funding - Shelby County	0.12	0.05	0.07	140.00 %
Contributed capital	0.75	0.80	(0.05)	(6.25)%
Interest income	0.88	1.20	(0.32)	(26.67)%
Interest income - lease	0.40	0.44	(0.04)	(9.09)%
Payment to EDGE for revenue share	(1.18)	(0.41)	(0.77)	187.80 %
Transfers to EDGE	1.17	0.41	0.76	185.37 %
Port security grant revenue	-	0.41	(0.41)	(100.00)%
Debt Service - Interest	(0.75)	(0.80)	0.05	(6.25)%
Contribution - State of TN	-	0.40	(0.40)	(100.00)%
Grant expense - State of TN	(19.04)	(6.28)	(12.76)	203.18 %
Amortization of bond premium	-	-	-	0.00 %
Grants to other	<u>19.04</u>	<u>5.88</u>	<u>13.16</u>	<u>223.81 %</u>
Total non-operating revenue (expenses)	1.43	2.14	(0.71)	(33.18)%
Income (Loss) Before Contributions and Transfers	0.54	2.28	(1.74)	(76.32)%
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00 %</u>
Change in Net Position	<u>0.54</u>	<u>2.28</u>	<u>(1.74)</u>	<u>(76.32)%</u>
Total Net Position - Beginning	<u>49.34</u>	<u>47.06</u>	<u>2.28</u>	<u>4.84 %</u>
Total Net Position - Ending	<u>\$ 49.88</u>	<u>\$ 49.34</u>	<u>\$ 0.54</u>	<u>1.09 %</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, 2025

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. PILOT revenues are generally expected to decline over the next few years, as smaller PILOTs are being approved compared to earlier years. In addition, EDGE generates operating revenue from leasing properties (listed as both Leasing and Charges for Services) - at the Port.

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

EDGE and Port all have land and other capital assets.

Capital assets, before taking accumulated depreciation into account, did not substantially change in FY 2025.

EDGE

	2025	2024	Difference	% Change
Capital Assets, not being depreciated				
Land	\$ 0.82	\$ 0.82	-	-
Total capital assets not being depreciated	0.82	0.82	-	-
Capital assets, being depreciated				
Right-of-use asset	0.71	0.71	-	-
Software	0.07	0.03	0.04	233.33 %
Furniture, fixtures and equipment	0.32	0.32	-	-
Improvements and land improvements	7.15	7.12	0.03	0.42 %
Total capital assets, being depreciated	8.25	8.18	0.07	0.86 %
Less Accumulated Depreciation	(2.62)	(2.28)	(0.34)	14.91 %
Net capital assets, being depreciated	5.63	5.90	(0.27)	(4.58)%
Capital Assets, net	\$ 6.45	\$ 6.72	\$ (0.27)	(4.02)%

**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, 2025

Port Commission

	<u>2025</u>	<u>2024</u>	<u>Difference</u>	<u>% Change</u>
Capital Assets, not being depreciated				
Land	\$ <u>4.33</u>	\$ <u>4.33</u>	\$ <u>-</u>	<u>-</u>
Construction in progress	<u>0.59</u>	<u>0.45</u>	<u>0.14</u>	<u>31.11</u>
Total capital assets not being depreciated	<u>4.92</u>	<u>4.78</u>	<u>0.14</u>	<u>2.93</u>
Capital assets, being depreciated				
Machinery and equipment	1.55	1.41	0.14	9.93 %
Building improvements	16.98	16.97	0.01	- %
Buildings	<u>0.07</u>	<u>0.07</u>	<u>-</u>	<u>-</u> %
Total capital assets, being depreciated	<u>18.60</u>	<u>18.45</u>	<u>0.15</u>	<u>0.81</u> %
Less Accumulated Depreciation	<u>(11.84)</u>	<u>(11.44)</u>	<u>(0.40)</u>	<u>0.00</u> %
Net capital assets, being depreciated	<u>6.76</u>	<u>7.01</u>	<u>(0.25)</u>	<u>(3.57)</u> %
Capital Assets, net	<u>\$ 11.68</u>	<u>\$ 11.79</u>	<u>\$ (0.11)</u>	<u>(0.93)</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, 2025

Long-term Debt

EDGE

EDGE has entered into an agreement with Shelby County and the City of Memphis to refund the previously issued Memphis and Shelby County Port Commission Development Revenue Bonds, Series 2011. 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 EDGE and is being held on the financial statements of EDGE. EDGE is under no obligation to pay the debt principal or interest. To reflect that EDGE 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 14-year bonds range are 2.96% over the lives of the bonds. On July 15, 2022, EDGE transferred \$28,690,197 to the Port Commission for the purpose of refunding the revenue bonds previously held by the Port Commission at June 30, 2024. As a result of the refunding of the revenue bonds, \$1,150,829 of net assets were transferred from EDGE related to the net bond premium which will be amortized over the remaining years of the bond.

(amounts expressed in millions of dollars)

	2025	2024	Difference	% Change
Revenue bonds	\$ 23.56	\$ 25.35	\$ (1.79)	(7.06)%
Note payable	1.00	1.00	-	-
Net premium	<u>0.90</u>	<u>0.90</u>	<u>-</u>	<u>-</u> %
Total	<u>\$ 25.46</u>	<u>\$ 27.25</u>	<u>\$ (1.79)</u>	<u>(6.57)%</u>

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 Dr. Joann Massey, President/CEO, 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.

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

Statement of Net Position

June 30, 2025

	<u>ASSETS</u>					<u>BUSINESS-TYPE</u>
	<u>EDGE</u>	<u>DRC</u>	<u>PORT COMMISSION</u>	<u>IDB</u>	<u>ELIMINATIONS</u>	<u>ACTIVITIES TOTAL</u>
CURRENT ASSETS:						
Cash and cash equivalents	\$ 26,519,163	\$ -	\$ 11,570,639	\$ 1,390,316	\$ -	\$ 39,480,118
Accounts receivable - PACER program	2,500	-	-	-	-	2,500
Accounts receivable - Due from Port	739,426	-	-	-	-	739,426
Accounts receivable - Due from EDGE	-	-	-	275,889	-	275,889
Lease receivables, current portion	-	-	1,510,901	-	-	1,510,901
Due from City of Memphis	1,022,443	-	-	-	-	1,022,443
Due from Shelby County	1,660,092	-	-	-	-	1,660,092
Notes receivable, current portion	18,965	-	-	-	-	18,965
Prepaid expenses	27,129	-	(16,848)	-	-	10,281
Accrued interest receivable	30,792	-	144,750	26,121	-	201,663
Total Current Assets	30,020,510	-	13,209,442	1,692,326	-	44,922,278
RESTRICTED ASSETS:						
Restricted cash - ED Grant Escrow	(229,584)	-	-	-	-	(229,584)
Restricted cash - City Inncity Funds	778,763	-	-	699,960	-	1,478,723
Restricted cash - Grant Funding	100,000	-	-	-	-	100,000
Restricted cash - County Inncity Funds	709,551	-	-	445,707	-	1,155,258
Restricted cash - UNDC TIF Op	3,473	-	-	-	-	3,473
Restricted cash - UNDC TIF Sweep	151,728	-	-	-	-	151,728
Restricted cash - First Bank - PCBD TIF	3,095,644	-	-	-	-	3,095,644
Restricted cash - First Bank - PCBD TIF 2024	966,640	-	-	-	-	966,640
Restricted cash - First Bank - UNDC Dev Fund	24,947	-	-	-	-	24,947
Restricted cash - First Bank - UNDC TIF Fund	598,579	-	-	-	-	598,579
Restricted cash - GWERC Funding	247,000	-	-	-	-	247,000
Certificates of deposit - escrow	-	-	-	878,554	-	878,554
Total Restricted Assets	6,446,741	-	-	2,024,221	-	8,470,962
NON-CURRENT ASSETS:						
Notes receivable, long-term	12,966,492	-	-	-	-	12,966,492
Lease receivables, long-term	-	-	24,974,566	-	-	24,974,566
Property and equipment, not being depreciated	823,868	-	4,929,607	-	-	5,753,475
Property and equipment, being depreciated, net	5,167,553	-	6,755,511	-	-	11,923,064
Right-of-use operating lease asset, net of accumulated amortization	465,554	-	-	-	-	465,554
Due from City of Memphis	10,857,500	-	-	-	-	10,857,500
Due from Shelby County	10,857,500	-	-	-	-	10,857,500
Net investment in lease	-	-	608,605	-	-	608,605
Total Non-Current Assets	41,138,467	-	37,268,289	-	-	78,406,756
TOTAL ASSETS	<u>\$ 77,605,718</u>	<u>\$ -</u>	<u>\$ 50,477,731</u>	<u>\$ 3,716,547</u>	<u>\$ -</u>	<u>\$ 131,799,996</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, 2025

(Continued)

LIABILITIES AND NET POSITION

	EDGE	DRC	PORT COMMISSION	IDB	ELIMINATIONS	BUSINESS-TYPE ACTIVITIES TOTAL
CURRENT LIABILITIES:						
Accounts payable	\$ 223,598	\$ -	\$ 52,596	\$ 592	\$ -	\$ 276,786
Accounts payable - Due to IDB	275,889	-	-	-	-	275,889
Lease liability, current	98,654	-	-	-	-	98,654
Funds held for TIF	4,690,311	-	-	-	-	4,690,311
Accrued interest	558,608	-	-	-	-	558,608
Accrued expenses	12,100	-	-	-	-	12,100
Deferred revenue - FTZ fees	18,750	-	-	-	-	18,750
Unearned revenue	24,000,000	-	6,971	-	-	24,006,971
Due to EDGE	-	-	739,426	-	-	739,426
Net premium, current	83,951	-	-	-	-	83,951
Revenue bonds, current	1,845,000	-	-	-	-	1,845,000
Total Current Liabilities	<u>31,806,861</u>	<u>-</u>	<u>798,993</u>	<u>592</u>	<u>-</u>	<u>32,606,446</u>
NON-CURRENT LIABILITIES:						
Net bond premium, long-term	818,523	-	-	-	-	818,523
Lease liability, long-term	391,615	-	-	-	-	391,615
Funds held for others	8,704	-	-	-	-	8,704
Notes payable, long-term	1,000,000	-	-	-	-	1,000,000
Refundable Advance- Shelby County	75,000	-	-	-	-	75,000
Revenue bonds, long-term	21,715,000	-	-	-	-	21,715,000
Total Non-Current Liabilities	<u>24,008,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,008,842</u>
TOTAL LIABILITIES	<u>55,815,703</u>	<u>-</u>	<u>798,993</u>	<u>592</u>	<u>-</u>	<u>56,615,288</u>
DEFERRED INFLOWS OF RESOURCES:						
Related to Leases	<u>-</u>	<u>-</u>	<u>25,298,571</u>	<u>-</u>	<u>-</u>	<u>25,298,571</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>55,815,703</u>	<u>-</u>	<u>26,097,564</u>	<u>592</u>	<u>-</u>	<u>81,913,859</u>
NET POSITION:						
Investment in capital assets	6,793,282	-	13,196,019	-	-	19,989,301
Unrestricted	13,289,418	-	11,184,148	3,015,995	-	27,489,561
Restricted for inner city economic development	1,707,315	-	-	699,960	-	2,407,275
Total Net Position	<u>21,790,015</u>	<u>-</u>	<u>24,380,167</u>	<u>3,715,955</u>	<u>-</u>	<u>49,886,137</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 77,605,718</u>	<u>\$ -</u>	<u>\$ 50,477,731</u>	<u>\$ 3,716,547</u>	<u>\$ -</u>	<u>\$ 131,799,996</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, 2025

	EDGE	DRC	PORT COMMISSION	IDB	ELIMINATIONS	BUSINESS-TYPE ACTIVITIES TOTAL
OPERATING REVENUES:						
PILOT fees	\$ 106,461	\$ -	\$ -	\$ 38,645	\$ -	\$ 145,106
ICED application fees	1,100	-	-	-	-	1,100
Bond closing fees	17,409	-	-	-	-	17,409
C-PACER program fees	60,780	-	-	-	-	60,780
Brownfields Cleanup Revolving Loan Fund	41,086	-	-	-	-	41,086
Leasing income	-	-	3,027,292	-	-	3,027,292
PILOT termination fees	45,007	-	-	-	-	45,007
PILOT basic rent	5,100	-	-	-	-	5,100
PILOT amendment fees	13,515	-	-	-	-	13,515
PILOT closing fees	749,943	-	-	-	-	749,943
Foreign Trade Zone	64,000	-	-	-	-	64,000
Amortization of bond premium	83,951	-	-	-	-	83,951
TIF Administration fees	116,164	-	-	-	-	116,164
PILOT deletion fees	242,944	-	-	-	-	242,944
Miscellaneous income	13,675	-	-	-	-	13,675
Total operating revenues	<u>1,561,135</u>	<u>-</u>	<u>3,027,292</u>	<u>38,645</u>	<u>-</u>	<u>4,627,072</u>
OPERATING EXPENSES:						
Legal fees	\$ 314,392	\$ -	\$ -	\$ -	\$ -	\$ 314,392
Bank charges	121	-	-	60	-	181
Computer support	25,913	-	-	-	-	25,913
Computer - internet	4,446	-	-	-	-	4,446
Depreciation and amortization	234,925	-	404,092	-	-	639,017
ICED Grant	3,272	-	-	-	-	3,272
ICED Loan Program	327,277	-	-	-	-	327,277
C-PACER	10,221	-	-	-	-	10,221
Grants	159,975	-	-	-	-	159,975
Interest	41,139	-	-	-	-	41,139
Payroll taxes	96,046	-	-	-	-	96,046
Salaries and benefits	994,703	-	562,340	-	-	1,557,043
Consulting - Non-PILOT	261,310	-	-	-	-	261,310
Dues/memberships	135,307	-	-	-	-	135,307
PILOT analysis & FTZ	34,871	-	-	-	-	34,871
PILOT - professional fees	157,535	-	-	-	-	157,535
Insurance	40,257	-	-	-	-	40,257
Lease amortization	101,575	-	-	-	-	101,575
Legal	-	-	-	4,510	-	4,510
Office supplies	11,939	-	-	-	-	11,939
Maintenance and repairs	2,360	-	-	-	-	2,360
Marketing and Communications	91,067	-	-	-	-	91,067
Materials and supplies	-	-	866,369	-	-	866,369
Meals and entertainment	9,810	-	-	-	-	9,810
Meeting expense	51,688	-	-	-	-	51,688

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, 2025

(Continued)

	EDGE	DRC	PORT COMMISSION	IDB	ELIMINATIONS	BUSINESS-TYPE ACTIVITIES TOTAL
Staff mileage and reimbursement	-	-	-	-	-	-
Miscellaneous	381,070	-	-	-	-	381,070
Rent - computer equipment	4,588	-	-	-	-	4,588
Rent	3,145	-	-	-	-	3,145
Parking	9,187	-	-	-	-	9,187
Professional fees	114,696	-	-	14,118	-	128,814
Staff Development	27,559	-	-	-	-	27,559
Staff Recruitment	11,911	-	-	-	-	11,911
Staff Mileage and Phone Reimbursement	11,980	-	-	-	-	11,980
Telephone	3,178	-	-	-	-	3,178
TN ECD	300	-	-	-	-	300
Travel	11,974	-	-	-	-	11,974
Payroll Temporary Assistance	77,647	-	-	-	-	77,647
Less Benefits Paid for Port	(61,561)	-	-	-	-	(61,561)
Less PR Taxes Paid for Port	(47,183)	-	-	-	-	(47,183)
Workers Comp & Risk Management	7,627	-	-	-	-	7,627
Total operating expenses	<u>3,666,267</u>	<u>-</u>	<u>1,832,801</u>	<u>18,688</u>	<u>-</u>	<u>5,517,756</u>
OPERATING INCOME (LOSS)	(2,105,132)	-	1,194,491	19,957	-	(890,684)
NON-OPERATING REVENUES (EXPENSES):						
Gain (loss) on sale of assets	-	-	35,603	-	-	35,603
Grant funding - Shelby County	119,000	-	-	-	-	119,000
Interest income	284,450	-	481,677	115,774	-	881,901
Grant - EDA RLF	42,318	-	358,656	-	-	400,974
Grant	2,082	-	-	-	-	2,082
Payment to EDGE for revenue share	-	-	(1,176,906)	-	-	(1,176,906)
Transfers to EDGE	1,176,906	(2,097)	-	-	-	1,174,809
Grant expense - State of TN	(19,041,039)	-	-	-	-	(19,041,039)
Debt service - Interest	(747,203)	-	-	-	-	(747,203)
Grants to others	19,041,039	-	-	-	-	19,041,039
Contributed capital	747,203	-	-	-	-	747,203
Total Non-operating revenues (expenses)	<u>1,624,756</u>	<u>(2,097)</u>	<u>(300,970)</u>	<u>115,774</u>	<u>-</u>	<u>1,437,463</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, 2025

(Continued)

	EDGE	DRC	PORT COMMISSION	IDB	ELIMINATIONS	BUSINESS-TYPE ACTIVITIES TOTAL
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ (480,376)	\$ (2,097)	\$ 893,521	\$ 135,731	\$ -	\$ 546,779
Capital contributions	-	-	-	-	-	-
Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(480,376)	(2,097)	893,521	135,731	-	546,779
TOTAL NET POSITION--BEGINNING OF YEAR	<u>22,270,391</u>	<u>2,097</u>	<u>23,486,646</u>	<u>3,580,224</u>	<u>-</u>	<u>49,339,358</u>
TOTAL NET POSITION--END OF YEAR	<u>\$ 21,790,015</u>	<u>\$ -</u>	<u>\$ 24,380,167</u>	<u>\$ 3,715,955</u>	<u>\$ -</u>	<u>\$ 49,886,137</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, 2025

	EDGE	DRC	PORT COMMISSION	IDB	BUSINESS-TYPE ACTIVITIES TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 1,561,135	\$ -	\$ 4,205,085	\$ 34,711	\$ 5,800,931
Receipts from other funds	1,160,781	-	-	-	1,160,781
Other operating receipts	19,234,196	-	-	(22,688)	19,211,508
Cash payments to other suppliers for goods or services	(3,431,341)	-	(740,344)	(38,644)	(4,210,329)
Other operating payments	45,706	-	(4,147,162)	-	(4,101,456)
Net Cash Provided By (Used in) Operating Activities	<u>18,570,477</u>	<u>-</u>	<u>(682,421)</u>	<u>(26,621)</u>	<u>17,861,435</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital debt	64,409	-	-	-	64,409
Other capital receipts	19,204,439	-	-	-	19,204,439
Principal paid on capital debt	(2,217,013)	-	-	-	(2,217,013)
Other capital payments	(19,041,039)	-	-	-	(19,041,039)
Purchase of capital assets	(194)	-	(289,276)	-	(289,470)
Net Cash Provided By (Used in) Capital and Related Financing Activities	<u>(1,989,398)</u>	<u>-</u>	<u>(289,276)</u>	<u>-</u>	<u>(2,278,674)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Receipts from noncapital grants	1,176,904	-	(782,647)	-	394,257
Net Cash Provided By (Used in) Non-Capital Financing Activities	<u>1,176,904</u>	<u>-</u>	<u>(782,647)</u>	<u>-</u>	<u>394,257</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and dividends	284,450	-	-	-	284,450
Interest earned	-	-	481,677	86,557	568,234
Net Cash Provided By Investing Activities	<u>284,450</u>	<u>-</u>	<u>481,677</u>	<u>86,557</u>	<u>852,684</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,042,433	-	(1,272,667)	59,936	16,829,702
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>14,923,471</u>	<u>2,097</u>	<u>12,843,306</u>	<u>2,476,047</u>	<u>30,244,921</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 32,965,904</u>	<u>\$ 2,097</u>	<u>\$ 11,570,639</u>	<u>\$ 2,535,983</u>	<u>\$ 47,074,623</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, 2025
(Continued)

	<u>EDGE</u>	<u>DRC</u>	<u>PORT COMMISSION</u>	<u>IDB</u>	<u>BUSINESS-TYPE ACTIVITIES TOTAL</u>
CASH AND CASH EQUIVALENTS, END OF YEAR CONSIST OF:					
Unrestricted cash and cash equivalents	\$ 26,519,163	\$ 2,097	\$ 11,570,639	\$ 1,390,316	\$ 39,482,215
Restricted cash and cash equivalents	<u>6,446,741</u>	<u>-</u>	<u>-</u>	<u>1,145,667</u>	<u>7,592,408</u>
 TOTAL	 <u><u>\$ 32,965,904</u></u>	 <u><u>\$ 2,097</u></u>	 <u><u>\$ 11,570,639</u></u>	 <u><u>\$ 2,535,983</u></u>	 <u><u>\$ 47,074,623</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**

Statement of Cash Flows
For the Year Ended June 30, 2025
(Continued)

	EDGE	DRC	PORT COMMISSION	IDB	BUSINESS-TYPE ACTIVITIES TOTAL
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ (2,105,132)	\$ -	\$ 1,194,491	\$ 19,957	\$ (890,684)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation/amortization expense	234,925	-	404,092	-	639,017
Amortization of lease asset	101,575	-	-	-	101,575
Deferred inflow of resources	-	-	(1,659,426)	-	(1,659,426)
(Increase) decrease in assets:					
Receivables	(5,707,505)	-	-	-	(5,707,505)
Accounts receivables-affiliates	-	-	-	(38,644)	(38,644)
Accrued interest receivable	-	-	(105,824)	-	(105,824)
Lease receivables	-	-	1,177,793	-	1,177,793
Prepaid expenses	(2,870)	-	177,525	-	174,655
Net investment in lease	-	-	(35,604)	-	(35,604)
Due from other government	1,160,781	-	-	-	1,160,781
Increase (decrease) in liabilities:					
Accounts payable	573,772	-	(178,004)	(4,000)	391,768
Receivables, net	-	-	-	(3,934)	(3,934)
Due to EDGE - Operating portion	-	-	(1,657,464)	-	(1,657,464)
Unearned revenue	24,000,000	-	-	-	24,000,000
Other accrued liabilities	(52,998)	-	-	-	(52,998)
Accrued interest payable	367,929	-	-	-	367,929
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 18,570,477	\$ -	\$ (682,421)	\$ (26,621)	\$ 17,861,435

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, 2025
(Continued)

	EDGE	DRC	PORT COMMISSION	IDB	BUSINESS-TYPE ACTIVITIES TOTAL
Schedule of Non-cash Operating, Investing and Capital and Related Financing Activities:					
Excess operating income due to EDGE from Port	\$ 1,194,491	\$ -	\$ -	\$ -	\$ -
Excess operating income due to EDGE	\$ -	\$ -	\$ 1,194,491	\$ -	\$ -
Amortization of bond premium	\$ (80,453)	\$ -	\$ -	\$ -	\$ -
Allocation of lease income related to lease/sales agreement	\$ -	\$ -	\$ (35,603)	\$ -	\$ -

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, 2025

NOTE 1 - ORGANIZATIONAL STRUCTURE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organizational 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, 2024, control of GMACW was transferred to Workforce Mid-South Inc.

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 of Operations is the President of Operations 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 of Operations is the President of Operations 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 of Operations is the President of Operations 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 \$0 for the year ended June 30, 2025.

Contributions

Contributions of assets are recorded at fair market valued 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 purchases 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.

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, 2025, EDGE held no investments.

Subsequent Events

EDGE has evaluated subsequent events occurring after the statement of financial position date through December 31, 2025, the date the financial statements were available to be issued. Based upon this evaluation, EDGE has determined that there are no subsequent events that have occurred which require adjustment to or disclosure in the financial statements.

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, 2025, EDGE maintained sweep accounts at banks in which funds in excess of the FDIC limit are swept into other banks through a cash service that holds the excess in various FDIC insured institutions, which provide FDIC certificates for those deposits. EDGE also had accounts at banks in which the accounts were insured by the FDIC up to \$250,000. For the year ended June 30, 2025, the amounts held at these local banks were in excess of the FDIC limit, which are collateralized by the Tennessee Bank Collateral Pool.

Port Commission

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 either 105%; 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.

At June 30, 2025, the Port maintained bank accounts at a local bank. Accounts at this bank are insured by the FDIC up to \$250,000. For the year ended June 30, 2025, the amounts held at this bank were in excess of the FDIC limit, which is collateralized by the Tennessee Bank Collateral Pool.

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, 2025, the IDB maintained some bank accounts at a local bank, including a sweep account in which funds in excess of the FDIC limit are swept into other banks through a cash service that holds the excess in various FDIC-insured institutions, which provide FDIC certificates for those deposits. For the year ended June 30, 2025, the amounts held at this bank were in excess of the FDIC limit, which are collateralized by the Tennessee Bank Collateral Pool.

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 investments.

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, 2025, 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, 2025, 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.

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, 2025, 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.

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 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, 2025, EDGE held no investments.

Port Commission

Port places no limit on the amount that it may invest in any one issuer. At June 30, 2025, Port held no investments.

IDB

IDB places no limit on the amount that it may invest in any one issuer. At June 30, 2025, IDB held investments in certificates of deposit.

NOTE 3 - NOTES RECEIVABLE:

EDGE:	<u>2025</u>
Notes receivable expected to be collected in:	
Less than one year	\$ 18,965
One to five years	12,966,492
Thereafter	<u>-</u>
	12,985,457
Allowance	<u>-</u>
Net	<u><u>\$ 12,985,457</u></u>

The Castle Retail Group note receivable of \$3,962 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 8th anniversary of the closing date (December 15, 2025), with the second installment due on the 9th anniversary of the closing date, and the final installment due on the 10th anniversary of the closing date.

Stepherson Incorporated, dba Superlo Foods, note receivable of \$21,513 has an interest rate of 2% and monthly payments of \$1,277 through December 2026.

At June 30, 2025, the discount to net realizable value was not significant.

NOTE 4 - CAPITAL ASSETS:

Changes in capital assets were as follows:

EDGE

	June 30, 2025		
	Beginning Balance	Increases	Decreases
Ending Balances			
Capital assets, not being depreciated			
Land	\$ 823,868	\$ -	\$ -
Total capital assets, not being depreciated	823,868	-	-
Capital assets, being depreciated			
Furniture, fixtures, and equipment	316,009	194	-
Improvements	7,120,662	-	-
Right-of-use asset	711,028	-	-
Software	68,603	-	-
Land improvements	32,647	-	-
Total capital assets, being depreciated	8,248,949	194	-
Less accumulated depreciation for:			
Furniture and fixtures, equipment	(233,619)	(18,377)	-
Improvements	(1,849,701)	(203,643)	-
Right-of-use asset	(143,898)	(101,575)	-
Software	(52,316)	(12,907)	-
Total accumulated depreciation	(2,279,534)	(336,502)	-
Total capital assets, being depreciated, net	5,969,415	(336,308)	-
CAPITAL ASSETS, NET	\$ 6,793,283	\$ (336,308)	\$ -

Depreciation expense for the year ended June 30, 2025 was \$234,925. Lease amortization expense for the year ended June 30, 2025 was \$101,575.

Port Commission

	June 30, 2025		
	Beginning Balance	Increases	Decreases
Capital assets, not being depreciated			
Land	\$ 4,334,890	\$ -	\$ -
Construction in progress	447,940	146,777	-
Total capital assets, not being depreciated	4,782,830	146,777	-
Capital assets, being depreciated			
Building	66,077	-	-
Machinery and equipment	1,405,270	142,500	-
Improvements	16,981,915	-	-
Total capital assets, being depreciated	18,453,262	142,500	-
Less accumulated depreciation for:			
Building	(62,279)	(129)	-
Machinery and equipment	(1,243,525)	(60,947)	-
Improvements	(10,130,354)	(343,017)	-
Total accumulated depreciation	(11,436,158)	(404,093)	-
Total capital assets, being depreciated, net	7,017,104	(261,593)	-
CAPITAL ASSETS, NET	\$ 11,799,934	\$ (114,816)	\$ -

Depreciation expense for the year ended June 30, 2025 was \$404,092.

NOTE 5 - REVENUE BONDS:

EDGE has entered into an agreement with Shelby County and the City of Memphis to refund the previously issued Memphis and Shelby County Port Commission Development Revenue Bonds, Series 2011. 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 EDGE and is being held on the financial statements of EDGE. EDGE is under no obligation to pay the debt principal or interest. To reflect that EDGE 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 14-year bonds are 2.96% over the lives of the bonds. On July 15, 2022, EDGE transferred \$28,690,197 to the Port Commission for the purpose of refunding the revenue bonds previously held by the Port Commission at June 30, 2024. As a result of the refunding of the revenue bonds, \$1,150,829 of net assets were transferred from EDGE related to the net bond premium which will be amortized over the remaining years of the bond.

The revenue bonds activity for the year ended June 30, 2025 was as follows:

DESCRIPTION	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ -	\$ 27,080,000	\$ 1,735,000	\$ 25,345,000	\$ 1,845,000
Net bond premium	<u>-</u>	<u>1,070,376</u>	<u>83,951</u>	<u>986,425</u>	<u>83,951</u>
	<u>\$ -</u>	<u>\$ 28,150,376</u>	<u>\$ 1,818,951</u>	<u>\$ 26,331,425</u>	<u>\$ 1,928,951</u>

NOTE 6 - NOTES PAYABLE:

EDGE

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 8th anniversary of the closing date (December 15, 2025), with the second installment due on the 9th anniversary of the closing date, and the final installment due on the 10th anniversary of the closing date. This note is to be repaid by funds received from River City Capital.

The long-term notes payable activity for the year ended June 30, 2025 was as follows:

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

As of June 30, 2025, the EDGE has four Lease Agreements with current tenants that include an Option to Purchase within the Lease Agreement. The agreements provide for certain termination, default, inspection, and title provisions.

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 \$24,107 and \$21,884, were made for EDGE and the Port Commission, respectively, for the year ended June 30, 2025.

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, 2025:

Total minimum lease payments	\$ 1,446,183
Less amounts representing interest	<u>(237,175)</u>
Gross investment in lease	1,209,008
Less unearned income	<u>(600,403)</u>
Net investment in lease	<u>\$ 608,605</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 August 4, 2022 to extend the lease until January 31, 2030. EDGE has determined the net present value of this lease based on the municipal bond rate as of February 1, 2023, which was 2.10% for terms of five years. At June 30, 2025, EDGE had a right-of-use asset of \$711,028, accumulated amortization of \$42,323, and a lease liability of \$490,268 related to the lease. Annual requirements to amortize the lease obligation and related interest expense are as follows:

	Principal	Interest
2026	\$ 94,245	\$ 11,377
2027	98,654	9,356
2028	103,205	7,241
2029	10,704	5,028
2030	183,460	3,191
Thereafter	-	-
Total	<u>\$ 490,268</u>	<u>\$ 36,193</u>

Port Commission

The PORT 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 January 1, 2023 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, 2025, the PORT is reporting a lease receivable of \$26,358,725 related to these leases. The PORT has determined the net present value of these leases based on the municipal bond rate as of July 1, 2021 or subsequent lease inception dates, which ranged from 0.16% to 2.64% for terms that ranged from two to thirty years. For the year ended June 30, 2025, the PORT is reporting lease income of \$1,659,424, interest income of \$358,656, and additional revenues of \$1,367,867 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:

	Principal	Interest
2026	\$ 1,384,159	\$ 347,079
2027	1,368,470	331,849
2028	1,285,924	316,473
2029	1,207,419	301,506
2030	1,118,253	287,256
2031-2035	4,661,494	1,256,639
2036-2040	3,111,493	1,018,200
2041-2045	2,900,819	814,234
2046-2050	2,538,232	621,893
2051-2055	2,777,190	422,396
2056-2060	3,279,474	188,397
2061-2065	636,977	16,906
2066-2070	88,821	1,673
Total	<u>\$ 26,358,725</u>	<u>\$ 5,924,501</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, EDGE receives any excess operating revenues of the Port Commission. As of June 30, 2025, EDGE has a receivable with the Port in the amount of \$739,426.

Additionally, EDGE owed \$275,889 to the IDB as of June 30, 2025.

Port Commission

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 Commission are distributed to EDGE. As of June 30, 2025, the Port owed \$739,426 to EDGE.

IDB

The IDB has a related party receivable due from EDGE of \$275,889.

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, 2025, EDGE had 10 approved conduit debt arrangements. The aggregate principal payable for the 10 approved conduit debt arrangements could not be determined; however, their original issue amounts totaled \$445,265,100. 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.

In November 2022, EDGE approved tax increment financing for The Legacy at Countrywood project. The face amount of the debt obligation is \$23,000,000. 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, 2025, the balance of cash remaining in the fund was \$250,436.

EDGE and The Poplar Corridor Business District Association of Owners (PCBD) entered into a development agreement dated May 2019. 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 PCBD. At June 30, 2025, the balance of cash remaining in the fund was \$2,008,791.

NOTE 13 – RISK MANAGEMENT:

The PORT purchases commercial insurance coverage for claims arising out of bodily injury or property damage as well as property insurance on the PORT'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 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 participate in EDGE's workers' compensation insurance.

NOTE 14 - INVESTMENTS:

Investments are made up of certificates of deposit with an original maturity of greater than three months for the fiscal year ended June 30, 2025. At June 30, 2025, investments of IDB consisted of the following:

	<u>Maturity (Months)</u>	<u>Fair Value or Carrying Amount</u>
Certificates of deposit	6-12	\$ <u>878,554</u>
		\$ <u><u>878,554</u></u>

Assets and liabilities recorded at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs are as follows:

- Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the entity's best estimate and good faith opinion of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following table sets forth the IDB's investments measured at fair value as of June 30, 2025:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Certificates of deposit	\$ -	\$ 878,554	\$ -	\$ 878,554
	\$ -	\$ 878,554	\$ -	\$ 878,554

NOTE 15 - ECONOMIC DEPENDENCIES:

The EDGE's revenue is derived from income generated from PILOTs issued prior to August 2011 when EDGE began issuing PILOTs. Revenue will decline as these PILOTs expire. Operating revenue at June 30, 2025 and 2024, is principally from various fees associated with the PILOT programs.

NOTE 16 - PILOT FEES:

The balance in the PILOT Fees as of June 30, 2025 consisted of the following categories:

	2025
PILOT Closing fees and basic rent	\$ 861,505
PILOT Deletion fees	242,944
PILOT Termination fees	45,007
PILOT Amendment fees	<u>13,515</u>
TOTAL	\$ <u>1,162,971</u>

SUPPLEMENTAL INFORMATION

**ECONOMIC DEVELOPMENT GROWTH ENGINE
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS
AND COUNTY OF SHELBY, TENNESSEE**
Schedule of Changes in Long-Term Debt by Individual Issue
June 30, 2025

The Schedule of Changes in Long-Term Debt by Individual Issue for the year ended June 30, 2025 is as follows:

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2025
Business-Type Activities									
<u>Long-Term Debt</u>									
Kresge Foundation Notes Payable	\$ 1,000,000	2.00 %	November 15, 2017	December 15, 2027	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Revenue Refunding Bond, Series 2022	28,935,000	2.96 %	June 15, 2022	April 1, 2036	25,345,000	-	1,785,000	-	23,560,000
Net Premium and Issuance of Bonds Issued	<u>2,063,797</u>	<u>-</u> %	June 15, 2022	April 1, 2036	<u>986,425</u>	<u>-</u>	<u>83,951</u>	<u>-</u>	<u>902,474</u>
Total Bonds Payable	<u>\$ 31,998,797</u>				<u>\$ 27,331,425</u>	<u>\$ -</u>	<u>\$ 1,868,951</u>	<u>\$ -</u>	<u>\$ 25,462,474</u>

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

Schedule of Long-Term Debt, Principal, and Interest Requirements

Year Ending June 30	Long-Term Debt		
	Principal	Interest	Total
2026	\$ 1,845,000	\$ 707,062	\$ 2,552,062
2027	1,895,000	651,691	2,546,691
2028	1,950,000	596,450	2,546,450
2029	2,010,000	536,299	2,546,299
2030	2,070,000	475,976	2,545,976
2031-2035	11,320,000	1,411,181	12,731,181
2036	<u>2,470,000</u>	<u>74,330</u>	<u>2,544,330</u>
Total	<u>\$ 23,560,000</u>	<u>\$ 4,452,989</u>	<u>\$ 28,012,989</u>

**ECONOMIC DEVELOPMENT GROWTH ENGINE
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS
AND COUNTY OF SHELBY, TENNESSEE**
Schedule of Changes in Lease Obligations
June 30, 2025

Description of Indebtedness	Original Lease Amount	Interest Rate	Original Date of Lease	Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid and/ or Matured During Period	Remeasurements	Outstanding June 30, 2025
<u>LEASES PAYABLE</u>									
Leased office building	\$711,028	2.10%	February 1, 2023	January 31, 2030	\$ <u>584,513</u>	\$ <u>-</u>	\$ <u>94,244</u>	\$ <u>-</u>	\$ <u>490,269</u>
Total Leases Payable					\$ <u><u>584,513</u></u>	\$ <u><u>-</u></u>	\$ <u><u>94,244</u></u>	\$ <u><u>-</u></u>	\$ <u><u>490,269</u></u>

ECONOMIC DEVELOPMENT GROWTH ENGINE
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS
AND COUNTY OF SHELBY, TENNESSEE
Schedule of Lease Obligations, Principal, and Interest Requirements by Fiscal Year
June 30, 2025

Year Ending June 30	Office Building		
	Principal	Interest	Total
2026	\$ 98,654	\$ 9,356	\$ 108,010
2027	103,206	7,241	110,447
2028	107,904	5,028	112,932
2029	112,752	2,716	115,468
2030	67,753	475	68,228
Thereafter	-	-	-
Total	<u>\$ 490,269</u>	<u>\$ 24,816</u>	<u>\$ 515,085</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON 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 business-type activities and each major fund 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, 2025, and the related notes to the financial statements, which collectively comprise EDGE's basic financial statements, and have issued our report thereon dated December 31, 2025.

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
December 31, 2025

**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, 2025

There were no prior year findings reported.