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Rhode Island Housing and Mortgage Finance Corporation (RI Housing) Year Ended June 30, 2023

Presentation to the Board of Commissioners – Audit Committee
December 21, 2023

Presented by: Stephen Gross, CPA, MSA

Presentation Agenda

- Engagement Scope
- Financial Statement Summary
- Required Governance Communications
- Next Steps
- Questions



Engagement Team

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- Engagement Principal – Vanessa Rossitto
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ENGAGEMENT SCOPE

- Independent Auditors' Report – Auditors' Opinion on Financial Statements
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*



Statement of Net Position Changes

June 30, 2023 and 2022 (In Thousands)

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Loans Receivable, Net	\$ 1,428,820	\$ 1,342,468	6.4
Investments	1,081,763	782,382	38.3
Cash and Cash Equivalents	334,167	438,392	(23.8)
Other Assets	<u>50,065</u>	<u>45,775</u>	<u>9.4</u>
Total Assets	<u>2,894,815</u>	<u>2,609,017</u>	<u>11.0</u>
Deferred Outflows of Resources	3,283	2,906	12.9
Bonds and Notes Payable	2,019,684	1,761,841	14.6
Other Liabilities	<u>563,027</u>	<u>513,975</u>	<u>9.5</u>
Total Liabilities	<u>2,582,711</u>	<u>2,275,816</u>	<u>13.5</u>
Deferred Inflows of Resources	<u>4,561</u>	<u>2,066</u>	<u>120.8</u>
Net Position:			
Net Investment in Capital Assets	9,092	9,497	(4.3)
Restricted	186,601	216,147	(13.7)
Unrestricted	<u>115,133</u>	<u>108,399</u>	<u>6.2</u>
Total Net Position	<u>\$ 310,826</u>	<u>\$ 334,042</u>	<u>(7.0)</u>

- Total assets increased \$285.8 million, or 11% from the prior year.
- Cash and cash equivalents decreased \$104.2 million, or 23.8% from the prior year
- Mortgage and other loans receivables, net, and mortgage loans held for sale increased by \$86.4 million, or 6.4% primarily as a result of strong mortgage lending, specifically in multi-family loans
- Total liabilities increased \$306.9 million, or 13.5% from the prior year.
- Notes and bonds payable increased \$257.8 million or 14.6% due primarily to the issuance of \$263.7 million of single-family bonds and \$61.0 million of multi-family bonds to finance new loan production.
- Bond principal repayments and redemptions during the year totaled \$55.3 million of single-family bonds and \$85.6 million of multi-family bonds.
- Total assets exceeded total liabilities by \$310.8 million, representing a decrease in net position of \$23.2 million



Statement of Revenues, Expenses and Changes in Net Position Changes

Years Ended June 30, 2023 and 2022 (In Thousands)

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Revenues:			
Interest Income on Loans	\$ 65,410	\$ 61,432	6.5
Earnings on Investments	39,492	20,424	93.4
Gain on Sale of Loans	5,684	8,987	(36.8)
Grant Revenue	157,658	251,557	(37.3)
Other	29,356	32,204	(8.8)
Total Revenues	<u>297,599</u>	<u>374,604</u>	<u>(20.6)</u>
Expenses:			
Interest Expense	57,384	38,859	47.7
Provision for Loan Losses	4,374	2,819	55.1
REO Expenditures	(441)	(983)	(55.1)
Bond Issuance Costs	2,281	3,820	(40.3)
Early Retirement of Debt	-	7	(100.0)
Operating Expenses	49,925	55,292	(9.7)
Grant Expense	157,219	251,219	(37.4)
Other Expenses	11,062	13,534	(18.3)
Total Expenses	<u>281,803</u>	<u>364,568</u>	<u>(22.7)</u>
Operating Income Before Adjusting Investments to Fair Value	<u>\$ 15,796</u>	<u>\$ 10,036</u>	<u>57.4</u>

- Operating revenues decreased \$77.0 million or 20.6% from the prior year.
- The primary factor was the decrease grant revenues of \$93.9 million or 37.3%, caused by a reduction of grant activity.
- Operating expenses for the year decreased \$82.8 million or 22.7% from the prior year. The decrease was primarily the result of decreased grant expenses of \$93.9 million, as a result of decreased grant activity, offset by an increase in interest costs of \$18.5 million and increasing interest rates.
- The loss on the adjusting investments to fair value was \$39.0 million in the current year
- Net interest income increased to \$47.5 million from \$43.0 million. Which represents an increase of 10.5% from the prior year.



YELLOW BOOK GAS REPORT

Financial Statement Findings

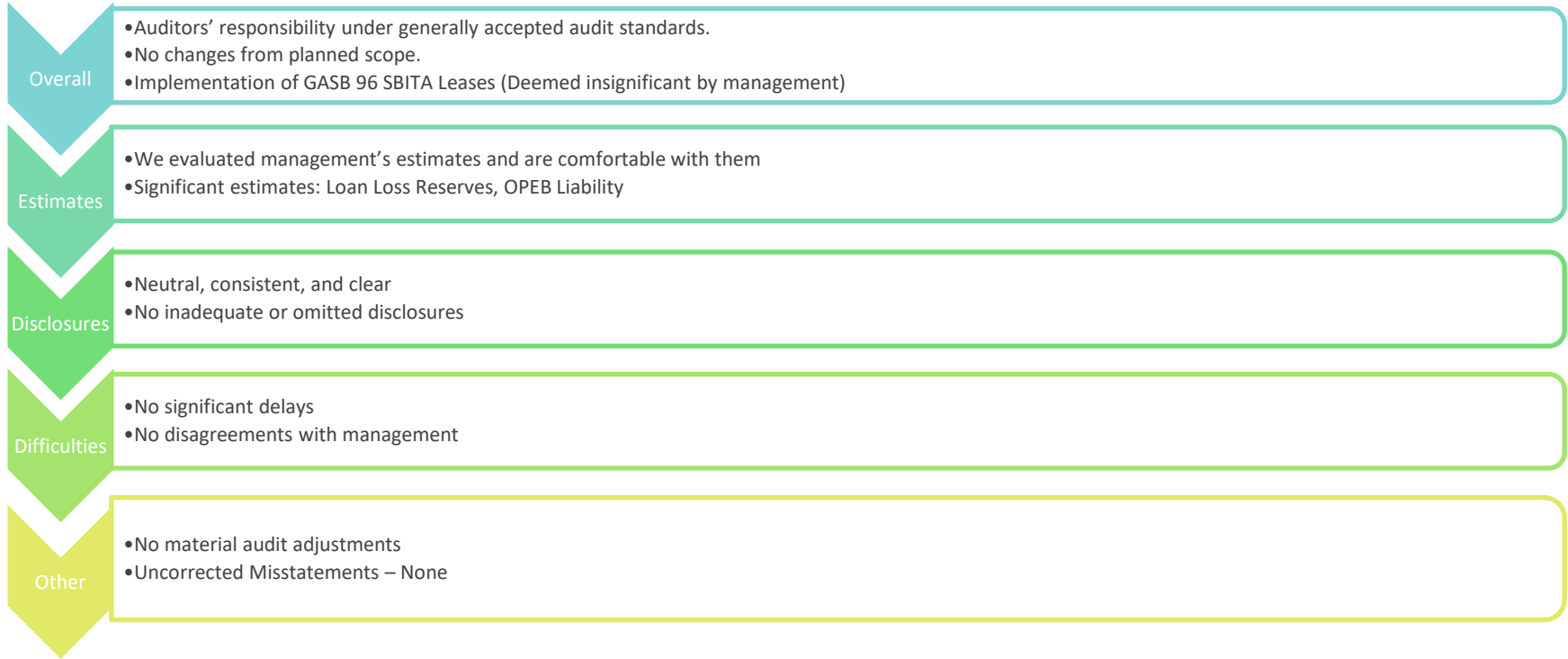
- None

Management Letter Comments

- None



Required Governance Communication



Next Steps

- Performance of Single Audit
 - Major Programs (Selected by the State of Rhode Island Auditor General):
 - Housing Voucher Cluster
 - Homeowners Assistance Fund
 - Qualified Participating Entities (QPE) Risk Sharing
 - Emergency Rental Assistance Program
 - Coronavirus State and Local Fiscal Recovery Fund
- Submission of Audited FDS (HCVP and Mod Rehab) / FS into HUD's REAC system



Questions?



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