RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION

INTERIM FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

CLAconnect.com

WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
TABLE OF CONTENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 (UNAUDITED)

Independent Auditors' Review Report

To Management and the Board of Commissioners
Rhode Island Housing and Mortgage Finance Corporation
Providence, Rhode Island

We have reviewed the accompanying interim financial statements of Rhode Island Housing and Mortgage Finance Corporation, which comprise the combining statement of net position as of September 30, 2020 and the related combining statements of revenues, expenses and changes in net position and cash flows for the three months then ended, the discretely presented component unit statement of fiduciary net position as of September 30, 2020 and the related statement of changes in fiduciary net position for the three months then ended, and the related notes to the interim financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditors' Responsibility

Our responsibility is to conduct our review engagement in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, except for the issues noted in in the Known Departures From Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying interim financial information in order for it to be in accordance with accounting principles generally accepted in the United States of America.

A member of Nexia International

Known Departures from Accounting Principles Generally Accepted in the United States of America

Rhode Island Housing and Mortgage Finance Corporation has chosen to not present maturity schedules for their outstanding bonds and notes payable as of September 30, 2020 in accordance with accounting principles generally accepted in the Unites States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in total OPEB liability - and related ratios as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Supplementary Information

The accompanying supplementary information included in the combining statement of net position - single-family fund, combining statement of revenues, expenses and changes in net position - single-family fund, combining statement of net position - multi-family funds and combining statement of revenue, expenses and changes in net position - multi-family fund is presented for purposes of additional analysis and is 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 financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cranston, Rhode Island
April 16, 2021

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS END SEPTEMBER 30, 2020

The accompanying basic financial statements include Rhode Island Housing and Mortgage Finance Corporation (the Corporation) and Affordable Housing Trust Fund (the Trust, a component unit of the Corporation), collectively referred to as Rhode Island Housing.

This section of Rhode Island Housing's financial statements presents Rhode Island Housing's management's discussion and analysis of the Corporation's financial position and performance as of September 30, 2020, and for the three months then ended. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The financial highlights (in millions) of the Corporation as of and for the three months ended September 30, 2020, increased (decreased) from the previous year as follows:

	2020	
	$	%
Mortgage loans, gross	53.7	3.4
Investments	182.5	53.8
Cash and cash equivalents	70.2	25.7
Total assets	307.8	14.1
Bonds and notes payable	209.2	14.9
Total net position	35.4	10.4
Total revenues	4.7	14.3
Total expenses	3.8	14.2
Operating income	0.9	14.6

The largest component of total assets is mortgage loans which represent 65.3% of the Corporation's total assets. The increase in loans is driven by Multi-family loans as well as loans related to the Building Homes Rhode Island program. Investments has increased as a result of new Single-family production which is securitized and categorized as an investment.

The largest component of total liabilities is bonds and notes payable which represent 76% of the Corporation's total liabilities. This is a 14.9% increase over the prior year and is a result of issuing both Single-family and Multi-family bonds, net of redemptions and scheduled payments.

Overview of the Financial Statements

The Corporation engages only in business-type activities; that is, activities that are financed in whole or in part by charges to external parties for services, with funding sources that are primarily external to the Corporation. As a result, the Corporation's basic financial statements include the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows, and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the Corporation's assets, liabilities, deferred inflows and outflows of resources, and net position. Over time, increases or decreases in the Corporation's net position may serve as an indicator of whether the financial position of the Corporation is improving or deteriorating. Other factors, both internal and external to the Corporation, should be considered when evaluating the Corporation's financial position. The statement of revenues, expenses and changes in net position presents information on how the Corporation's net position changed during the year.

All assets, liabilities, deferred inflows and outflows of resources, and changes in net position are reported using the accrual basis of accounting for governmental entities and are reported as soon as the underlying event giving rise to the asset or liability and resulting change in net position occurs, regardless of the timing of when a corresponding amount of cash is received or paid. Consequently, certain revenues and expenses reported in the statement of revenues, expenses and changes in net position will result in cash flows in future periods.

The Affordable Housing Trust Fund (the Trust) is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and not-for-profit organizations. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

Operating Activity of the Corporation

The following tables summarize the components of operating income, before the adjustment required to record investments at fair value as required by Governmental Accounting Standards Board (GASB) Statement No. 31:

For the Three Months Ended September 30, 2020 and 2019 (in thousands)

	2020	2019	% Change
Revenues:			
Interest income on loans	$ 17,577	$ 17,436	0.8
Earnings on investments	3,778	3,325	13.6
Gain on sale of loans	5,003	1,643	204.4
Grant revenue	6,602	3,585	84.2
Other	3,378	3,479	(2.9)
Total revenues	36,339	29,468	23.3
Expenses:			
Interest expense	11,802	11,966	(1.4)
Provision for loan losses	-	-	0.0
REO expenditures	183	63	190.5
Bond issuance costs	214	113	89.4
Operating expenses	8,222	7,191	14.3
Grant expense	6,619	3,591	84.3
Other expenses	3,787	4,078	(7.1)
Total expenses	30,827	27,002	14.2
Operating Income, Before Adjusting Investments to Fair Value	$ 5,512	$ 2,466	123.5

Operating income, after adjusting investments to fair value, was $7.2 million for the three-month period end September 30, 2020 and $6.2 million for the three-month period ended September 30, 2019. GASB Statement No. 31, which requires investments to be recorded at fair value, resulted in an increase in operating income of $1.6 million in 2020 compared to an increase in operating income of $3.8 million in 2019.

Gain on sale of loans was $5.0 million and $1.6 million for the three months ended September 30, 2020 and 2019, respectively. Fluctuations are a result of different financing strategies to take advantage of changing market conditions. Loans can be sold to Fannie Mae or securitized and sold in the To-Be-Announced market which generate immediate revenue and increases the gain on sale of loans. In the past year, loans were primarily financed through tax-exempt bonds, securitized and held as investments providing stable revenue over the life of the loans. This strategy results in an increase in investments, yielding increased earnings on investments.

Other revenue, which decreased in the current year, consists of loan-related fees such as origination and late fees, and fees received for the management and disbursement of funds for federal housing programs.

Operating expenses of the Corporation (personnel services, other administrative expenses, and depreciation and amortization of other assets) totaled $8.2 million for the three months ended September 30, 2020, an increase of 14.3% from $7.2 million for the three months ended September 30, 2019.

Net interest income (interest on loans and investments less interest expense) is the largest component of the Corporation's operating income. Net interest income totaled $9.5 million for the three months ended September 30, 2020, an increase of 8.6% from $8.8 million for the three months ended September 30, 2019. Earnings on investments increased by $.45 million for the three months ended September 30, 2020 as compared to the three months ended September 30, 2019. Net interest income as a percentage of average bonds and notes payable was 2.53% in 2020 and 2.54% in 2019. Interest income on loans as a percentage of total loans was 4.38% in 2020 and 4.32% in 2019, while interest expense on bonds and notes was 3.13% in 2020 and 3.46% in 2019. This caused a total increase in the spread margin (i.e., differential between loans and bonds) to 1.25% in 2020 from .86% in 2019.

The Corporation's revenue recognition policy for delinquent loans requires that interest will stop accruing and any accrued interest will be reversed if any loan becomes ninety days past due on the contractual obligation. The Corporation will commence accruing interest income on such loans once the loans are made current.

There was no addition to the provision for loan loss for the three months ended September 30, 2020 or for the three months ended September 30, 2019 because of minimal write-offs during those periods. The adequacy of the allowance is based on a review of the Corporation's loan portfolio and an analysis of its current characteristics. The primary economic factors incorporated into the allowance estimates are: (1) recent performance characteristics of the single-family portfolio and (2) net operating cash flows of the developments associated with multi-family loans.

On March 9, 2020, the Governor of the State of Rhode Island declared a state of emergency to combat a novel coronavirus disease (COVID-19). On March 13, 2020, the President of the United States declared a national emergency due to the COVID-19 outbreak. The Corporation derives a significant portion of its revenues from loans made to multifamily projects and single-family homeowners which may have both been impacted by business closures and job loss. This has resulted in an increase in delinquencies and loans in forbearance as of September 30, 2020. The situation creates uncertainty about the impact of future revenues that might be generated from these loans.

For single-family loans, an estimate of loss reserve is based on current delinquency, historical loss experience and the last instance of economic softness and real estate depreciation. In addition, loans in forbearance as of September 30, 2020 that resulted from COVID-19 related loss of income have been considered in the calculation of the single-family loan loss. A general percentage has been applied as the ultimate impact is not determinable at this time.

For the multi-family portfolios, a specific loan loss reserve analysis is performed for every loan demonstrating signs of financial strain. Cash flow projections are developed from the most recent audited financials for each of the sites which may be experiencing difficulty, and which have a mortgage loan. For each of these sites, an analysis of value is calculated and compared to the loan balance. This methodology is the same as that used in the formulation of the income approach found in standard real estate appraisals. Beyond the specific reserves derived above, a general reserve is also established. The general reserve is based on a range of reserve percentages applicable to each loan portfolio.

Financial Analysis of the Corporation

The following tables summarize certain financial information regarding the Corporation's financial position:

September 30, 2020 and 2019 (in thousands)

	2020	2019	% Change
Loans receivable, net	$ 1,585,353	$ 1,534,654	3.3%
Investments	521,687	339,229	53.8
Cash and cash equivalents	343,705	273,485	25.7
Other assets	44,558	40,156	11.0
Total assets	2,495,303	2,187,524	14.1
Deferred outflows of resources	2,190	974	124.9
Bonds and notes payable	1,612,183	1,402,977	14.9
Other liabilities	508,065	444,559	14.3
Total liabilities	2,120,248	1,847,536	14.8
Deferred inflows of resources	1,531	686	123.3
Net position:			
Net investment in capital assets	9,833	8,822	11.5
Restricted	277,609	246,253	12.7
Unrestricted	88,271	85,202	3.6

Total assets of the Corporation increased 14.1% from 2019 to 2020, primarily due to the increase in investments. Bonds and notes payable totaled $1.6 billion as of September 30, 2020, an increase of $209 million, or 14.9%, from September 30, 2019.

As of September 31, 2020 and 2019, the net position-to-asset ratio was 15.1% and 15.6% respectively while the loan-to-asset ratio was 63.5% and 70.2%, respectively. These ratios reflect the application of GASB Statement No. 31.

External Influences

The Rhode Island economy and the level of unemployment in the State of Rhode Island has a direct impact on the Corporation's delinquency experience within its portfolio. At September 30, 2020 Rhode Island's unemployment rate was 10.5% compared to 3.6% as of September 30, 2019. The Corporation has also experienced an increase in its 90+ delinquency rate to 8.76% in 2020 from 2.13% in 2019. The increase in both the unemployment rate and the delinquency rate are a direct result of the COVID-19 pandemic.

Requests for Information

This management's discussion and analysis is designed to provide a general overview of the Corporation's finances. Questions concerning this report may be addressed to the Director of Accounting, Rhode Island Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, Rhode Island, 02903. The Corporation maintains a website at: www.rihousing.com.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF NET POSITION
SEPTEMBER 30, 2020
(Unaudited)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Assets:				
Loans receivable	$ 559,088,135	$ 461,598,925	$ 561,385,951	$ 1,582,073,011
Less allowance for loan losses	(30,906,136)	(13,971,451)	-	(44,877,587)
Loans receivable, net	528,181,999	447,627,474	561,385,951	1,537,195,424
Loans held for sale	48,157,478	-	-	48,157,478
Investments	123,339,620	395,983,715	2,363,518	521,686,853
Accrued interest-loans	1,286,098	1,435,263	2,343,379	5,064,740
Accrued interest-investments	18,805	1,299,773	36,060	1,354,638
Cash and cash equivalents	122,557,385	144,682,384	76,465,411	343,705,180
Accounts receivable, net	13,700,459	-	-	13,700,459
Other assets, net	21,932,647	2,505,785	-	24,438,432
Interfund receivable (payable)	15,600	(7,800)	(7,800)	-
Total assets	859,190,091	993,526,594	642,586,519	2,495,303,204
Deferred Outflows of Resources:				
Loan origination costs	-	3,497	-	3,497
Hedging instruments	970,626	-	-	970,626
Deferred OPEB outflows	1,216,019	-	-	1,216,019
Total deferred outflows of resources	2,186,645	3,497	-	2,190,142
Combined Assets and Deferred Outflows of Resources	$ 861,376,736	$ 993,530,091	$ 642,586,519	$ 2,497,493,346
Liabilities and Net Position:				
Liabilities:				
Bonds and notes payable	$ 284,460,581	$ 795,868,357	$ 531,854,318	$ 1,612,183,256
Accrued interest payable on bonds and notes	522,426	11,916,330	6,045,031	18,483,787
Accounts payable and accrued liabilities	12,828,915	-	93,608	12,922,523
Fees, net	1,263,881	96,473	800,000	2,160,354
Escrow deposits	459,382,021	-	15,116,698	474,498,719
Total liabilities	758,457,824	807,881,160	553,909,655	2,120,248,639
Deferred Inflows of Resources:				
Deferred OPEB Inflow	1,530,982	-	-	1,530,982
Net Position:				
Net investment in capital assets	9,833,252	-	-	9,833,252
Restricted by bond resolutions	3,283,330	185,648,931	88,676,864	277,609,125
Unrestricted	88,271,348	-	-	88,271,348
Total net position	101,387,930	185,648,931	88,676,864	375,713,725
Total Liabilities and Net Position	$ 861,376,736	$ 993,530,091	$ 642,586,519	$ 2,497,493,346

The accompanying notes are an integral part of the financial statements

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Operating Revenues:				
Interest Income on loans	$ 3,871,293	$ 4,937,053	$ 7,058,068	$ 15,866,414
Interest income attributable to internal servicing activities	1,711,064	-	-	1,711,064
Total interest income on loans	5,582,357	4,937,053	7,058,068	17,577,478
Income on investments:				
Earnings on investments	145,573	3,598,801	33,504	3,777,878
Net decrease in fair value of investments	(34,987)	1,706,076	(24,649)	1,646,440
Fees	2,240,548	-	-	2,240,548
Servicing fee income	1,137,404	-	-	1,137,404
Grant revenue	6,602,471	-	-	6,602,471
Miscellaneous income	-	-	-	-
Gain on sale of loans	5,003,328	-	-	5,003,328
Total operating revenues	20,676,694	10,241,930	7,066,923	37,985,547
Operating Expenses:				
Interest expense	1,784,081	5,898,017	4,119,931	11,802,029
Personnel services	5,614,631	-	-	5,614,631
Other administrative expenses	2,081,986	-	-	2,081,986
Housing initiatives	531,156	-	-	531,156
REO expenditures	180,848	1,864	-	182,712
Bad debt expense	(243)	-	-	(243)
Bond issuance costs	(113,526)	-	328,000	214,474
Depreciation and amortization of other assets	524,328	1,272	-	525,600
Loan costs	3,088,242	44	128,360	3,216,646
State rental subsidy program	39,928	-	-	39,928
Grant expense	6,618,614	-	-	6,618,614
Total operating expenses	20,350,045	5,901,197	4,576,291	30,827,533
Operating Income (Loss)	326,649	4,340,733	2,490,632	7,158,014
Gain on Sale of assets, net	-			-
Transfer to State	-			-
Transfers In (Out)	2,255,733	(1,090,227)	(1,165,506)	-
Total Change in Net Position	2,582,382	3,250,506	1,325,126	7,158,014
Net Position - Beginning of Year	98,805,548	182,398,425	87,351,738	368,555,711
Net Position - End of Year	$ 101,387,930	$ 185,648,931	$ 88,676,864	$ 375,713,725

The accompanying notes are an integral part of the financial statements

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Cash Flows from Operating Activities:				
Interest on loans receivable	$ 5,437,869	$ 5,121,400	$ 7,140,728	$ 17,699,997
Repayment of loans receivable	106,391,320	29,384,359	13,816,692	149,592,371
Fees collected (paid)	3,329,791	(21,098)	800,000	4,108,693
Other receipts (disbursements), net	(6,357,626)	-	32,010	(6,325,616)
Loans disbursed	(119,130,174)	(94,946)	(34,339,000)	(153,564,120)
Accounts receivable, net	(1,250,389)	-	-	(1,250,389)
Gain (loss) on accounts receivable	243		-	243
Loss on loans receivable	(93,864)	(28,549)	-	(122,413)
Income (loss) on REO properties	(180,848)	(1,864)	-	(182,712)
Bond issuance costs	113,526	-	(327,999)	(214,473)
Personnel services	(5,614,631)	-	-	(5,614,631)
Other administrative expenses	(2,102,387)	-	-	(2,102,387)
Housing initiative expenses	(509,375)	-	-	(509,375)
Other assets	(314,922)	324,184	-	9,262
Arbitrage rebate			-	-
Accounts payable and accrued liabilities	(5,716,190)	-	-	(5,716,190)
Gain on sale of loans	2,149,360	-	(128,360)	2,021,000
State rental subsidy program	(39,928)	-	-	(39,928)
Transfers from (to) other programs	2,255,733	(1,090,227)	(1,165,506)	-
Net cash provided by (used in) operating activities	(21,632,492)	33,593,259	(14,171,435)	(2,210,668)
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	93,000,000	1,503	44,076,504	137,078,007
Payment of bond and note principal	(76,469,504)	(258,935)	(10,846,368)	(87,574,807)
Interest paid on bonds and notes	(1,613,023)	257,432	(1,256,721)	(2,612,312)
Gain on Sale of assets, net	-			-
Net cash provided by (used in) noncapital financing activities	14,917,473	-	31,973,415	46,890,888
Cash Flows from Investing Activities:				
Redemption of investments	51,872,372	11,332,696	102	63,205,170
Earnings on investments	147,452	3,423,485	13,641	3,584,578
Purchase of investments	(51,551,264)	(36,334,518)	(43)	(87,885,825)
Net cash provided by (used in) investing activities	468,560	(21,578,337)	13,700	(21,096,077)
Net Increase (Decrease) in Cash and Cash Equivalents	(6,246,459)	12,014,922	17,815,680	23,584,143
Cash and Cash Equivalents - Beginning of Year	128,803,844	132,667,462	58,649,731	320,121,037
Cash and Cash Equivalents - End of Year	$ 122,557,385	$ 144,682,384	$ 76,465,411	$ 343,705,180

The accompanying notes are an integral part of the financial statements

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	$ 326,649	$ 4,340,733	$ 2,490,632	$ 7,158,014
Adjustments:				
Earnings on investments	(147,452)	(3,423,485)	(13,641)	(3,584,578)
Net (increase) decrease in fair value of investments	34,987	(1,706,076)	24,649	(1,646,440)
Interest paid on bonds and notes	1,613,023	(257,432)	1,256,721	2,612,312
Transfer of investments and/or net position	2,255,733	(1,090,227)	(1,165,506)	-
(Increase) decrease in assets:				
Loans receivable/loss allowance	(11,869,975)	29,260,863	(19,722,308)	(2,331,420)
Accrued interest-loans	(144,488)	184,348	82,660	122,520
Accrued interest-investments	1,878	(175,316)	(19,862)	(193,300)
Accounts receivable, net	(2,213,132)	-	-	(2,213,132)
Other assets	209,406	325,456	-	534,862
Interfund receivable (payable)	-	-	-	-
(Increase) decrease in deferred outflows	234,274	44	-	234,318
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	171,058	6,155,449	2,863,210	9,189,717
Accounts payable/accrued liabilities	(5,716,190)	-	-	(5,716,190)
Fees, net	(48,161)	(21,098)	-	(69,259)
Escrow deposits	(6,340,102)	-	32,010	(6,308,092)
Total adjustments	(21,959,141)	29,252,526	(16,662,067)	(9,368,682)
Net Cash Provided by (Used in) Operating Activities	$ (21,632,492)	$ 33,593,259	$ (14,171,435)	$ (2,210,668)

The accompanying notes are an integral part of the financial statements

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF FIDUCIARY NET POSITION - PRIVATE PURPOSE TRUST COMPONENT UNIT
AFFORDABLE HOUSING TRUST
SEPTEMBER 30, 2020
(Unaudited)

Assets:		
Loans receivable	$	40,295,893
Less allowance for loan losses		(6,000,000)
Loans receivable, net		34,295,893
Investments		43,350
Accrued interest-loans		70,289
Accrued interest-investments		263
Cash and cash equivalents		70,078,573
Accounts receivable, net		17,781
Other assets, net		1,303,137
Total Assets	$	105,809,286
Liabilities and Net Position		
Liabilities:		
Accounts payable and accrued liabilities	$	150,672
Net Position:		
Held in trust		105,658,614
Total Liabilities and Net Position	$	105,809,286

The accompanying notes are an integral part of the financial statements

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION -
PRIVATE PURPOSE TRUST COMPONENT UNIT
AFFORDABLE HOUSING TRUST
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited)

Revenues:		
Interest income on loans	$	369,281
Earnings on investments:		
Interest on investments		11,572
Net increase (decrease) in fair value of investments		(251)
Trust receipts		228,680
Total revenues		609,282
Expenses:		
Housing Initiatives		128,750
Total expenses		128,750
Operating Income (loss)		480,532
Transfers in (out) of fund equity		-
Total Change in Net Position		480,532
Net Position - Beginning of Year		105,178,082
Net Position - End of Year	$	105,658,614

The accompanying notes are an integral part of the financial statements

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description of Financial Reporting Entity

Rhode Island Housing and Mortgage Finance Corporation (the Corporation) is a public instrumentality established in 1973 by an Act of the Rhode Island General Assembly. The Corporation was created to originate loans and administer other activities to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the State of Rhode Island (the State). It has the power to issue negotiable notes and bonds to achieve its corporate purpose. The notes and bonds do not constitute a debt of the State, and the State is not liable for the repayment of such obligations.

The Corporation is considered a component unit of the State and is included in the State's comprehensive annual financial report.

The Corporation is exempt from federal and state income taxes.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Corporation applies the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Nos. 39 and 61. Through the application of GASB criteria, the Corporation determined that the Affordable Housing Trust Fund (the Trust) is a component unit of the Corporation and the Trust has been presented in the accompanying fiduciary fund financial statements. Control over and financial accountability for the Trust is determined based on appointment by a voting majority of the Trust's trustees.

B. Affordable Housing Trust Fund

The Trust is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and not-for-profit organizations. Trust receipts are derived from payments related to affordable housing preservation transactions and funds received from the Corporation to administer housing programs. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

C. Financial Statement Presentation, Measurement Focus and Basis of Accounting

The Corporation engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties. The accompanying combining statement of net position, statement of revenues, expenses and changes in net position and statement of cash flows (enterprise fund financial statements) present the financial information of the Corporation.

The Corporation classifies its business-type activities into funds, reported as separate columns within the enterprise fund financial statements, each representing a fiscal and accounting entity with a self-balancing set of accounts segregated to carry on specific activities in accordance with bond resolutions established under various trust indentures, special regulations restrictions, or limitations. All inter-fund activity has been eliminated from the combining totals in the accompanying financial statements. Transfers between funds are made to cover the operating costs associated with management of bond resolutions. Transfers also consist of reimbursement of collateral for bond resolutions previously funded by the operating fund.

The Operating Fund accounts for the receipt of income not directly pledged to the repayment of specific bonds and notes, expenses related to the Corporation's administrative functions and for various housing program activities that are not covered by bond resolutions. The Operating Fund also accounts for the activities of the Corporation's two separate subsidiaries: Rhode Island Housing Equity Corporation and Rhode Island Housing Development Corporation. The Single Family Housing Fund includes transactions and programs designed to provide affordable housing to eligible persons and families within the State for properties with one to four dwelling units. All loans, whether originated by the Corporation or purchased from participating lenders, are in compliance with bond resolutions. The Multi-Family Fund includes financing activities with the intent to originate multi-family loans secured by a lien.

The Trust engages only in fiduciary activities. Separate financial statements are presented for the Trust since fiduciary activities are excluded from presentation in enterprise fund financial statements.

The Corporation and the Trust use the economic resources measurement focus and accrual basis of accounting. The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Corporation has presented an unclassified combining statement of net position in accordance with financial institution industry trade practice. Although contractual terms define the principal amount of loans receivable and the amount of principal required to be paid on bonds and notes payable within one year from the date of the combining statement of net position, the actual principal amounts received on loans and repaid on bonds and notes are significantly affected by changes in interest rates, economic conditions and other factors. Consequently, the principal amount of loans receivable and the principal amount payable for bonds and notes based on contractual terms would not be representative of actual amounts received or paid, and such amounts are not reliably estimable.

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

D. Loans Receivable and Allowance for Loan Losses

Loans receivable are reported at their outstanding principal balance adjusted for any charge-offs and the allowance for loan losses.

In general, interest income on loans receivable is recognized on the accrual basis. A loan is considered delinquent when payments are not made in accordance with contractual terms. Loans go into "nonaccrual status" when loan payments are delinquent for ninety days or more. Interest income is no longer accrued, and any accrued interest is reversed. Loans are returned to accrual status when all amounts contractually due are brought current or the loans have been restructured and future payments are reasonably assured. For certain deferred loans which specify that interest is payable based on available cash flow or the availability of other specified sources, related interest is recorded as income when received.

Losses on loans are provided for under the allowance method of accounting. The allowance is increased by provisions charged to operating expenses and by recoveries of previously charged-off loans. The allowance is decreased as loans are charged off.

The allowance represents an amount that management believes will be adequate to provide for potential loan losses based on evaluation of collectability and prior loss experience, known and inherent risk in the portfolio, changes in the nature and volume of the loan portfolio, overall portfolio quality, specifically identified high risk loans, the estimated value of the underlying collateral, current and anticipated economic conditions that may affect the borrower's ability to pay, historical loss experience and the types of mortgage insurance or guarantee programs provided by outside parties. Substantially all loans are secured by real estate in Rhode Island; accordingly, the ultimate collectability of the loans is susceptible to changes in market conditions in this area. Management believes the allowance for loan loss is adequate. While management uses available information to recognize losses on loans, evaluation assessments made by management are inherently subjective and future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used at the time of the evaluation.

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Such loans are presented as loans held for sale on the accompanying statements of net position. Gains and losses from sales of loans are recognized based upon the difference between the fair value of mortgage-backed securities forward contracts at date of commitment and the carrying value of the underlying loans.

E. Cash and Cash Equivalents

Cash and cash equivalents represent funds on deposit with various financial institutions and funds held by the trustees of the various bond programs. Deposits held in financial institutions and all highly liquid investments, such as U.S. Treasury Bills and Notes, with original maturities of 90 days or less are considered cash and cash equivalents.

F. Investments

Investments held by the Corporation consist of those permitted by the various bond resolutions and the Corporation's investment policy. Investments include securities of the U.S. Government and of U.S. Government agencies, securities guaranteed by the U.S. Government and U.S. Government agencies, savings accounts and guaranteed investment contracts.

In accordance with GASB Statement No. 31 (GASB 31), money market investments having a remaining maturity of one year or less at time of purchase are reported at amortized cost if the fair value of such investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Investments in nonparticipating interest earning investment contracts, such as nonnegotiable and nontransferable guaranteed investment contracts, which are redeemable at contract or stated value rather than fair value based on current market rates and certificates of deposit with redemption terms that do not consider market rates, are reported at cost or amortized cost provided that the fair value of such contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors. Investments not reported at cost or amortized cost are reported at fair value in accordance with GASB No. 31. The fair value of securities is provided by an investment trustee as reported by recognized pricing firms. The reported amounts of investments not otherwise reported at fair value approximate their fair value.

All investment income, including changes in the fair value of investments, is reported as revenue in the Corporation's statements of revenues, expenses and changes in net position and in the Trust's statement of changes in fiduciary net assets. The Corporation records a liability for the portion of investment income that is rebateable to the United States government under Section 103A of the Internal Revenue Code, as amended, (the Code) for tax-exempt bonds sold after 1981. The Code requires that such excess investment income be remitted to the Internal Revenue Service. Such rebateable investment income is included in accounts payable and accrued liabilities in the accompanying statements of net position and recorded within operating expenses in the statement of revenues, expenses and changes in net position.

G. Bond Issuance Costs, Premiums, Discounts and Early Retirements

In accordance with GASB Statement No. 65, costs associated with issuing bonds are reported in the combining statement of revenues, expenses and changes in net position in the year the bond is issued. In addition, when refinancing debt, the costs associated with the refinanced bond are also reported in the combining statements of revenues, expenses and changes in net position in the year in which the bond is refinanced.

Premiums and discounts are capitalized and amortized using a method that approximates the interest method over the life of the related issue or to the date the Corporation has the option to redeem the bonds.

The Corporation periodically retires bonds prior to their redemption date. Any premium paid on the call related to the early retirement of bonds that are not refunded is reported in the combining statements of revenues, expenses and changes in net position.

H. Other Assets

Other assets of the Corporation are principally comprised of property and equipment, certain other real estate owned, and deferred servicing costs related to service release premiums paid to participating originating lenders for origination of single-family loans. The Corporation depreciates property and equipment on a straight-line basis over the assets' estimated lives, which range from 3-40 years.

The Corporation states its other real estate owned acquired through or in lieu of foreclosure at the lower of cost or fair value less the cost to sell. Fair value of such assets is determined based on independent appraisals and other relevant factors. Other real estate owned in the Single-Family Fund is partially insured or guaranteed by outside parties and it is anticipated that the Corporation will recover substantially all the balance of these assets through such insurance and from proceeds from the sale of the underlying properties. The Corporation holds such properties for subsequent sale in a manner that will allow maximization of value. Carrying costs relating to other real estate owned are recorded in the Operating Fund.

I. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period. The measurement date for the reported liability was June 30, 2019.

The Corporation reports total OPEB liability as a component of accounts payable and accrued liabilities on the combining statement of net position.

J. Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time.

The Corporation reports deferred outflows of resources related to loan origination costs in the statement of net position. Expenses will be recognized once the related loans are sold.

Fair values of both hedging derivatives and investment derivatives (if any) are presented on the combining statements of net position either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The difference between the notional amount and fair value of the derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Corporation's combining statements of net position. The Corporation currently has one type of derivative instrument outstanding: mortgage-backed security forward contracts.

The Corporation reports deferred outflows and inflows related to Other Post Employment Benefits (OPEB) in the statement of net position which result from differences between expected and actual experience, changes in assumptions or other inputs and contributions after the measurement date. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits, the one exception being contributions made after the measurement date which are recognized as OPEB expense in the following year.

K. Net Position

Net position is classified into three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets represents the net book value of all capital assets reduced by the outstanding balances of bonds and other debt and deferred inflows of resources, if any, used to acquire, construct or improve these assets, and increased by deferred outflows of resources related to those assets, if any. Restricted net position consists of restricted assets that have been limited in use as specified either externally by creditors, contributors, laws, or government regulations, or internally by enabling legislation or law. Restricted assets are reduced by liabilities and deferred inflows of resources related to the restricted assets. Unrestricted net position consists of amounts not included in net investment in capital assets or restricted net position.

The Corporation classifies all net position amounts associated with its bond resolutions as restricted net position. Under bond indentures, all assets assigned to these programs are pledged for the benefit of the bondholders of each program; consequently, the Corporation classifies all such amounts, while retained in the bond programs, as restricted. Transfers from the bond programs to the Operating Fund are made when transfers are approved and authorized by the Corporation's management and such amounts are not specifically required to be retained within the bond program. Transfers during the period ended September 30, 2020, include cash transfers for reimbursement of activities in support of the bond programs.

Restricted net position in the Operating Fund is comprised of the amount of assets required to be pledged as collateral to a lender in excess of outstanding amounts borrowed as well as assets restricted for federal programs. At September 30, 2020, restricted amounts totaled $3,283,330.

L. Interest Income on Loans

The Corporation presents two categories of interest income. The first category, “interest income on loans,” represents the interest component of the mortgagors’ payments due to all mortgage servicing entities (including the Corporation’s Operating Fund). The second category, “interest income attributable to internal servicing activities,” represents compensation earned for mortgage servicing for those loans serviced by the Corporation. Together, these two components comprise interest income on loans owned by the Corporation.

M. Use of Estimates

Management has made several estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities when preparing the financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

N. Fee and Grant Revenue

Recognition of grant revenue is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made. Fee income is accrued as earned and includes fees received from loan originations, securitization premiums, loan servicing fees and Section 8 administrative fees received from the U.S. Department of Housing and Urban Development (HUD), including administrative fees that are paid by HUD to the Corporation under the Performance-Based Contract Administration (PBCA) contract for certain Section 8 projects throughout Rhode Island.

2. RESTRICTED ASSETS

Certain assets are restricted by covenants and agreements as a result of transactions including bond sales, mortgages generated with lending institutions and funding provided by HUD programs. All Assets in the Single-Family and Multi-Family Funds are restricted. Restricted assets in the Operating Fund include Cash and Cash Equivalents, Investments, Loans and Other Assets. At September 30, 2020, restricted assets in the Operating Fund totaled $639,984,862.

3. LOANS RECEIVABLE

The Corporation provides single-family mortgage loans to qualified borrowers in the State. The mortgage loans are generally required to be insured through the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Administration (VA) or USDA Rural Development or conventionally financed with traditional primary mortgage insurance. Under the single-family program guidelines, conventionally financed single-family mortgage loans with an initial loan-to-value ratio of greater than 80% are insured by private mortgage insurance carriers. As these loans amortize and the loan to-value ratio falls below 80%, the private mortgage insurance coverage may be terminated.

At September 30, 2020, the single-family mortgage loan balances in the Single-Family Fund are insured, subject to maximum insurable limits as follows:

Private Mortgage Insurance	$	141,124,653
FHA Insurance		155,829,511
VA Guaranteed		4,680,015
USDA/RD Guaranteed		5,871,272
Uninsured		154,093,474
Total	$	461,598,925

The FHA program insures the repayment of the unpaid principal amount of the mortgage upon foreclosure and conveyance of title to the Secretary of HUD. The insurance proceeds are usually paid in cash, but at the discretion of the Secretary, may be settled through issuance of twenty-year debentures. The VA mortgage loan guarantee covers from 25% up to 50% of the original principal amount of a loan up to a maximum of $60,000 depending on the loan amount. Private mortgage insurers must be qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association (FNMA) and must be authorized to do business in the State. Private mortgage insurance typically covers between 6% and 35% of claims depending upon the premium plan and coverage selected when the loan is originated. The risk exists that if these private mortgage insurance companies are not able to honor claims, these loans would be considered uninsured.

The Corporation has entered into a risk-sharing agreement with HUD whereby HUD will provide partial mortgage insurance on affordable multi-family housing developments financed by the Corporation. The risk of loss to the Corporation varies from 10% to 50% depending on the level of participation by HUD. In the Multi-Family Fund and Operating Fund, loan balances at September 30, 2020 of $310,540,173 and $153,685,004, respectively, are insured under such agreements subject to maximum participation limits. At September 30, 2020, loan balances of $6,515,365, in the Trust are also insured under such agreements.

In May 2012, the Corporation entered into an agreement with FNMA whereby single-family mortgage loans originated under the Corporation's program guidelines may be sold directly to FNMA or pooled into a mortgage-backed security that will be guaranteed by FNMA. As of September 30, 2020, 2,627 loans had been sold directly to FNMA and eight mortgage-backed securities had been issued.

As of September 30, 2020, the percentage of loan dollars that are in a first lien position is as follows:

Operating	51.6%
Single-Family	93.6%
Multi-Family	99.4%
Affordable Housing Trust	31.4%

The payment of interest by borrowers on certain loans recorded in the Corporation's Operating Fund, Single-Family Fund and Multi-Family Fund is deferred and payable by borrowers only from available cash flow, as defined in the loan agreements or other specified sources. Interest income on such loans is recorded as revenue when received from the borrower. For the three months ended September 30, 2020, interest received under such deferred loan arrangements was $180,295 in the Operating Fund and $175,885 in the Single-Family Fund. In addition, the Corporation administers certain federal and state loan programs, which are either deferred forgivable loans or non-interest bearing. Loans under these programs totaled $223,355,337 at September 30, 2020.

Principal balances outstanding under deferred and noninterest bearing loan arrangements at September 30, 2020 are as follows:

Operating Fund:		
Single-family loans	$	55,078,658
Multi-family loans		234,067,124
Subtotal		289,145,782
Single-Family Fund:		
Single-family loans		12,391,237
Total	$	301,537,019

Certain loans recorded in the Corporation's Operating Fund and Single-Family Fund are on nonaccrual status due to delinquency over 90 days. At September 30, 2020, principal outstanding under such nonaccrual status loans is as follows:

Operating Fund:		
Single-family loans	$	11,281,956
Multi-family loans		-
Subtotal		11,281,956
Single-Family Fund:		
Single-family loans		35,324,079
Total	$	46,606,035

A summary of the changes in the allowance for loan losses is as follows:

		2020
Balance at beginning of year	$	45,000,000
Loans charged off, net of recoveries		(122,413)
Write-down of REO properties		-
Provision for loan losses		-
Balance at End of Year	$	44,877,587

In addition to the allowance for loan losses, the Corporation maintains an escrow account funded by certain mortgage lenders (the Mortgage Lender's Reserve Account). This Mortgage Lenders Reserve Account equals a percentage of the outstanding principal balance of certain mortgage loans purchased from an applicable mortgage lender and is available to the Corporation in the event the proceeds realized upon the default and foreclosure of any covered mortgage loan is less than the amount due to the Corporation. At September 30, 2020, the Mortgage Lender's Reserve Account totaled $294,952.

4. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The Corporation assumes levels of custodial credit risk for its cash and cash equivalents. Custodial credit risk is the risk that in the event of a financial institution failure, the Corporation's deposits may not be returned to it. Cash and cash equivalents are exposed to custodial credit risk as follows: a) uninsured and uncollateralized; b) uninsured and collateralized with securities held by the financial institution trust departments in the Corporation's or Trust's name; and c) uninsured and collateralized with securities held by financial institution trust departments or agents which are not held in the Corporation's or Trust's name.

The State requires that certain uninsured deposits of the State and State Agencies be collateralized. Section 35-10.1-7 of the General Laws of the State, dealing with the collateralization of public deposits, requires all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet its minimum capital standards as required by its Federal regulator be collateralized. The Corporation does not have any additional policy regarding custodial credit risk for its deposits.

Cash and cash equivalents in the Single-Family Fund and Multi-Family Fund are principally invested in short-term United States Government money market funds. The funds are rated AAA and invested only in U.S. Treasuries, U.S. Agencies and repurchase agreements collateralized by U.S. Treasury and Agency securities. Since the funds offer a floating rate that tends to move with other market U.S. risk-free rates, there is substantially no interest rate risk associated with these short-term investments. Because of the quality of the underlying securities in the asset pool and the institutions involved in the management and custody, there is no material credit or custodial risk in this portfolio. These investments are used as temporary cash management instruments. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable $1 per unit. The underlying investments which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no withdrawal limitations for the money market mutual funds.

Investments

The first objective of the Corporation investment strategy is to minimize risk and maximize the preservation of capital. All investments are to be made in a manner to minimize any risk which would jeopardize the safety of the principal invested. The second objective is to maintain sufficient liquidity to match cash flow requirements. The third objective is to maximize yield after satisfying the first two objectives. Other major considerations include diversification of risk and maintenance of credit ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in a debt instrument. As a means of limiting exposure to fair value losses arising from rising interest rates, the Board of Commissioners' (the Board) established an investment policy for the Corporation's Operating Fund that limits the maximum maturities or repricing maturities as follows:

Maturity	Maximum investment
Less than one year	100%
One to five years	25%
Greater than five years	0%

At September 30, 2020, the Operating Fund holds two investments with a maturity of greater than five years. These investments are marketable securities that are pledged as collateral to a lender for borrowings.

While each of the bond resolutions contains investment policies which describe acceptable investments, there are no specific policies for percentage maximum investments with respect to the Single-Family Fund, Multi-Family Fund and the Trust (collectively referred to as the Other Funds). The Corporation strives to match asset and liability maturities. The Corporation manages interest rate risk by considering variables such as mortgage prepayment frequency, expected asset lives, utilization of interest sensitivity gap (segmented time distribution) and simulation analysis.

Investments include mortgage-backed securities backed by government-insured single-family mortgage loans originated under the Corporation's program guidelines. These securities are pass-through securities which require monthly payments by an FHA-approved or Fannie Mae-approved lender and are guaranteed by either the Government National Mortgage Association (GNMA) or FNMA. The securities are subject to interest rate risk due to prepayments and the fair value of the securities which vary with the change in market interest rates. The securities are intended to be held to maturity. The securities are held by the Single-Family and Operating Funds and are carried at fair value totaling $399,504,228 at September 30, 2020.

The Corporation categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are observable market-based inputs or unobservable inputs that are corroborated by market data. Level 3 inputs are unobservable inputs that are not corroborated by market data.

The Corporation has recurring fair value measurements in the form of Fixed Income Securities (U.S. Treasuries, mortgage-backed securities and obligations of government-sponsored enterprises) as of September 30, 2020, $123,339,620 in the Operating Fund, $393,100,220 in the Single-Family, $2,363,518 in the Multi-Family Fund, and $43,350 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments are fair value measurements for escrow funds relating to homeowners and to multi-family developments. The Corporation does not measure the fair value of guaranteed investment contracts in the amount of $2,883,495 in the Single-Family Fund as of September 30, 2020.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The current Board-approved policy requires all investments in the Operating Fund to be rated at least Single A by a nationally recognized rating agency. Generally, each of the bonded resolutions in the Single-Family Fund and Multi-Family Fund contain policies that require investments that do not impair the existing ratings on the related bonds. The Trust has no minimum rating requirements.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer regardless of its credit history. The Board-approved policy for the Operating Fund limits the amount that may be invested with any one issuer as follows:

United States Government Obligations	100% of portfolio
United States Agency Obligations	100% of portfolio
Repurchase Agreements	50% of portfolio
Collective Short-Term Funds	25% of portfolio
All other investments	10% of portfolio

Although there are no specific concentration policies for maximum percentage of investments, the Corporation attempts to diversify as much as possible given the limited number of issuers of AAA-rated investments.

At September 30, 2020, all Operating Fund investments were invested in securities of the U.S. Government and Agency securities, with no concentration of more than 5% of total Operating Fund investments in any particular agency for which the investments were not secured by the U.S. Government.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The policy in the Operating Fund is that all purchases are held in a safekeeping or custodial account at an approved safekeeping agent of the Corporation in the Corporation's name. At September 30, 2020, there were no investments in the Operating Fund subject to custodial credit risk.

There are no other specific custodial credit risk policies for the other funds. Most of the Corporation's investments in other funds are either in Guaranteed Investment Contracts (GICs) in bonded resolutions, which are direct investments not subject to custodial credit risk, or in accounts managed by a financial advisory firm with underlying investments restricted to U.S. Government and Agency securities. At September 30, 2020, there were no investments in any of the other funds subject to custodial credit risk.

As established in the Board-approved investment policy, the Corporation can enter into interest rate swap agreements and other similar interest rate related derivative instruments to reduce interest rate mismatches between its loan and investment assets and its bond and note liabilities. These types of derivative instruments expose the Corporation to certain risks including credit risk, interest rate risk, and counterparty risk. At September 30, 2020, the Corporation was not party to any interest rate swap agreements. At September 30, 2020, the Corporation had entered into certain commitments to sell loans, which expose the Corporation to interest rate risk as discussed further in Note 9.

5. ACCOUNTS RECEIVABLE

Accounts receivable balance at September 30, 2020, is comprised of the following:

Accounts receivable:		
Due from federal government	$	1,803,431
Tax sale receivables		3,207,930
Accounts		9,726,418
Total receivables		14,737,779
Allowance		(1,037,320)
Receivables, Net	$	13,700,459

6. OTHER ASSETS

Other assets, net, consisted of the following at September 30, 2020:

Real estate owned	$	4,272,074
Capital assets, net		9,933,252
Purchased mortgage servicing rights and excess servicing, net		10,448,837
accounts		(215,731)
Total	$	24,438,432

Depreciation expense related to capital assets for the three months ended September 30, 2020, was $144,352.

Amortization expense related to purchased mortgage servicing rights for the three months ended September 30, 2020, was $381,248.

Other assets of the Trust consisted of federal program properties totaling $1,303,137 at September 30, 2020.

7. BONDS AND NOTES PAYABLE

The Corporation issues serial bonds and term bonds under various bond resolutions to provide permanent financing for the origination or purchase from participating originating lenders of single-family loans, to provide permanent financing for qualified housing developments, and to provide financing for other purposes.

The Corporation obtains principally first and second mortgage liens on real property financed. The Corporation assigns such liens to the respective bonds when the mortgage loans are permanently financed using bond proceeds. Bonds and notes are secured by related revenues and assets of the respective programs in which the related bonds and notes payable are reported.

The provisions of the applicable trust indentures require or allow for the redemption of bonds by the Corporation through the use of unexpended bond proceeds and excess funds accumulated primarily through the prepayment of mortgage loans. All outstanding bonds are subject to redemption at the option of the Corporation, in whole or in part at any time after certain dates, as specified in the respective bond series indentures.

Principal and interest on substantially all bonds is payable semi-annually.

The Corporation is required by the Internal Revenue Service as well as its various bond resolutions to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Corporation must comply with various restrictions on investment earnings from bond proceeds. The Corporation's management believes it was in compliance with these covenants as of September 30, 2020.

Bonds and notes payable at September 30, 2020 are as follows:

Operating Fund Bonds and Notes:		
Federal Home Loan Bank		
Due 2020 to 2027, interest from 0.00% to 1.83%	$	11,175,000
Federal Financing Bank		
Due 2056 to 2060, interest from 2.239% to 3.577%		147,655,565
General Obligation Bonds Series 2018:		
Mandatory tender bonds, due 2032, interest at 3.12%		5,000,000
Notes Payable, due 2027 to 2048, interest from 2.75% to 6.25%		15,621,016
Lines of Credit, payable on demand, interest from 1.156% to 3.489%		105,009,000
Total Operating Fund		284,460,581
Single-Family Fund:		
Homeownership Opportunity Bonds:		
Series 10-A:		
Term bonds, due 2022 to 2027, interest at 6.50%		940,000
Series 15-A:		
Term bonds, due 2024, interest at 6.85%		380,000
Series 46-T:		
Term bonds, due 2034, interest at variable rate		15,000,000
Series 48-T:		
Term bonds, due 2034, interest at variable rate		15,000,000
Series 61-A:		
Serial bonds, due 2020 to 2023, interest from 2.45% to 3.05%		11,295,000
Series 61-B:		
Term bonds, due 2026 to 2037, interest from 3.45% to 4.10%		6,390,000
Series 62-A:		
Serial bonds, due 2020 to 2021, interest from 2.875% to 3.125%		865,000

Series 62-B:		
Serial bonds, due 2021 to 2022, interest from 3.125% to 3.25%	$	4,025,000
Term bonds, due 2024 to 2028, interest from 3.50% to 4.00%		8,930,000
		12,955,000
Series 62-C:		
Serial bonds, due 2020 to 2022, interest from 3.50% to 3.875%		4,245,000
Term bonds, due 2022, interest at 3.875%		7,450,000
		11,695,000
Series 63-A:		
Term bonds, due 2027 to 2040, interest from 3.50% to 4.00%		10,105,000
Series 63-B:		
Term bonds, due 2032, interest at 3.80%		540,000
Series 63-C:		
Serial bonds, due 2020 to 2022, interest from 3.15% to 3.50%		3,795,000
Term bonds, due 2025, interest at 3.75%		3,680,000
		7,475,000
Series 64-T:		
Term bonds, due 2023 to 2034, interest from 3.00% to 4.00%		21,570,000
Series 65-T:		
Serial bonds, due 2020 to 2025, interest from 2.952% to 3.886%		20,255,000
Term bonds, due 2029 to 2039, interest from 2.913% to 4.433%		8,965,000
		29,220,000
Series 66 A-1:		
Term bonds, due 2033, interest at 4.00%		9,415,000
Series 66 A-2:		
Term bonds, due 2032, interest at 4.00%		2,245,000
Series 66 C-2:		
Serial bonds, due 2020 to 2026, interest from 2.35% to 3.65%		13,350,000
Series 67-A:		
Term bonds, due 2041, interest at 3.55%		5,235,000
Series 67-B:		
Term bonds, due 2026 to 2046, interest from 2.40% to 3.55%		6,970,000
Series 67-C:		
Serial bonds, due 2020 to 2027, interest from 1.70% to 3.00%		12,075,000
Term bonds, due 2030 to 2038, interest from 3.25% to 3.50%		12,360,000
		24,435,000
Series 68-B:		
Term bonds, due 2031 to 2046, interest from 3.00% to 3.40%		37,230,000
Series 68-C:		
Serial bonds, due 2020 to 2026, interest from 1.70% to 2.65%		33,015,000
Term bonds, due 2031 to 2039, interest from 3.15% to 3.50%		76,540,000
		109,555,000
Series 69-A:		
Serial bonds, due 2020 to 2029, interest from 2.10% to 3.50%		13,540,000
Series 69-B:		
Term bonds, due 2033 to 2048, interest from 3.55% to 4.00%		67,185,000
Series 69-T:		
Serial bonds, due 2020 to 2024, interest from 2.95% to 3.40%		6,320,000

Series 70:		
Serial bonds, due 2020 to 2031, interest from 1.45% to 2.55%	$	29,995,000
Term bonds, due 2034 to 2049, interest from 2.80% to 4.00%		91,655,000
		121,650,000
Series 71:		
Serial bonds, due 2020 to 2032, interest from 1.20% to 2.55%		27,720,000
Term bonds, due 2034 to 2049, interest from 2.75% to 3.75%		69,620,000
		97,340,000
Series 72-A:		
Serial bonds, due 2021 to 2032, interest from 0.40% to 2.20%		16,025,000
Term bonds, due 2035 to 2050, interest from 2.30% to 3.50%		42,355,000
		58,380,000
Unamortized bond premium		13,612,912
Subtotal		729,892,912
Home Funding Bonds:		
Series 2, Subseries 2A:		
Term bonds, due 2041, interest at 3.16%		12,300,000
Series 2, Subseries 2B:		
Term bonds, due 2041, interest at 2.63%		10,710,000
Series 2, Subseries 2C:		
Term bonds, due 2041, interest at 2.73%		18,950,000
Series 5:		
Term bonds, due 2028 to 2040, interest from 2.75% to 3.45%		23,575,000
Unamortized bond premium		440,445
Subtotal		65,975,445
Total Single-Family Fund		795,868,357
Multi-Family Fund:		
Housing Bonds:		
2001 Series B-2T:		
Term bonds, due 2031, interest at variable rate		190,000
2003 Series A-2T:		
Term bonds, due 2034, interest at variable rate		16,620,000
Unamortized bond discount		(78,069)
Subtotal		16,731,931
Multi-Family Funding Bonds:		
2009 Series A, Subseries 2009A-1:		
Term bonds, due 2051, interest at 3.01%		51,000,000
2009 Series A, Subseries 2009A-2:		
Term bonds, due 2051, interest at 2.32%		14,100,000
2010 Series A:		
Serial bonds, due 2020 to 2021, interest at 4.00%		1,090,000
Term bonds, due 2025 to 2035, interest from 4.625% to 5.25%		15,550,000
		16,640,000
2011 Series A:		
Term bonds, due 2021 to 2032, interest from 3.125% to 4.625%		3,805,000
Subtotal		85,545,000

Multi-Family Development Bonds:		
2010 Series 1:		
Serial bonds, due 2020, interest at 4.00%	$	40,000
2013 Series 1-B:		
Serial bonds, due 2020 to 2023, interest from 2.15% to 2.85%		1,835,000
Term bonds, due 2027 to 2048, interest from 3.25% to 4.125%		30,905,000
		32,740,000
2013 Series 2-T:		
Serial bonds, due 2020 to 2023, interest from 2.539% to 3.218%		7,380,000
Term bonds, due 2027, interest at 3.768%		7,605,000
		14,985,000
2013 Series 3-B:		
Serial bonds, due 2020 to 2024, interest from 2.75% to 3.85%		180,000
2013 Series 3-D:		
Serial bonds, due 2020 to 2023, interest from 3.20% to 4.15%		885,000
Term bonds, due 2024, interest at 4.00%		6,155,000
		7,040,000
2014 Series 2-T:		
Term bonds, due 2020 to 2027, interest from 2.708% to 3.823%		11,755,000
2014 Series 3-B:		
Serial bonds, due 2020 to 2025, interest from 2.05% to 2.95%		1,310,000
Term bonds, due 2029 to 2049, interest from 3.40% to 4.125%		13,715,000
		15,025,000
2016 Series 1-B:		
Serial bonds, due 2020 to 2026, interest from 1.25% to 2.650%		1,165,000
Term bonds, due 2031 to 2056, interest from 3.15% to 4.10%		15,350,000
		16,515,000
2016 Series 1-C:		
Serial bonds, due 2020 to 2026, interest from 1.55% to 3.00%		3,130,000
Term bonds, due 2031 to 2041, interest from 3.50% to 4.10%		15,170,000
		18,300,000
2017 Series 1-B:		
Term bonds, due 2052, interest at 4.20%		1,600,000
2017 Series 2-T:		
Serial bonds, due 2020 to 2028, interest from 2.178% to 3.639%		8,145,000
2017 Series 4-B:		
Serial bonds, due 2020 to 2028, interest from 1.85% to 3.05%		2,725,000
Term bonds, due 2032 to 2037, interest from 3.35% to 3.80%		31,620,000
		34,345,000
2019 Series 1-A:		
Serial bonds, due 2049, interest at 1.70%		25,900,000
2019 Series 1-B:		
Serial bonds, due 2022 to 2031, interest from 1.55% to 2.40%		3,445,000
Term bonds, due 2034 to 2059, interest from 2.75% to 3.40%		32,555,000
		36,000,000
2019 Series 2-T:		
Serial bonds, due 2020 to 2031, interest from 1.90% to 2.95%		2,130,000
Term bonds, due 2039 to 2051, interest from 3.30% to 3.50%		9,570,000
		11,700,000
2020 Series 1-T:		
Serial bonds, due 2021 to 2038, interest from 0.807% to 2.993%		44,075,000
Unamortized bond discount		(33,435)
Subtotal		278,311,565

Multi-Family Mortgage Revenue Bonds and Notes:		
Series 2006 (University Heights Project):		
Term bonds, due 2039, interest at variable rate	$	26,700,000
Series 2006 (Sutterfield Project):		
Term bonds, due 2039, interest at variable rate		7,000,000
Series 2015 (Charles Place):		
Note payable, due 2045, interest at 4.16%		24,008,442
Series 2016 (EPN):		
Note payable, due 2033, interest at 4.07%		15,259,140
Series 2017 (Colony House):		
Note payable, due 2050, interest at 4.99%		13,864,500
Series 2017 (Lippitt Mill Apartments):		
Note payable, due 2035, interest at variable rate		7,621,730
Series 2017A-B (Oxford Place Gardens)		
Note payable, due 2035, interest at 4%		3,087,833
Series 2018 (Curtis Arms):		
Note payable, due 2051, interest at 4.99%		14,000,000
Series 2020 (Festival Fields):		
Note payable, due 2036, interest at 3.46%		39,724,177
Subtotal		151,265,822
Total Multi-Family Fund		531,854,318
Total Bonds and Notes Payable	$	1,612,183,256

The Operating Fund's lines of credit were established with financial institutions primarily to make funds available for the origination, or purchase from participating originating lenders, of single-family loans prior to the receipt of the respective bond proceeds. At September 30, 2020, the Corporation may borrow up to a maximum of $135,000,000 under various revolving loan agreements expiring between November 2020 and August 2021. Borrowings under the lines of credit are payable on demand and are unsecured. One line of credit has a variable interest rate. As of September 30, 2020, the borrowings were $25,000,000 and the rate was 1.650%. The remaining line of credit agreements have fixed interest rates which range from 1.156% to 3.489%. Outstanding borrowings under these agreements totaled $80,009,000 at September 30, 2020.

The Corporation entered into a standby letter of credit agreement with a financial institution whereby the financial institution guarantees payment not to exceed $1,400,000 to the beneficiary in the event of a request for drawing made by the beneficiary.

Homeownership Opportunity Bonds Series 46-T and 48-T, Housing Bonds 2001 Series B-2T, 2003 Series A-2T and 2003 Series B-2T bear interest at taxable rates established monthly or quarterly, which range from 0.527% - 0.617% at September 30, 2020. Certain Multi-Family Mortgage Revenue Bonds bear interest at tax-exempt rates established weekly with a rate of 0.180% at September 30, 2020. One Multi-Family Mortgage Revenue Bond bears interest daily with a rate of 1.898% at September 30, 2020.

8. COMMITMENTS AND CONTINGENCIES

The Corporation is party to financial instruments with off-balance-sheet risk in connection with its commitments to provide financing. Such commitments expose the Corporation to credit risk in excess of the amounts recognized in the accompanying combining statements of net position. The Corporation's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of such instruments. The Corporation uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

Total credit exposure as a result of loan commitments at September 30, 2020, is as follows:

Operating Fund	$ 109,923,561
Multi-Family Fund	1,378,270
Trust	6,196,358
Total	$ 117,498,189

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. The Corporation evaluates each borrower's creditworthiness on a case-by-case basis. Interest rates on approved loan commitments are principally fixed rates.

The Corporation has entered into contracts with multiple developments under the Neighborhood Opportunities Program to fund projects over the next seven years for a total of $6,442,339, subject to the availability of funds. As of September 30, 2020, $5,074,646 has been paid under these contracts.

The Corporation is party to certain claims and lawsuits which are being contested, certain of which the Corporation and respective legal counsel are unable to determine the likelihood of an unfavorable outcome or the amount or range of potential loss. In the opinion of management, the ultimate liability with respect to these actions and claims will not have a material adverse effect on either the financial position or the results of operations of the Corporation.

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God for which the Corporation carries commercial insurance. Neither the Corporation nor its insurers have settled any claims which exceeded the Corporation's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year. The Corporation also is self-insured for unemployment compensation, and no accrual has been recorded in the accompanying financial statements for claims expected to arise from services rendered on or before September 30, 2020, because the Corporation officials are of the opinion that, based on prior experience, such claims will not be material.

9. DERIVATIVE INSTRUMENTS

In July 2013, the Corporation converted its loan funding platform from a mortgage revenue bond program to a program primarily financed through the sale of whole loans and mortgage-backed securities guaranteed by FNMA and GNMA as to timely payment of principal and interest. The securities represent pools of qualified first mortgage loans originated by the Corporation approved lenders. Under this program, the Corporation periodically enters into forward contracts to sell the securities to investors before the securities are ready for delivery (referred to as a to-be-announced or TBA Mortgage-Backed

Security Contract). The Corporation enters into TBA Mortgage-Backed Security Contracts to hedge the interest rate risk for loan commitments made to originating mortgage lenders. TBA Mortgage-Backed Security Contracts are derivative instruments due to one or more of the following factors that are not designated at the time the Corporation and the investor enter into the transaction: settlement factors; the reference rates or interest rates the security will bear; and notional amounts in the form of the principal amount of the future Mortgage-Backed Securities. In addition, payment to the Corporation by the investor is not required until the investor receives the security, enabling the investor to take a position on interest rates without making a payment. Finally, the TBA Mortgage-Backed Security Contracts may be "net settled" because neither party is required to deliver or purchase an asset to settle the TBA Mortgage-Backed Securities Contract.

At September 30, 2020, TBA Mortgage-Backed Securities Contracts with a total notional amount of $15,000,000 and fair market values totaling $15,682,032 were outstanding, resulting in a hedging instrument of $682,032. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are included in the combining statements of net position as deferred outflows of resources. In addition, the Corporation entered into commitments to sell loans to Fannie Mae with a total notional amount of $6,000,000 and fair market values totaling $6,288,594 resulting in a hedging instrument of $288,594. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are also included in the combining statements of net position as deferred outflows of resources.

10. EMPLOYEE BENEFITS

Employee Benefit Plan

The Corporation has adopted an employee retirement plan created in accordance with Internal Revenue Code Section 401(a). The Corporation's 401(a) money Purchase Pension Plan (the Plan) is a defined contribution plan, administered by VOYA Financial. Regular full-time employees who meet certain requirements as to length of service are eligible. The Corporation contributes a set percentage of an employee's annual eligible compensation to the Plan. The contribution requirements, and benefit provisions, are established and may be amended by management of the Corporation along with the Board of Commissioners. Contributions to the plan for the three months ended September 30, 2020 were $417,631. The assets of the Plan were placed under a separate trust agreement for the benefit of the applicable employees, and therefore are neither an asset nor a liability of the Corporation.

Post-Employment Healthcare Plan

The Rhode Island Housing Retiree Healthcare Plan (RIHRHP) is a single-employer defined benefit healthcare plan administered by the Corporation. RIHRHP provides medical insurance benefits to eligible employees who retire from active full-time employment based on years of service and age.

RIHRHP currently pays for postemployment health care benefits on a pay-as-you-go basis. As of September 30, 2020, RIHRHP has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations. RIHRHP does not issue a stand-alone financial report.

Employees become eligible at 28 years of service or at age 59½ with 10 years of service. RIHRHP pays a percentage of the cost of insurance, ranging from 50% to 100%, based on a combination of years of service and age. The benefit provisions are established and may be amended by management of the Corporation along with the Board of Commissioners.

Membership in the plan consisted of the following at June 30, 2019, the date of the last actuarial valuation:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	32
Active Plan Members	219
Total Plan Members	251

Total OPEB Liability

RI Housing's total OPEB liability of $7,762,527 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date. The liability is included with accounts payable and accrued liabilities in the Operating Fund.

Actuarial Assumptions and Methods

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.13% as of June 30, 2019; based on the municipal bond index rate.
Inflation	2.25%
Salary Increases	3.50% to 7.50%
Experience Studies	Due to the size of the plan, the demographic assumptions are not based on formal experience studies. However, gains and losses are monitored during each valuation and adjustments are made to retirement and withdrawal assumptions as needed.
Mortality	For healthy retirees, the gender-distinct PubG-2010 Healthy Retiree Mortality Tables were used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Cost Trend Rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.50% after 12 years; Ultimate trend rate includes a 0.50% adjustment for the excise tax. Post-65: Initial rate of 6.00% declining to an ultimate rate of 4.00% after 10 years.
Participation Rates	70% for retirees with 10 to 15 years of service at retirement. 85% for retirees with 16 to 27 years of service at retirement. 100% for retirees with 28 or more years of service at retirement.

Schedule of Changes in Total OPEB Liability and Related Ratios for Fiscal Year Ended June 30, 2020

Total OPEB liability		
Service cost	$	544,653
Interest on total OPEB liability		258,543
Difference between expected and actual experience of total OPEB liability		(1,010,025)
Changes in assumptions		1,167,026
Benefit payments		(134,837)
Net changes in total OPEB liability		825,360
Total OPEB liability - beginning		6,937,167
Total OPEB Liability - Ending	$	7,762,527
Covered-employee payroll	$	16,567,803
Total OPEB liability as a percentage of covered-employee payroll		46.85%

Changes of assumptions reflect a change in the discount rate from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019.

The total OPEB Liability at September 30, 2020 of $7,762,527 is included with accounts payable and accrued liabilities in the Operating Fund.

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using the current discount rate of 3.13%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB Liability	$ 9,366,575	$ 7,762,527	$ 6,500,525

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher. Based on the last actuarial date of June 30, 2019, the healthcare cost trend rate for members that are Pre-65 was 7.00% and 6.00% for members that are Post-65.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$ 6,326,702	$ 7,762,527	$ 9,684,064

Deferred Outflows and Deferred Inflows Related to OPEB

For the fiscal year ended June 30, 2020, RIHRHP recognized OPEB expense of $697,099. At June 30, 2020, RIHRHP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 3,993	$ 918,927
Changes in assumptions	1,061,767	612,055
Contribtuions subsequent to the measurement date	150,259	
Total	$ 1,216,019	$ 1,530,982

Amounts reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Deferred Outflows and Deferred Inflows to be Recognized in Future OPEB Expense

Year Ending June 30		Net Deferred Outflows/(Inflows)
2021	$	(59,035)
2022		(59,035)
2023		(59,035)
2024		(59,035)
2025		(59,035)
Thereafter		(170,047)
	$	(465,222)

11. OTHER CONTINGENCIES

On March 9, 2020, the Governor of the State of Rhode Island declared a state of emergency to combat a novel coronavirus disease (COVID-19). On March 13, 2020, the President of the United States declared a national emergency due to the COVID-19 outbreak. The Corporation derives a significant portion of its revenues from loans made to multifamily projects and single-family homeowners which may have both been impacted by business closures and job loss. While the Corporation has not experienced any significant increase in the amount of delinquency from its borrowers, the situation creates uncertainty about the impact of future revenues that might be generated from these loans.

12. SUBSEQUENT EVENTS

The Corporation has instructed its trustee to redeem the following bonds outstanding:

Date of Call	Principal Program	Outstanding
October 28, 2020	Home Funding Bonds	$ 20,420,000
October 30, 2020	Homeownership Opportunity Bonds	$ 31,010,000
October 30, 2020	Home Funding Bonds	$ 6,610,000
November 14, 2020	Multi-Family Development Bonds	$ 12,300,000

The Corporation issued debt as outlined below:

Date of Issuance	Principal Program	Amount
October 21, 2020	Homeownership Opportunity Bonds	$142,110,000

Subsequent to the balance sheet date, domestic and global investment markets have experienced significant volatility. This volatility is the result of numerous economic and political factors including the impact of the spread of COVID-19. As a result, the current fair value of the Corporation's investments may be materially different from the amounts recorded in the financial statements as of September 30, 2020. The change, however, does not impact the Corporation's liquidity as it typically holds mortgage-backed securities until maturity.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST THREE FISCAL YEARS
(Unaudited)

	2020	2019	2018
Total OPEB liability:			
Service cost	$ 544,653	$ 537,100	$ 619,903
Interest on total OPEB liability	258,543	233,195	193,253
Changes of benefit terms			
Differences between expected and actual experience of total OPEB liability	(1,010,025)	4,859	
Changes in assumptions	1,167,026	(72,478)	(754,007)
Benefit payments	(134,837)	(94,763)	(76,424)
Net change in total OPEB liability	825,360	607,913	(17,275)
Total OPEB liability - beginning	6,937,167	6,329,254	6,346,529
Total OPEB Liability - Ending	$ 7,762,527	$ 6,937,167	$ 6,329,254
Covered-employee payroll	$ 16,567,803	16,562,167	13,634,804
Total OPEB liability as a percentage of covered-employee payroll	46.85%	41.89%	46.42%

* This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF NET POSITION - SINGLE-FAMILY FUND
SEPTEMBER 30, 2020
(Unaudited)

	Homeownership Opportunity Bond Program	Home Funding Bond Program	Single-Family Fund Totals
Assets:			
Loans receivable	$ 436,672,327	$ 24,926,598	$ 461,598,925
Less allowance for loan losses	(13,971,451)		(13,971,451)
Loans receivable, net	422,700,876	24,926,598	447,627,474
Investments	359,497,228	36,486,487	395,983,715
Accrued interest-loans	1,359,227	76,036	1,435,263
Accrued interest-investments	1,187,500	112,273	1,299,773
Cash and cash equivalents	130,450,404	14,231,980	144,682,384
Other assets, net	2,317,059	188,726	2,505,785
Interfund receivable (payable)	(26,397)	18,597	(7,800)
Total assets	917,485,897	76,040,697	993,526,594
Deferred Outflows of Resources:			
Loan origination costs	3,497	-	3,497
Combined Assets and Deferred Outflows of Resources	$ 917,489,394	$ 76,040,697	$ 993,530,091
Liabilities and Net Position			
Liabilities:			
Bonds and notes payable	$ 729,892,912	$ 65,975,445	$ 795,868,357
Accrued interest payable on bonds and notes	10,935,871	980,459	11,916,330
Fees, net	96,473	-	96,473
Total liabilities	740,925,256	66,955,904	807,881,160
Net Position:			
Net position, restricted	176,564,138	9,084,793	185,648,931
Total Liabilities and Net Position	$ 917,489,394	$ 76,040,697	$ 993,530,091

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - SINGLE-FAMILY FUND
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited)

	Homeownership Opportunity Bond Program	Home Funding Bond Program	Single-Family Fund Total
Operating Revenues:			
Interest income on loans	$ 4,688,531	$ 248,522	$ 4,937,053
Earnings on investments:			
Interest on investments	3,251,510	347,291	3,598,801
Net increase (decrease) in fair value of investments	1,776,389	(70,313)	1,706,076
Total operating revenues	9,716,430	525,500	10,241,930
Operating Expenses:			
Interest expense	5,412,944	485,073	5,898,017
Provision for loan losses	-	-	-
REO expenditures	1,864	-	1,864
Arbitrage rebate	-	-	-
Bond issuance costs	-	-	-
Depreciation and amortization of other assets	-	1,272	1,272
Loan costs	44		44
Total operating expenses	5,414,852	486,345	5,901,197
Operating Income (Loss)	4,301,578	39,155	4,340,733
Transfers In (Out)	(1,090,227)	-	(1,090,227)
Total Change in Net Position	3,211,351	39,155	3,250,506
Net Position - Beginning of Year	173,352,787	9,045,638	182,398,425
Net Position - End of Year	$ 176,564,138	$ 9,084,793	$ 185,648,931

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF NET POSITION - MULTI-FAMILY FUND
SEPTEMBER 30, 2020
(Unaudited)

	Multi-Family Housing Bond Program	Housing Bond Program	Multi-Family Mortgage Revenue Bond Program
Assets:			
Loans receivable	$ -	$ 30,926,028	$ 151,265,822
Less allowance for loan losses			
Loans receivable, net	-	30,926,028	151,265,822
Investments	-	613,157	-
Accrued interest-loans	-	192,409	423,763
Accrued interest-investments	-	8,477	-
Cash and cash equivalents	-	3,646,703	15,115,198
Interfund receivable (payable)	-	-	-
Total assets	-	35,386,774	166,804,783
Combined Assets and Deferred Outflows of Resources	$ -	$ 35,386,774	$ 166,804,783
Liabilities and Net Position			
Liabilities:			
Bonds and notes payable	$ -	$ 16,731,931	$ 151,265,822
Accrued interest payable on bonds and notes	-	224,860	391,866
Accounts payable and accrued liabilities	-	-	-
Fees, net	-	-	-
Escrow deposits	-	-	15,115,198
Total liabilities	-	16,956,791	166,772,886
Net Position:			
Net position, restricted	-	18,429,983	31,897
Total Liabilities and Net Position	$ -	$ 35,386,774	$ 166,804,783

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF NET POSITION - MULTI-FAMILY FUND
SEPTEMBER 30, 2020
(Unaudited)

	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Fund Total
Assets:			
Loans receivable	$ 85,392,629	$ 293,801,472	$ 561,385,951
Investments	-	1,750,361	2,363,518
Accrued interest-loans	454,539	1,272,668	2,343,379
Accrued interest-investments	-	27,583	36,060
Cash and cash equivalents	11,149,816	46,553,694	76,465,411
Total assets	96,996,984	343,405,778	642,578,719
Combined Assets and Deferred Outflows of Resources	$ 96,996,984	$ 343,405,778	$ 642,586,519
Liabilities and Net Position			
Liabilities:			
Bonds and notes payable	$ 85,545,000	$ 278,311,565	$ 531,854,318
Accrued interest payable on bonds and notes	1,424,873	4,003,432	6,045,031
Accounts payable and accrued liabilities	-	93,609	93,609
Escrow deposits	-	1,500	15,116,698
Total liabilities	86,969,873	283,210,106	553,109,656
Net Position:			
Net position, restricted	10,027,111	60,187,872	88,676,863
Total Liabilities and Net Position	$ 96,996,984	$ 343,397,978	$ 641,786,519

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MULTI-FAMILY FUND
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited)

	Multi-Family Housing Bond Program	Housing Bond Program	Multi-Family Mortgage Revenue Bond Program
Operating Revenues:			
Interest income on loans	$ -	$ 539,663	$ 1,286,640
Total interest income on loans		539,663	1,286,640
Earnings on investments:			
Interest on investments	-	8,563	-
Net decrease in fair value of investments	-	(7,151)	-
Total operating revenues	-	541,075	1,286,640
Operating expenses:			
Interest expense	-	167,521	1,192,601
Loan costs	-	42,548	-
Total operating expenses	-	210,069	1,192,601
Operating Income	-	331,006	94,039
Transfers In (Out)	-	8,992,548	(93,866)
Total Change in Net Position	-	9,323,554	173
Net Position - Beginning of Year	-	9,106,429	31,724
Net Position - End of Year	$ -	$ 18,429,983	$ 31,897

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MULTI-FAMILY FUND
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020
(Unaudited)

	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Total
Operating Revenues:			
Interest income on loans	$ 1,364,836	$ 3,866,929	$ 7,058,068
Total interest income on loans	1,364,836	3,866,929	7,058,068
Earnings on investments:			
Interest on investments	1,070	23,871	33,504
Net increase (decrease) in fair value of investments	-	(17,498)	(24,649)
Total operating revenues	1,365,906	3,873,302	7,066,923
Operating Expenses:			
Interest expense	712,436	2,047,373	4,119,931
Bond issuance costs	-	328,000	328,000
Loan costs	-	85,812	128,360
Total operating expenses	712,436	2,461,185	4,576,291
Operating Income	653,470	1,412,117	2,490,632
Transfers In (Out)	(600,000)	(9,464,188)	(1,165,506)
Total Change in Net Position	53,470	(8,052,071)	1,325,126
Net position - beginning of year	9,973,641	68,239,943	87,351,737
Net Position - End of Year	$ 10,027,111	$ 60,187,872	$ 88,676,863

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

A member of Nexia International