

# GEORGE ROBERT WHITE FUND

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FINANCIAL STATEMENTS

JUNE 30, 2023

# GEORGE ROBERT WHITE FUND

## Financial Statements

June 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the  
George Robert White Fund:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the George Robert White Fund (the "Fund"), known interchangeably as Trust Investment Pool 5 (the "Pool"), a pooled investment account of the City of Boston, Massachusetts, which comprise the statement of fiduciary net position as of June 30, 2023, the statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the fiduciary net position of the Pool as of June 30, 2023, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the Pool and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in the United States of America 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 in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool'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 management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2023, on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control over financial reporting and compliance.



October 3, 2023

# **George Robert White Fund**

## **Required Supplementary Information Management's Discussion and Analysis**

June 30, 2023 and 2022

(Unaudited)

The following discussion and analysis provides an overview of the financial position and activities of The George Robert White Fund (the "Fund") for the years ended June 30, 2023 and 2022. The purpose is to provide explanations into the information presented in the financial statements and notes to the financial statements.

The Fund was established as a testamentary trust on December 13, 1919, through bequest by will of George Robert White and is a component unit of the City of Boston, Massachusetts (the "City"). The will requires that the Fund's income only be used for expenditures of a capital nature that create works of public utility and beauty for the use and enjoyment of the inhabitants of the City.

The Fund makes up the entirety of the City's Trust Investment Pool 5 (the "Pool"), which is held in a custody account with a financial institution.

### **Overview of the Financial Statements**

The following discussion and analysis are intended to assist the reader in better understanding the purpose and meaning of each of the key components of the Fund's financial statements, which comprise the following:

1. The Statement of Fiduciary Net Position present the Fund's assets and liabilities with the difference between assets and liabilities as fiduciary net position. Over time, increases or decreases in fiduciary net position may serve as a useful indicator of whether the financial position of the Pool is improving or deteriorating.
2. The Statement of Changes in Fiduciary Net Position provide information on the changes in the Fund's fiduciary net position during the current fiscal year. The additions are derived from net appreciation in fair value of investments and investment income. Deductions include distributions and professional fees and services.
3. The Notes to the Financial Statements are an essential part of the financial statements. They provide important background and detailed information about the Fund, its investments, and the statements themselves.

# George Robert White Fund

## Required Supplementary Information Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

### Financial Analysis

Tables 1 and 2 summarize the Fund's financial position and results for the years 2023 and 2022. The changes from year to year are due to distributions, changes in fair value of investments, and fees for professional services.

**Table 1 - Summary of Fiduciary Net Position**

|  | June 30       |               | Amount<br>increase<br>(decrease) | Percentage<br>change of total |
|--|---------------|---------------|----------------------------------|-------------------------------|
|  | 2023          | 2022          |                                  |                               |
| <b>Assets:</b>                         |               |               |                                  |                               |
| <b>Current Assets:</b>                 |               |               |                                  |                               |
| Cash                                   | \$ 8,651,693  | \$ 7,936,468  | \$ 715,225                       | 9.01%                         |
| Investments, fair value                | 22,902,232    | 22,942,215    | (39,983)                         | -0.17%                        |
| Dividends and interest receivable      | 24,724        | 16,136        | 8,588                            | 53.22%                        |
| Lease Receivable - Current             | 211,369       | 205,469       | 5,900                            | 100.00%                       |
| Accrued Interest Income                | 4,160         | 4,343         | (183)                            | 100.00%                       |
| Other Assets                           | -             | -             | -                                | 100.00%                       |
| Total Current Assets                   | 31,794,178    | 31,104,631    | 689,547                          | 2.22%                         |
| <b>Non - Current Assets:</b>           |               |               |                                  |                               |
| Lease Receivable - Non Curren          | 2,362,602     | 2,573,971     | (211,369)                        | 100.00%                       |
| Land                                   | 30,162        | 30,162        | -                                | 0.00%                         |
| Total Non - Current Assets             | 2,392,764     | 2,604,133     | (211,369)                        | -8.12%                        |
| Total assets                           | 34,186,942    | 33,708,764    | 478,178                          | 1.42%                         |
| <b>Liabilities:</b>                    |               |               |                                  |                               |
| Accounts payable                       | 888,501       | 103           | 888,398                          | 99.99%                        |
| Accrued Expenses                       | -             | 31,768        | (31,768)                         | -100.00%                      |
| Due to City of Boston                  | 75,861        | 65,466        | 10,395                           | 15.88%                        |
| Total Liabilities                      | 964,362       | 97,337        | 867,025                          | 890.75%                       |
| <b>Deferred Inflow of Resources</b>    |               |               |                                  |                               |
| Related to Lease receivable            | 2,529,216     | 2,752,745     | (223,529)                        | 100.00%                       |
| Total Deferred Inflows                 | 2,529,216     | 2,752,745     | (223,529)                        | 100.00%                       |
| Total Liabilities and Deferred Inflows | 3,493,578     | 2,850,082     | 643,496                          | 122.58%                       |
| Fiduciary Net Position                 | \$ 30,693,364 | \$ 30,858,682 | \$ (165,318)                     | -0.54%                        |

For further detail on the fair value of investments, refer to Note 3 of the financial statements.

# George Robert White Fund

## Required Supplementary Information Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

**Table 2 - Summary of Changes in Fiduciary Net Position**

|  | June 30              |                      | Amount<br>increase<br>(decrease) | Percentage<br>change of total |
|--|----------------------|----------------------|----------------------------------|-------------------------------|
|  | 2023                 | 2022                 |                                  |                               |
| Additions:                                   |                      |                      |                                  |                               |
| Investment Income:                           |                      |                      |                                  |                               |
| Interest and dividends                       | \$ 707,818           | \$ 450,603           | \$ 257,215                       | 57.08%                        |
| Net realized gains on investments            | 452,937              | 1,008,922            | (555,985)                        | -55.11%                       |
| Net unrealized gains (losses) on investments | 743,346              | (3,291,994)          | 4,035,340                        | -122.58%                      |
| Advisory and custodial fees                  | (70,209)             | (101,933)            | 31,724                           | -31.12%                       |
| Total Investment Income                      | 1,833,892            | (1,934,402)          | 3,768,294                        | -194.80%                      |
| Lease Income                                 | 216,946              | 234,774              | (17,828)                         | -7.59%                        |
| Interest Income                              | 10,027               | 17,021               | (6,994)                          | 100.00%                       |
| Total additions                              | 2,060,865            | (1,682,607)          | 3,743,472                        | -222.48%                      |
| Deductions:                                  |                      |                      |                                  |                               |
| Capital gifts to the City of Boston          | 2,156,870            | 313,456              | 1,843,414                        | 588.09%                       |
| General administration                       | 69,315               | 73,415               | (4,100)                          | -5.58%                        |
| Total deductions                             | 2,226,185            | 386,871              | 1,839,314                        | 475.43%                       |
| Net increase in fiduciary net positions      | (165,320)            | (2,069,478)          | 1,904,158                        | -92.01%                       |
| Fiduciary Net Position, beginning of year    | 30,858,684           | 32,928,162           | (2,069,478)                      | -6.28%                        |
| Fiduciary Net Position, end of year          | <u>\$ 30,693,364</u> | <u>\$ 30,858,684</u> | <u>\$ (165,320)</u>              | <u>-0.54%</u>                 |

### Financial Highlights

- In 2023 and 2022, the Pool earned investment income, net of fees in the amount of \$ 1,833,892 and \$(1,934,402).
- In 2023 and 2022, the Fund's Lease revenue amounted to \$216,946 and \$234,774.
- In 2023 and 2022, the Fund distributed capital gifts of \$2,156,870 and \$313,456 to the City of Boston.

### Economic Factors

The economic factors that are of primary significance to the Pool are the net returns on investments, rental revenue, and capital gifts made to the City of Boston.

# **George Robert White Fund**

Required Supplementary Information  
Management's Discussion and Analysis

June 30, 2023 and 2022

(Unaudited)

## **Requests for Information**

This financial report is designed to provide those with an interest in the Fund's finances with a general overview. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Senior Deputy Treasury of the City of Boston, City Hall, Room M-35, Boston, MA 02201.



**GEORGE ROBERT WHITE FUND**

**Statement of Fiduciary Net Position**

**June 30, 2023**

**GEORGE ROBERT WHITE FUND**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

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**Current Assets:**

|                                   |              |
|-----------------------------------|--------------|
| Cash and equivalents              | \$ 8,651,693 |
| Investments, at fair value        | 22,902,232   |
| Dividends and interest receivable | 24,724       |
| Lease receivable - current        | 211,369      |
| Accrued Interest Income           | <u>4,160</u> |

**Total Current Assets** 31,794,178

**Non - Current Assets:**

|                                |               |
|--------------------------------|---------------|
| Lease receivable - non current | 2,362,602     |
| Land                           | <u>30,162</u> |

**Total Non - Current Assets** 2,392,764

**Total Assets** \$ 34,186,942

**Liabilities:**

|                       |               |
|-----------------------|---------------|
| Accounts payable      | 888,501       |
| Due to City of Boston | <u>75,861</u> |

**Total Liabilities** 964,362

**Deferred Inflow of Resources:**

|                             |                  |
|-----------------------------|------------------|
| Related to Lease receivable | <u>2,529,216</u> |
|-----------------------------|------------------|

**Total Liabilities and Deferred Inflows** 3,493,578

**Fiduciary Net Position** 30,693,364

**Total Liabilities and Fiduciary Net Position** \$ 34,186,942

The Notes to Financial Statements are an integral part of these statements.

**GEORGE ROBERT WHITE FUND**  
**Statement of Changes in Fiduciary Net Position**  
**June 30, 2023**

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**Additions:**

|  |                  |
|--|------------------|
| Investment Income:                     |                  |
| Interest and dividends                 | \$ 707,818       |
| Net realized gains on investments      | 452,937          |
| Net unrealized losses on investments   | 743,346          |
| Investment advisory and custodial fees | <u>(70,209)</u>  |
| Investment loss, net                   | 1,833,892        |
| Lease income                           | 216,946          |
| Interest income - leases               | <u>10,027</u>    |
| <b>Total Additions</b>                 | <u>2,060,865</u> |

**Deductions:**

|                                     |                  |
|-------------------------------------|------------------|
| Capital gifts to the City of Boston | 2,156,870        |
| General administration              | <u>69,315</u>    |
| <b>Total Deductions</b>             | <u>2,226,185</u> |

|  |                      |
|--|----------------------|
| <b>Changes in Fiduciary Net Position</b>   | (165,320)            |
| Fiduciary Net Position, Beginning of Year  | <u>30,858,684</u>    |
| <b>Fiduciary Net Position, End of Year</b> | <u>\$ 30,693,364</u> |

The Notes to Financial Statements are an integral part of these statements.

**GEORGE ROBERT WHITE FUND**  
**Notes to the Financial Statements**  
**June 30, 2023**

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Note 1 - **Summary of Significant Accounting Policies**

**Organization**

The George Robert White Fund (the "Fund"), a Massachusetts Permanent Charitable Trust, was established as a testamentary trust on December 13, 1919, through bequest by will of George Robert White. The will requires that the Fund's income only be used for expenditures of a capital nature that create works of public utility and beauty for the use and enjoyment of the inhabitants of the City of Boston (the "City").

Other restrictions and requirements cover the operations of the Fund and investment policies that are under the direction of a Board of Trustees (the "Trustees"), chaired by the Mayor of the City. The implementation and administration of the Fund is carried out by various departments of the City.

**Basis of Accounting**

The Fund uses the governmental reporting model because a majority of the Board of Trustees are City personnel. The accompanying financial statements have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**Management's Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements.

**Financial Statement Presentation**

The accounting policies of the Fund conform with accounting principles generally accepted in the United States of America applicable to private-purpose trust funds of a government entity.

**Cash and Equivalents**

For purposes of the financial statements, the Fund considers cash on deposit, certificates of deposit, and all highly liquid investments available for current use with an original maturity of three months or less, to be cash equivalents.

**Investments**

Investments in marketable securities are stated at fair value. The Fund categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. Dividends, interest, and net gains or losses on investments of endowments and similar funds are reported in the statement of changes in fiduciary net position.

**GEORGE ROBERT WHITE FUND**  
**Notes to the Financial Statements**  
**June 30, 2023**

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Lease Revenue

The Fund leases property to tenants for commercial, educational and healthcare purposes in the City of Boston. The Fund's leasing activities consist of the rental of land and buildings under non-cancelable operating leases expiring through fiscal year 2049. Rental revenue under operating leases is recognized based on the terms of the lease contracts. For the year ended June 30, 2023, 100% of lease revenues were derived from agreements with three customers and another tenant at will arrangement. The leases for those two customers expire between fiscal years 2023 to 2049.

The Fund recognizes a lease receivable and a deferred inflow of resources in the statement of fiduciary net position.

At the commencement of a lease, the Fund initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Fund determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Fund uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Fund monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Facility Projects Funded

The Fund leases land and buildings owned by the City of Boston to entities serving the public and incorporates restrictions on its use in the lease agreements. The leases also incorporate reporting and other obligations of the lessee. In the event of the sale of any of these public works, the proceeds would revert to the Fund.

**GEORGE ROBERT WHITE FUND**  
**Notes to the Financial Statements**  
**June 30, 2023**

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Facility Projects Funded

There are other funded projects that are on land owned by the City, which are not subject to the same reversionary provisions mentioned above. At June 30, 2023, future payments available for the other funded projects are as follows:

|                                       | Date      | Total funds          | Funds available     |
|---------------------------------------|-----------|----------------------|---------------------|
| GRW West Roxbury YMCA Com Plaz        | 11/4/2014 | \$ 1,550,000         | \$ 1,545,700        |
| GRW War Memorial, The Fens            | 4/4/2016  | 510,000              | 199,658             |
| Rosa Parks Day Care HVAC              | 4/2/2018  | 324,200              | 44,200              |
| James Michael Curley House            | 4/2/2018  | 288,000              | 31,413              |
| Dorchester Family Resource Ctr        | 4/2/2018  | 260,400              | 244,078             |
| Rosa Parks Landscaping & Misc         | 7/21/2019 | 320,938              | 36,089              |
| Curley House Roof Weatherproof        | 7/21/2019 | 100,000              | 50,334              |
| Build Envelope Stabilization          | 7/21/2019 | 200,000              | 32,584              |
| Greater Roslindale Community H        | 7/21/2019 | 100,000              | 100,000             |
| Environmental Conservation Ctr        | 7/21/2019 | 160,000              | 29,425              |
| Roche Ctr Building                    | 7/21/2019 | 155,000              | 78,320              |
| East Boston Pino Center               | 7/21/2019 | 100,000              | 85,120              |
| Community Resource ctr entranc        | 7/21/2019 | 10,000               | 2,850               |
| GRW Capital Assessment                | 7/21/2019 | 80,000               | 80,000              |
| Julie's Family Waterproofing          | 11/3/2020 | 105,000              | 105,000             |
| Roache Family Waterproofing           | 11/8/2020 | 200,000              | 62,340              |
| Roach Family Storm Water              | 11/8/2020 | 275,000              | 26,246              |
| Environmental Center Roof             | 11/8/2020 | 100,000              | 7,500               |
| Hyde Park Center Exterior Work        | 11/8/2020 | 7,500                | -                   |
| Curley House Garage                   | 11/8/2020 | 40,000               | 40,000              |
| Curley House HVAC                     | 11/8/2020 | 70,000               | 14,072              |
| East Boston Health Storm Water        | 11/8/2020 | 57,423               | 13,101              |
| North End Structual Improvement       | 12/6/2022 | 4,300,000            | 2,764,956           |
| Fens Vet Memorial Rehab & ADA         | 12/6/2022 | 240,000              | 240,000             |
| Curley House Exterior                 | 12/6/2022 | 400,000              | 260,534             |
| EBNHC & Jules Family Ctr Masonry      | 12/6/2022 | 600,000              | 212,482             |
| Children's Zoo & Community Res        | 12/6/2022 | 143,000              | 143,000             |
| Dorchester Family Resource Ctr        | 12/6/2022 | 140,000              | 108,333             |
| Youth Develop Ctr HVAC System         | 12/6/2022 | 322,000              | 32,000              |
| North End Health Exterior Door        | 12/6/2022 | 7,480                | 7,480               |
| North End Health Septic Tank          | 12/6/2022 | 5,652                | 5,652               |
| Roche Family Community Center AC Unit | 12/6/2022 | 10,678               | 10,678              |
|                                       |           | <u>\$ 11,182,271</u> | <u>\$ 6,613,145</u> |

As of January 1, 2023, the date of the most recent assessments by the City Assessor's Office, the assessed values of the Fund's facilities were as follows:

|           |                       |
|-----------|-----------------------|
| Buildings | \$ 46,951,725         |
| Land      | <u>56,225,900</u>     |
|           | <u>\$ 103,177,625</u> |

**GEORGE ROBERT WHITE FUND**  
**Notes to the Financial Statements**  
**June 30, 2023**

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Income Taxes

The Fund exists as a component unit of the City, and therefore has made no provision for federal income taxes in the accompanying financial statements. Under Internal Revenue Service and state regulations, the Fund is not required to file income tax returns in any federal or state jurisdiction.

New Governmental Accounting Pronouncements

GASB Statement 100 – *Accounting Changes and Error Corrections – an amendment of GASB 62* is effective for reporting periods beginning after June 15, 2023. The objective of this statement is to provide consistency for changes in accounting principles, accounting estimates, and the reporting entity and corrections of errors.

Management has not completed its review of the requirements of this standard and its applicability.

Note 2 - **Implementation of Newly Effective Accounting Standards**

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for reporting periods beginning after June 15, 2022. The objective of this statement is to provide accounting and financial reporting guidance for arrangements in which the governmental entity (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset.

The adopted GASB statement did not have a material impact on these financial statements.

Note 3 - **Cash and Cash Equivalents**

Custodial credit risk is associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the Fund would not be able to recover its uninsured balances. At June 30, 2023, the Fund's balance of approximately \$7.94 million in cash with the Massachusetts Municipal Depository Trust ("MMDT"), an investment pool for political subdivisions in the Commonwealth that was designed as a legal means to invest temporarily available cash. An investment in this pool is not a deposit of a bank and is neither insured nor guaranteed by the Commonwealth of Massachusetts or the U.S. government, the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Its primary purpose is to provide a safe, liquid, high-yield investment vehicle offering participation in a diversified cash portfolio of high-quality money market instruments. Although the cash portfolio seeks to preserve the value of investments at \$1.00 per unit, it is possible to lose money by investing in MMDT. MMDT's portfolio yield will vary from day to day based on changes in interest rates and market changes.

Note 4 - **Investments**

General

The investments of the Fund are held as the City's Trust Investment Pool 5, which is held in a custody account with a financial institution. They are carried at their fair market value, which is determined on the close of the last business day of trading just prior to, or on, the day of valuation. The calculation of net realized and unrealized gain or loss on sales of investments is determined on the basis of average cost.

**GEORGE ROBERT WHITE FUND**  
**Notes to the Financial Statements**  
**June 30, 2023**

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The Fund's management has established asset allocation target ranges as shown below:

**Target Asset Mix Table**

| <b>Asset Class</b> | <b>Minimum weight</b> | <b>Target</b> | <b>Maximum weight</b> |
|--------------------|-----------------------|---------------|-----------------------|
| Equity             | 38 %                  | 48 %          | 58 %                  |
| Fixed-Income       | 14 %                  | 24 %          | 34 %                  |
| Real Assets        | 0 %                   | 6 %           | 16 %                  |
| Multi Asset        | 12 %                  | 22 %          | 32 %                  |

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. Through its investment policies, the Fund manages its exposure to fair value losses arising from increasing interest rates by limiting the average duration of an actively managed fixed-income portfolio to no more than seven years.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Fund's policy that there shall be no specific limitation in regard to creditworthiness of securities, except the overall average quality of each fixed-income portfolio shall be "A" or better as rated by Standard & Poor's, or its equivalent. Investment managers may perform independent analysis of the creditworthiness of securities and their suitability as investments regardless of the classifications provided by ratings agencies.

Investment managers may maintain reserve and cash equivalent investments with such securities carrying the equivalent of a Standard & Poor's A rating. Securities with a rating of below investment grade may comprise no more than 15%, at market, of any fixed-income portfolio. The Fund's investments in individual corporate debt instruments were rated on an average agency quality rating range of Aaa to Unrated by Moody's Investors Services ("MDYS").



**GEORGE ROBERT WHITE FUND**  
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Investments of the Fund are exposed to interest rate and market risk. They are stated at fair market value and consist of the following:

| <u>Investment Type</u>              | <u>Investment Maturities (in Years)</u> |                     |                     |                     |                     |
|-------------------------------------|---|---------------------|---------------------|---------------------|---------------------|
|                                     | <u>Fair Value</u>                       | <u>Less Than 1</u>  | <u>1-5</u>          | <u>6-10</u>         | <u>More Than 10</u> |
| Institutional and mutual funds      | \$ 1,273,867                            | \$ 348,827          | \$ 543,778          | \$ 196,717          | \$ 184,545          |
| Local and municipal obligations     | 34,970                                  | 1,100               | 9,266               | 21,885              | 2,719               |
| U.S. Treasury and agency securities | 4,980,817                               | 569,816             | 1,462,975           | 2,598,355           | 349,672             |
| International government bonds      | 182,425                                 | 21,280              | 45,118              | 48,118              | 67,910              |
| Corporate debt instruments          | <u>2,883,313</u>                        | <u>245,345</u>      | <u>1,703,873</u>    | <u>468,635</u>      | <u>465,460</u>      |
|                                     | 9,355,392                               | \$ <u>1,186,368</u> | \$ <u>3,765,010</u> | \$ <u>3,333,710</u> | \$ <u>1,070,306</u> |
| <u>Other Investments:</u>           |   |                     |                     |                     |                     |
| Money market funds                  | 164,004                                 |                     |                     |                     |                     |
| Equity securities                   | 11,736,966                              |                     |                     |                     |                     |
| Real estate funds                   | <u>1,645,870</u>                        |                     |                     |                     |                     |
| Total                               | \$ <u>22,902,232</u>                    |                     |                     |                     |                     |

**GEORGE ROBERT WHITE FUND**  
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**Related Debt Instruments**

| <b>MDYS</b>             | <b>Institutional and<br/><u>mutual funds</u></b> | <b>Local and<br/><u>municipal obligations</u></b> | <b>U.S. Treasury and<br/><u>agency securities</u></b> | <b>International<br/><u>government bonds</u></b> | <b>Corporate debt<br/><u>instruments</u></b> |
|-------------------------|--|---|---|--|--|
| <b>Quality Ratings:</b> |  |   |   |  |  |
| <b>AAA</b>              | \$ -   | \$ -  | \$ 4,980,817  | \$ 29,298  | \$ 567,750                                   |
| <b>Aa1</b>              | -  | 1,100   | -   | -  | -  |
| <b>Aa2</b>              | 1,273,867  | 8,284   | -   | -  | -  |
| <b>Aa3</b>              | -  | -   | -   | -  | 58,991                                       |
| <b>A1</b>               | -  | 17,162  | -   | -  | 314,947                                      |
| <b>A2</b>               | -  | -   | -   | -  | 169,889                                      |
| <b>A3</b>               | -  | -   | -   | -  | 319,341                                      |
| <b>Baa1</b>             | -  | -   | -   | -  | 135,792                                      |
| <b>Baa2</b>             | -  | -   | -   | 66,398   | 215,731                                      |
| <b>Baa3</b>             | -  | -   | -   | 6,575  | 102,315                                      |
| <b>Ba1</b>              | -  | -   | -   | 7,791  | 43,440                                       |
| <b>Ba2</b>              | -  | -   | -   | 18,302   | 19,306                                       |
| <b>Ba3</b>              | -  | -   | -   | 38,876   | 31,482                                       |
| <b>B1</b>               | -  | -   | -   | -  | 41,364                                       |
| <b>B2</b>               | -  | -   | -   | 7,142  | 534,624                                      |
| <b>B3</b>               | -  | -   | -   | 1,341  | 15,913                                       |
| <b>Caa1</b>             | -  | -   | -   | 1,468  | 2,113  |
| <b>Caa2</b>             | -  | -   | -   | -  | 367  |
| <b>Caa3</b>             | -  | -   | -   | -  | -  |
| <b>Ca</b>               | -  | -   | -   | -  | 230,743                                      |
| <b>C</b>                | -  | -   | -   | -  | 15,214                                       |
| <b>Unrated</b>          | -  | 8,424   | -   | 5,234  | 63,991                                       |
|                         | \$ <u>1,273,867</u>                              | \$ <u>34,970</u>                                  | \$ <u>4,980,817</u>                                   | \$ <u>182,425</u>                                | \$ <u>2,883,313</u>                          |

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. As of June 30, 2023, the money market funds held by the Fund's counterparty were uninsured and uncollateralized and were exposed to custodial credit risk. The Fund's money market funds are subject to maturity, quality and diversification requirements, and invest in the highest credit rating, or the unrated equivalent.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investments with a single issuer. The Fund mitigates concentration of credit risk by limiting the percentage of the portfolio invested with any one issuer. With the exception of the U.S. Treasury and U.S. Agency securities, the Fund mitigates concentration of credit risk by limiting the purchase of securities of any one issuer to no more than 10.00% of the portfolio, measured at market.

At June 30, 2023, the U.S. Treasury securities comprised 16.17% of the total portfolio. U.S. agencies comprised 5.58% of the total portfolio, including 4.70% from the Small Business Administration.

**GEORGE ROBERT WHITE FUND**  
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*Fair Value Hierarchy*

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of fiduciary net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to assess at the measurement date; Level 2 inputs are other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

*Money market funds:* Valued at the daily closing price as reported by the Fund. Money market funds held by the Fund are open-end money market funds that are registered with the Securities and Exchange Commission. The money market funds held by the Fund are classified as Level 1 and are deemed to be actively traded.

*Equity securities:* Consist primarily of corporate stocks traded on U.S. and non-U.S. active security exchanges that are valued using quoted market prices or at documented trade history prices for identical assets. These are categorized within Level 1 of the fair value hierarchy. If market quotations are not readily available, the stocks may be valued using pricing models maximizing the use of observable inputs for similar securities and are classified as Level 2. If stocks are valued using assumptions from market participants, they are classified as level 3.

*Real estate funds:* Consist primarily of privately originated commercial mortgage loans secured by U.S. commercial real estate.

*Institutional and mutual funds:* Valued at the daily closing price as reported by the fund. Institutional and mutual funds held by the Fund are open-end funds that are registered with the Securities and Exchange Commission. The institutional and mutual funds held by the Fund are classified as Level 1 and are deemed to be actively traded. If market quotations are not readily available, the funds are valued by the pricing method determined by investment managers which determines valuations using methods based upon market transactions for comparable securities.

*State and local municipal obligations:* Valued by independent pricing services that determine fair valuations for normal, institutional-sized trading units of such securities using yield data relating to identical investments, or investments with similar characteristics, and other market inputs.

*International government bonds:* Bonds issued by foreign governments that are valued using quoted prices, documented history in the security, and pricing models maximizing the use of observable inputs determined by investment managers.

*U.S. Treasury and agency securities:* Securities issued by the U.S. Government, its agencies, authorities and instrumentalities are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs determined by investment managers.

**GEORGE ROBERT WHITE FUND**  
**Notes to the Financial Statements**  
**June 30, 2023**

*Corporate debt instruments:* Valued using pricing models maximizing the use of observable inputs for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Board of Trustees believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At June 30, 2023, the investments' fair value measurements consist of the following, measured on a recurring basis:

|                                     | Fair Value Measurements Using |                     |                     | Total                |
|-------------------------------------|-------------------------------|---------------------|---------------------|----------------------|
|                                     | Level 1<br>inputs             | Level 2<br>inputs   | Level 3<br>inputs   |                      |
| Investments:                        |                               |                     |                     |                      |
| Money market funds                  | \$ 164,004                    | \$ -                | \$ -                | \$ 164,004           |
| Equity securities                   | 11,726,295                    | 10,671              | -                   | 11,736,966           |
| Real estate funds                   | -                             | -                   | 1,645,870           | 1,645,870            |
| Institutional and mutual funds      | 1,273,867                     | -                   | -                   | 1,273,867            |
| Local and municipal obligations     | 34,970                        | -                   | -                   | 34,970               |
| U.S. Treasury and agency securities | 4,980,817                     | -                   | -                   | 4,980,817            |
| International government bonds      | -                             | 182,425             | -                   | 182,425              |
| Corporate debt instruments          | <u>481,661</u>                | <u>2,401,652</u>    | -                   | <u>2,883,313</u>     |
| Total investments                   | \$ <u>18,661,614</u>          | \$ <u>2,594,748</u> | \$ <u>1,645,870</u> | \$ <u>22,902,232</u> |

The following table sets forth a summary of changes in the fair value of the Level 3 investments for the year ended June 30, 2023:

|                                |                     |
|--------------------------------|---------------------|
| Balance, beginning of year     | \$ 1,142,534        |
| Realized gain on investments   | (13,438)            |
| Unrealized loss on investments | <u>516,774</u>      |
| Balance, end of year           | \$ <u>1,645,870</u> |

Note 5 - **Leases**

The Fund has a 152-month lease as Lessor for the use of Mass General Hospital Bunker Hill Health Center 73 High Street. As of June 30, 2023, the value of the lease receivable is \$1,813,836. The lessee is required to make annual fixed payments of \$156,616. The lease has an interest rate of 0.285% (an implicit rate of the City for a lease with the above attributes). The value of the deferred inflow of resources as of June 30, 2023 was \$1,786,393, and the Fund has recognized lease revenue of \$167,474 during the fiscal year. The lessee has 2 extension options, each for 60 months.

**GEORGE ROBERT WHITE FUND**  
**Notes to the Financial Statements**  
**June 30, 2023**

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The Fund has a 70-month lease as Lessor for the use of 895 Blue Hill Avenue. As of June 30, 2023, the value of the lease receivable is \$127,247. The lessee is required to make monthly fixed payments of \$2,520. The lease has an interest rate of 0.637% (an implicit rate of the City for a lease with the above attributes). The value of the deferred inflow of resources as of June 30, 2023, was \$123,431, and the fund has recognized lease revenue of \$31,762 during the fiscal year.

The Fund has a 330-month lease as Lessor for the use of Emerson College 180-182 Tremont St. As of June 30, 2023, the value of the lease receivable is \$632,889. The lessee is required to make quarterly fixed payments of \$7,500. The lease has an interest rate of 1.5240%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$619,393, and Trust Funds - Boston, MA recognized lease revenue of \$24,290 during the fiscal year.

The collection amounts for leases subsequent to the year ended June 30, 2023 is as follows:

| Fiscal Year | Principal<br>Payments | Interest<br>Payments | Total<br>Payments   |
|-------------|-----------------------|----------------------|---------------------|
| 2024        | \$ 211,369            | \$ 15,417            | \$ 226,786          |
| 2025        | 217,422               | 14,445               | 231,867             |
| 2026        | 223,633               | 13,447               | 237,080             |
| 2027        | 223,985               | 12,425               | 236,410             |
| 2028        | 200,109               | 11,517               | 211,626             |
| 2029 - 2033 | 1,083,991             | 44,564               | 1,128,555           |
| 2034 - 2038 | 122,883               | 27,117               | 150,000             |
| 2039 - 2043 | 132,593               | 17,407               | 150,000             |
| 2044 - 2048 | 143,071               | 6,929                | 150,000             |
| 2049 - 2053 | 14,915                | 85                   | 15,000              |
|             | <b>\$ 2,573,971</b>   | <b>\$ 163,353</b>    | <b>\$ 2,737,324</b> |

**Note 6 - Related Party Transactions**

As the administrator, the City has the ability to charge the Fund for the services of certain personnel and an allocation of other administrative costs. Included in general administration are administrative fees of \$75,861 charged by the City for the year ended June 30, 2023.

**Note 7 - Contingencies**

In the normal course of operations, the Fund may be subject to certain claims and litigations. In the opinion of management and in-house legal counsel, the outcome of any such matters will not have a material effect on the financial position of the Fund.

**INDEPENDENT AUDITOR'S 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***

## 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

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the  
George Robert White Fund:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the George Robert White Fund (the "Fund"), a component unit of the City of Boston, which comprise the statement of fiduciary net position as of June 30, 2023, the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated October 3, 2023.

#### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Withum Smith + Brown, PC*

October 3, 2023