

**RHODE ISLAND HOUSING AND MORTGAGE  
FINANCE CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2021 AND 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](http://CLAconnect.com)

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**TABLE OF CONTENTS**  
**JUNE 30, 2021 AND 2020**

---

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements:	
Combining Statements of Net Position	10-11
Combining Statements of Revenues, Expenses and Changes in Net Position	12-13
Combining Statements of Cash Flows	14-17
Statements of Fiduciary Net Position - Private Purpose Trust Component Unit	18
Statements of Changes in Fiduciary Net Position - Private Purpose Trust Component Unit	19
Notes to the Financial Statements	20-53
Required Supplementary Information:	
Schedule of Changes in Total OPEB Liability - and Related Ratios	54
Supplementary Schedules:	
Combining Statements of Net Position - Single-Family Fund	55-56
Combining Statements of Revenues, Expenses and Changes in Net Position - Single-Family Fund	57-58
Combining Statements of Net Position - Multi-Family Fund	59-61
Combining Statements of Revenues, Expenses and Changes in Net Position - Multi-Family Fund	62-64



## **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Rhode Island Housing and Mortgage Finance Corporation, a component unit of the State of Rhode Island and Providence Plantations, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Rhode Island Housing and Mortgage Finance Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the discretely presented component unit of the Rhode Island Housing and Mortgage Finance Corporation as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matter***

The financial statements as of June 30, 2020 were audited by Blum, Shapiro & Company, P.C., whose partners and staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blum, Shapiro & Company, P.C.'s report dated September 30, 2020 expressed an unmodified opinion on those statements.

## ***Required Supplementary Information***

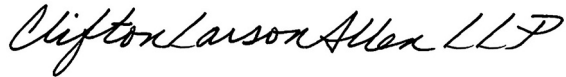
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the OPEB schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Rhode Island Housing and Mortgage Finance Corporation's basic financial statements. The combining information on pages 55 through 64 is presented for purposes of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The 2020 supplementary information was subjected to the auditing procedures applied in the 2020 audit of the basic financial statements by Blum, Shapiro & Company, P.C., whose report on such information stated that it was fairly stated in all material respects in relation to the 2020 financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of the Rhode Island Housing and Mortgage Finance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rhode Island Housing and Mortgage Finance Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rhode Island Housing and Mortgage Finance Corporation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Cranston, Rhode Island  
October 13, 2021

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION  
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 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 June 30, 2021 and 2020, and for the years then ended. This discussion and analysis are 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 years ended June 30, 2021 and 2020, increased (decreased) from the previous year as follows:

	<b>2021</b>		<b>2020</b>	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Mortgage loans, gross	(84.2)	(5.2)	38.2	2.4
Investments	182.1	36.8	213.1	75.5
Cash and cash equivalents	30.0	9.4	3.5	1.1
Total assets	128.8	5.3	255.6	11.7
Bonds and notes payable	108.7	7.0	158.8	11.3
Total net position	22.3	6.1	34.5	10.3
Total revenues	(4.2)	(2.8)	26.6	21.1
Total expenses	9.5	8.1	(0.2)	(0.2)
Operating income	(13.7)	(38.0)	26.8	289.5

Mortgage loans represent the largest category of the Corporation's total assets, 60.1% and 66.7% at June 30, 2021 and 2020, respectively. The decrease in 2021 is a result of payoffs of single-family loans. New single-family mortgage production is securitized and categorized as an investment as reflected in the increase in investments. The increase in 2020 is due to an increase in multi-family development loans.

Bonds and notes payable represent the largest component of liabilities, 76.7% and 75.4% at June 30, 2021 and 2020, respectively. Increases relate to both single-family and multi-family bond issuance.

**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 like 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 Years Ended June 30, 2021 and 2020 (in thousands)**

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
<b>Revenues:</b>			
Interest income on loans	\$ 67,911	\$ 70,651	(3.9)%
Earnings on investments	16,671	15,002	11.1
Gain on sale of loans	17,859	13,660	30.7
Grant revenue	23,553	18,486	27.4
Other	15,040	14,052	7.0
Total revenues	<u>141,034</u>	<u>131,851</u>	<u>7.0</u>
<b>Expenses:</b>			
Interest expense	46,132	43,696	5.6
Provision for loan losses	1,746	3,652	(52.2)
REO expenditures	(483)	155	(412.5)
Bond issuance costs	2,638	1,356	(94.5)
Operating expenses	36,414	34,617	5.2
Grant expense	22,860	18,139	26.0
Other expenses	16,808	15,030	11.8
Total expenses	<u>126,115</u>	<u>116,645</u>	<u>8.1</u>
Operating Income, Before Adjusting Investments to Fair Value	<u>\$ 14,919</u>	<u>\$ 15,206</u>	<u>(1.9)%</u>

**For the Years Ended June 30, 2020 and 2019 (in thousands)**

	<u>2020</u>	<u>2019</u>	<u>% Change</u>
<b>Revenues:</b>			
Interest income on loans	\$ 70,651	\$ 71,792	(1.6)%
Earnings on investments	15,002	8,396	78.7
Gain on sale of loans	13,660	10,823	26.2
Grant revenue	18,486	14,966	19.5
Other	14,052	13,919	4.7
Total revenues	<u>131,851</u>	<u>119,896</u>	<u>10.0</u>
<b>Expenses:</b>			
Interest expense	43,696	43,977	(0.6)
Provision for loan losses	3,652	3,380	8.0
REO expenditures	155	343	(54.8)
Bond issuance costs	1,356	1,646	(17.6)
Operating expenses	34,617	35,328	(2.0)
Grant expense	18,139	15,524	16.8
Other	15,030	16,636	(9.6)
Total expenses	<u>116,645</u>	<u>116,834</u>	<u>(0.2)</u>
Operating Income, Before Adjusting Investments to Fair Value	<u>\$ 15,206</u>	<u>\$ 3,062</u>	<u>396.5%</u>

Operating income, after adjusting investments to fair value, was \$22.3 million for the year ended June 30, 2021, \$36.0 million for the year ended June 30, 2020 and \$9.2 million for the year ended June 30, 2019. GASB Statement No. 31, which requires investments to be recorded at fair value, caused an increase in operating income of \$7.4 million in 2021 compared to an increase of \$20.8 million in 2020 and an increase of \$6.2 million in 2019. Operating income, excluding the unrealized gains and losses on investments, decreased by 1.9% in 2021 to \$14.9 million from \$15.2 million in 2020 which had increased from \$3.1 million in 2019. The 2021 decrease is primarily due to a reduction in net interest income and an increase in operating expenses.

Gain on sale of loans was \$17.9 million for the year ended June 30, 2021, \$13.7 million for the year ended June 30, 2020 and \$10.8 million for the year ended June 30, 2019. 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 generates immediate revenue and increases the gain on sale of loans. Starting in 2019, loans were primarily financed through tax-exempt bonds, securitized and held as investments providing stable revenue over the life of the loans. This change in strategy resulted in an increase in investments, yielding increased earnings on investment year over year.

Operating expenses of the Corporation (personnel services, other administrative expenses, and depreciation and amortization of other assets) amounted to \$36.4 million for the year ended June 30, 2021, an increase of 5.2% from \$34.6 million for the year ended June 30, 2020 which had decreased from \$35.3 million for the year ended June 30, 2019.

Real Estate Owned (REO) expenditures are maintenance type costs incurred related to REO properties. Based on a valuation analysis of the underlying properties, the costs are deemed to be non-recoverable. REO expenses were \$(.5) million, \$.2 million and \$.3 million respectively for the years ended June 30, 2021, 2020 and 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 decreased to \$38.5 million from \$42.0 million in 2020 which was an increase from \$36.2 million in 2019. Earnings on investments increased \$1.7 million from 2020 to 2021 and \$6.6 million from 2019 to 2020. Net interest income as a percentage of average bonds and notes payable was 2.38% in 2021 and 2.83% in 2020. Interest income on loans as a percentage of total loans was 4.28% in 2021 and 4.39% in 2020, while interest expense on bonds and notes was 2.85% in 2021 and 2.95% in 2020. This caused a total decrease in the spread margin (i.e., differential between loans and bonds) to 1.43% in 2021 from 1.45% in 2020.

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.

The provision for loan loss included in the Combining Statements of Revenues, Expenses and Changes in Net Position was \$1.7 million in 2021 and \$3.7 million in 2020. 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.

Throughout the fiscal year ended June 30, 2021, the State of Rhode Island continues to be under a state of national emergency due to the COVID-19 outbreak. The Corporation derives a significant portion of its revenues from loans made to multi-family projects and single-family homeowners which may have both been impacted by business closures and job loss. This has resulted in an increase in delinquency and loans in forbearance as of June 30, 2021 and June 30, 2020.

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 June 30, 2021 and 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 was 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.

The State of Rhode Island requested RI Housing provide financial assistance to the State for its general use. During the year ended June 30, 2020 the Corporation recognized a one-time expense for this transfer to the State in the amount of \$1,500,000.

## Financial Analysis of the Corporation

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

### June 30, 2021 and 2020 (in thousands)

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Loans receivable, net	\$ 1,497,031	\$ 1,582,221	(5.4)%
Investments	677,462	495,360	36.8
Cash and cash equivalents	350,112	320,121	9.4
Other assets	44,754	42,809	4.5
Total assets	<u>2,569,359</u>	<u>2,440,511</u>	<u>5.3</u>
Deferred outflows of resources	<u>2,985</u>	<u>2,424</u>	<u>23.1</u>
Bonds and notes payable	1,671,428	1,562,680	7.0
Other liabilities	508,661	510,169	(0.3)
Total liabilities	<u>2,180,089</u>	<u>2,072,849</u>	<u>5.2</u>
Deferred inflows of resources	<u>1,366</u>	<u>1,531</u>	<u>(10.8)</u>
Net position:			
Net investment in capital assets	9,866	9,204	7.2
Restricted	282,886	273,103	3.6
Unrestricted	98,137	86,249	13.8

### June 30, 2020 and 2019 (in thousands)

	<u>2020</u>	<u>2019</u>	<u>% Change</u>
Loans receivable, net	\$ 1,582,221	\$ 1,547,068	2.3%
Investments	495,360	282,258	75.5
Cash and cash equivalents	320,121	316,624	1.1
Other assets	42,809	38,972	9.8
Total assets	<u>2,440,511</u>	<u>2,184,922</u>	<u>11.7</u>
Deferred outflows of resources	<u>2,424</u>	<u>1,245</u>	<u>94.3</u>
Bonds and notes payable	1,562,680	1,403,850	11.3
Other liabilities	510,169	447,603	14.0
Total liabilities	<u>2,072,849</u>	<u>1,851,453</u>	<u>12.0</u>
Deferred inflows of resources	<u>1,531</u>	<u>686</u>	<u>123.3</u>
Net position:			
Net investment in capital assets	9,204	8,909	3.3
Restricted	273,103	238,611	14.5
Unrestricted	86,249	86,511	(0.3)

Total assets of the Corporation increased 5.3% from 2020 to 2021, as compared to 11.7% from 2019 to 2020. Net loans receivable decreased \$85.2 million, or (5.4)% from the previous year. The decrease in loans is off set by the increase in investments which is a result of the strategy to securitize the loans as investments to provide stable revenue. Bonds and notes payable increased by \$108.7 million, or 7.0%, from 2020, as compared to \$158.8 million or 11.3% from 2019 to 2020.

During 2021, the Corporation issued \$277.2 million of single-family bonds, and \$125.9 million of multi-family bonds to finance new loan production. In addition, \$173.3 million of single-family bonds and \$44.8 million of multi-family bonds were redeemed prior to maturity under provisions in the bond resolutions that allow mortgage prepayments, excess revenues and refunded amounts to be used for such purpose.

As of June 30, 2021, and 2020, the net position-to-asset ratio was 15.2% and 15.1% while the loan-to-asset ratio was 58.3% and 64.8%, respectively. The reduction in the loan-to-asset ratio is driven by the change in strategy and is offset by a 36.8% increase in Investments 2021 as compared to 2020. These ratios reflect the application of GASB Statement No. 31.

### **External Influences**

Both the economy and the level of unemployment in the State of Rhode Island have a direct impact on the Corporation's delinquency experience within its portfolio. The Rhode Island unemployment rate decreased in 2021 to 5.9% from 12.6% in 2020. The Corporation has experienced an increase in delinquencies in the greater than 90-day category. The delinquency rate has increased to 9.27% in 2021 from 6.02% in 2020. The increase in the delinquency rate is a direct result of the COVID-19 pandemic and the eviction moratorium. Similar increases are observable on a National level.

### **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](http://www.rihousing.com).

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**  
**COMBINING STATEMENTS OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	Operating Fund		Single-Family Fund	
	2021	2020	2021	2020
<b>Assets:</b>				
Loans receivable	\$ 565,928,516	\$ 557,271,471	\$ 384,722,127	\$ 490,888,338
Less allowance for loan losses	(32,000,000)	(31,000,000)	(14,000,000)	(14,000,000)
Loans receivable, net	533,928,516	526,271,471	370,722,127	476,888,338
Loans held for sale	32,235,538	38,198,031		
Investments	122,344,880	123,695,714	553,425,824	369,275,817
Accrued interest-loans	1,156,672	1,141,610	1,129,653	1,619,610
Accrued interest-investments	16,644	20,683	1,594,955	1,124,456
Cash and cash equivalents	135,115,116	128,803,844	172,138,533	132,667,462
Accounts receivable, net	14,081,297	11,487,328	43,479	
Other assets, net	23,954,678	22,142,053	304,446	2,831,241
Interfund receivable (payable)	15,600	15,600	(7,800)	(7,800)
Total assets	862,848,941	851,776,334	1,099,351,217	984,399,124
<b>Deferred Outflows of Resources:</b>				
Loan origination costs			2,246	3,542
Hedging instruments	860,000	1,204,900		
Deferred OPEB outflows	2,123,211	1,216,019		
Total deferred outflows of resources	2,983,211	2,420,919	2,246	3,542
<b>Combined Assets and Deferred Outflows of Resources</b>	<b>\$ 865,832,152</b>	<b>\$ 854,197,253</b>	<b>\$ 1,099,353,463</b>	<b>\$ 984,402,666</b>
<b>Liabilities and Net Position:</b>				
<b>Liabilities:</b>				
Bonds and notes payable	\$ 260,013,201	\$ 267,930,084	\$ 901,412,570	\$ 796,125,789
Accrued interest payable on bonds and notes	377,447	351,368	5,806,199	5,760,881
Accounts payable and accrued liabilities	16,695,890	18,545,105		
Fees, net	836,237	1,312,042	85,961	117,571
Escrow deposits	474,794,636	465,722,124		
Total liabilities	752,717,411	753,860,723	907,304,730	802,004,241
<b>Deferred Inflows of Resources:</b>				
Deferred OPEB Inflow	1,366,255	1,530,982		
<b>Net Position:</b>				
Net investment in capital assets	9,865,860	9,204,160		
Restricted by bond resolutions	3,745,772	3,352,366	192,048,733	182,398,425
Unrestricted	98,136,854	86,249,022		
Total net position	111,748,486	98,805,548	192,048,733	182,398,425
<b>Total Liabilities and Net Position</b>	<b>\$ 865,832,152</b>	<b>\$ 854,197,253</b>	<b>\$ 1,099,353,463</b>	<b>\$ 984,402,666</b>

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 NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>Multi-Family Fund</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Assets:</b>				
Loans receivable	\$ 560,144,848	\$ 540,863,643	\$ 1,510,795,491	\$ 1,589,023,452
Less allowance for loan losses			(46,000,000)	(45,000,000)
Loans receivable, net	<u>560,144,848</u>	<u>540,863,643</u>	<u>1,464,795,491</u>	<u>1,544,023,452</u>
Loans held for sale			32,235,538	38,198,031
Investments	1,691,278	2,388,226	677,461,982	495,359,757
Accrued interest-loans	2,467,264	2,426,039	4,753,589	5,187,259
Accrued interest-investments	4,827	16,198	1,616,426	1,161,337
Cash and cash equivalents	42,858,147	58,649,731	350,111,796	320,121,037
Accounts receivable, net			14,124,776	11,487,328
Other assets, net			24,259,124	24,973,294
Interfund receivable (payable)	(7,800)	(7,800)	-	-
Total assets	<u>607,158,564</u>	<u>604,336,037</u>	<u>2,569,358,722</u>	<u>2,440,511,495</u>
<b>Deferred Outflows of Resources:</b>				
Loan origination costs			2,246	3,542
Hedging instruments			860,000	1,204,900
Deferred OPEB outflows			2,123,211	1,216,019
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>2,985,457</u>	<u>2,424,461</u>
<b>Combined Assets and Deferred Outflows of Resources</b>				
	<u>\$ 607,158,564</u>	<u>\$ 604,336,037</u>	<u>\$ 2,572,344,179</u>	<u>\$ 2,442,935,956</u>
<b>Liabilities and Net Position</b>				
<b>Liabilities:</b>				
Bonds and notes payable	\$ 510,002,092	\$ 498,624,182	\$ 1,671,427,863	\$ 1,562,680,055
Accrued interest payable on bonds and notes	3,362,749	3,181,820	9,546,395	9,294,069
Accounts payable and accrued liabilities	90,814	93,609	16,786,704	18,638,714
Fees, net	1,588,602	-	2,510,800	1,429,613
Escrow deposits	5,022,660	15,084,688	479,817,296	480,806,812
Total liabilities	<u>520,066,917</u>	<u>516,984,299</u>	<u>2,180,089,058</u>	<u>2,072,849,263</u>
<b>Deferred Inflows of Resources:</b>				
Deferred OPEB Inflow			1,366,255	1,530,982
<b>Net Position:</b>				
Net investment in capital assets			9,865,860	9,204,160
Restricted by bond resolutions	87,091,647	87,351,738	282,886,152	273,102,529
Unrestricted			98,136,854	86,249,022
Total net position	<u>87,091,647</u>	<u>87,351,738</u>	<u>390,888,866</u>	<u>368,555,711</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 607,158,564</u>	<u>\$ 604,336,037</u>	<u>\$ 2,572,344,179</u>	<u>\$ 2,442,935,956</u>

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 YEARS ENDED JUNE 30, 2021 AND 2020**

	Operating Fund		Single-Family Fund	
	2021	2020	2021	2020
Operating Revenues:				
Interest Income on loans	\$ 13,436,039	\$ 13,471,197	\$ 18,434,950	\$ 23,147,273
Interest income attributable to internal servicing activities	6,790,115	6,655,100		
Total interest income on loans	<u>20,226,154</u>	<u>20,126,297</u>	<u>18,434,950</u>	<u>23,147,273</u>
Income on investments:				
Earnings on investments	747,909	1,406,037	15,798,871	12,631,074
Net increase (decrease) in fair value of investments	(99,566)	35,459	7,620,574	20,812,693
Fees	12,140,078	11,379,633		
Servicing fee income	2,900,082	2,672,256		
Rental Income				
Grant revenue	23,553,139	18,485,966		
Gain on sale of loans	17,858,802	13,660,478		
Total operating revenues	<u>77,326,598</u>	<u>67,766,126</u>	<u>41,854,395</u>	<u>56,591,040</u>
Operating Expenses:				
Interest expense	6,588,396	7,794,969	22,919,485	20,036,485
Personnel services	23,835,459	22,960,906		
Other administrative expenses	10,059,949	9,360,719		
Housing initiatives	3,109,213	4,245,582		
Provision for loan losses	1,621,290	(444,747)	124,277	4,096,452
REO expenditures	(353,352)	53,685	(129,988)	100,997
Bad debt expense	(22,897)	(16,425)		
Arbitrage rebate				
Bond issuance costs	(148,392)	(188,291)	1,896,137	1,059,781
Depreciation and amortization of other assets	2,513,766	2,252,375	5,088	10,867
Loan costs	6,574,650	4,711,379	6,298,861	5,120,967
State rental subsidy program	170,940	166,950		
Grant expense	22,859,706	18,139,276		
Total operating expenses	<u>76,808,728</u>	<u>69,036,378</u>	<u>31,113,860</u>	<u>30,425,549</u>
Operating Income (Loss)	517,870	(1,270,252)	10,740,535	26,165,491
Gain (loss) on Sale of Assets, net		(2,800)		
Transfer to State		(1,500,000)		
Transfers In (Out)	<u>12,425,068</u>	<u>3,929,233</u>	<u>(1,090,227)</u>	<u>(726,209)</u>
Total Change in Net Position	12,942,938	1,156,181	9,650,308	25,439,282
Net Position - Beginning of Year	<u>98,805,548</u>	<u>97,649,367</u>	<u>182,398,425</u>	<u>156,959,143</u>
Net Position - End of Year	<u>\$ 111,748,486</u>	<u>\$ 98,805,548</u>	<u>\$ 192,048,733</u>	<u>\$ 182,398,425</u>

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 YEARS ENDED JUNE 30, 2021 AND 2020**

	Multi-Family Fund		Total	
	2021	2020	2021	2020
Operating Revenues:				
Interest income on loans	\$ 29,250,306	\$ 27,377,257	\$ 61,121,295	\$ 63,995,727
Interest income attributable to internal servicing activities			6,790,115	6,655,100
Total interest income on loans	29,250,306	27,377,257	67,911,410	70,650,827
Income on investments:				
Earnings on investments	123,733	964,477	16,670,513	15,001,588
Net decrease in fair value of investments	(106,876)	(25,513)	7,414,132	20,822,639
Fees			12,140,078	11,379,633
Servicing fee income			2,900,082	2,672,256
Grant revenue			23,553,139	18,485,966
Gain on sale of loans			17,858,802	13,660,478
Total operating revenues	29,267,163	28,316,221	148,448,156	152,673,387
Operating Expenses:				
Interest expense	16,623,932	15,864,924	46,131,813	43,696,378
Personnel services			23,835,459	22,960,906
Other administrative expenses	-	32,410	10,059,949	9,393,129
Housing initiatives			3,109,213	4,245,582
Provision for loan losses			1,745,567	3,651,705
REO expenditures (income)			(483,340)	154,682
Bad debt expense			(22,897)	(16,425)
Arbitrage (rebate) expense	(62,374)	5,170	(62,374)	5,170
Bond issuance costs	890,382	484,629	2,638,127	1,356,119
Depreciation and amortization of other assets			2,518,854	2,263,242
Loan costs	740,473	796,551	13,613,984	10,628,897
State rental subsidy program			170,940	166,950
Grant expense			22,859,706	18,139,276
Total operating expenses	18,192,413	17,183,684	126,115,001	116,645,611
Operating Income (Loss)	11,074,750	11,132,537	22,333,155	36,027,776
Gain (loss) on Sale of Assets, net			-	(2,800)
Transfer to State				(1,500,000)
Transfers In (Out)	(11,334,841)	(3,203,024)	-	-
Total Change in Net Position	(260,091)	7,929,513	22,333,155	34,524,976
Net Position - Beginning of Year	87,351,738	79,422,225	368,555,711	334,030,735
Net Position - End of Year	\$ 87,091,647	\$ 87,351,738	\$ 390,888,866	\$ 368,555,711

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 YEARS ENDED JUNE 30, 2021 AND 2020**

	Operating Fund		Single-Family Fund	
	2021	2020	2021	2020
Cash Flows from Operating Activities:				
Interest on loans receivable	\$ 20,211,092	\$ 20,119,805	\$ 18,924,907	\$ 23,537,865
Repayment of loans receivable	444,276,340	441,425,338	120,263,244	87,953,954
Fees collected (paid)	14,564,355	14,265,982	(31,610)	(15,547)
Deferred OPEB inflows/outflows	(1,071,919)	(231,458)		
Other receipts (disbursements), net	9,765,946	47,002,710		
Loans disbursed	(446,857,216)	(476,433,090)	(14,097,033)	(7,207,984)
Accounts receivable, net	(2,707,646)	(163,051)		
Gain (Loss) on accounts receivable	22,897			
Accounts Receivable Expenses		16,425		
Loss on loans receivable	(621,290)	(555,253)	(124,277)	(96,452)
Income (loss) on REO properties	353,352	(53,685)	129,988	(100,997)
Bond issuance costs	148,392	188,290	(1,896,137)	(1,059,781)
Personnel services	(23,835,459)	(22,995,853)		
Other administrative expenses	(10,126,464)	(9,371,145)		
Housing initiative expenses	(3,042,698)	(4,200,209)		
Other assets	(4,326,390)	(5,743,916)	2,523,003	187,451
Arbitrage rebate				
Accounts payable and accrued liabilities	(1,849,214)	6,951,023		
Gain on sale of loans	11,629,053	8,848,316	(6,298,861)	(5,120,268)
State rental subsidy program	(170,940)	(166,950)		
Transfers from (to) other programs	12,425,068	3,909,883	(1,090,227)	(1,090,435)
Net cash provided by (used in) operating activities	18,787,259	22,813,162	118,302,997	96,987,806
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	346,000,000	526,500,000	289,080,132	168,390,101
Payment of bond and note principal	(353,916,884)	(504,280,312)	(183,793,351)	(88,920,821)
Interest paid on bonds and notes	(6,562,318)	(7,637,520)	(22,874,167)	(21,775,496)
Gain (loss) on Sale of Assets, net		(2,800)		
Transfer to the State		(1,500,000)		
Net cash provided by (used in) noncapital financing activities	(14,479,202)	13,079,368	82,412,614	57,693,784
Cash Flows from Investing Activities:				
Redemption of investments	371,835,367	144,990,148	181,265,140	42,598,575
Earnings on investments	751,948	1,403,335	15,328,372	12,075,523
Purchase of investments	(370,584,100)	(166,690,444)	(357,838,052)	(213,677,605)
Net cash provided by (used in) investing activities	2,003,215	(20,296,961)	(161,244,540)	(159,003,507)
Net Increase (Decrease) in Cash and Cash Equivalents	6,311,272	15,595,569	39,471,071	(4,321,917)
Cash and Cash Equivalents - Beginning of Year	128,803,844	113,208,275	132,667,462	136,989,379
Cash and Cash Equivalents - End of Year	\$ 135,115,116	\$ 128,803,844	\$ 172,138,533	\$ 132,667,462

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 YEARS ENDED JUNE 30, 2021 AND 2020**

	Multi-Family Fund		Total	
	2021	2020	2021	2020
Cash Flows from Operating Activities:				
Interest on loans receivable	\$ 29,209,080	\$ 27,176,512	\$ 68,345,079	\$ 70,834,182
Repayment of loans receivable	92,613,087	31,257,849	657,152,671	560,637,141
Fees collected	1,588,602		16,121,347	14,250,435
Deferred OPEB inflows/outflows			(1,071,919)	(231,458)
Other receipts (disbursements), net	(10,062,027)	9,889,034	(296,081)	56,891,744
Loans disbursed	(111,894,293)	(115,154,501)	(572,848,542)	(598,795,575)
Accounts receivable, net			(2,707,646)	(163,051)
Loss on accounts receivable			22,897	-
Accounts Receivable Expenses			-	16,425
Loss on loans receivable			(745,567)	(651,705)
Income (loss) on REO properties			483,340	(154,682)
Bond issuance costs	(890,382)	(484,628)	(2,638,127)	(1,356,119)
Personnel services			(23,835,459)	(22,995,853)
Other administrative expenses	-	(32,410)	(10,126,464)	(9,403,555)
Housing initiative expenses			(3,042,698)	(4,200,209)
Other assets			(1,803,387)	(5,556,465)
Arbitrage rebate	62,374	(5,171)	62,374	(5,171)
Accounts payable and accrued liabilities	(2,795)	5,171	(1,852,009)	6,956,194
Gain (loss) on sale of loans	(740,472)	(796,552)	4,589,720	2,931,496
State Rental Subsidy Program			(170,940)	(166,950)
Transfers to other programs	(11,334,841)	(2,819,448)	-	-
Net cash provided by (used in) operating activities	(11,451,667)	(50,964,144)	125,638,589	68,836,824
Cash Flows from Noncapital Financing Activities:				
Proceeds from sale of bonds and notes	127,389,255	114,659,286	762,469,387	809,549,387
Payment of bond and note principal	(116,011,345)	(57,518,156)	(653,721,580)	(650,719,289)
Interest paid on bonds and notes	(16,443,003)	(15,416,698)	(45,879,488)	(44,829,714)
Gain (loss) on Sale of Assets, net			-	(2,800)
Transfer to the State			-	(1,500,000)
Net cash provided by (used in) noncapital financing activities	(5,065,093)	41,724,432	62,868,319	112,497,584
Cash Flows from Investing Activities:				
Redemption of investments	590,251	500,405	553,690,758	188,089,128
Earnings on investments	135,104	963,159	16,215,424	14,442,017
Purchase of investments	(179)	(319)	(728,422,331)	(380,368,368)
Net cash provided by (used in) investing activities	725,176	1,463,245	(158,516,149)	(177,837,223)
Net Increase (Decrease) in Cash and Cash Equivalents	(15,791,584)	(7,776,467)	29,990,759	3,497,185
Cash and Cash Equivalents - Beginning of Year	58,649,731	66,426,198	320,121,037	316,623,852
Cash and Cash Equivalents - End of Year	\$ 42,858,147	\$ 58,649,731	\$ 350,111,796	\$ 320,121,037

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 YEARS ENDED JUNE 30, 2021 AND 2020**

	Operating Fund		Single-Family Fund	
	2021	2020	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 517,870	\$ (1,270,252)	\$ 10,740,535	\$ 26,165,491
Adjustments:				
Earnings on investments	(751,948)	(1,403,335)	(15,328,372)	(12,075,523)
Net (increase) decrease in fair value of investments	99,566	(35,459)	(7,620,574)	(20,812,693)
Interest paid on bonds and notes	6,562,318	7,637,520	22,874,167	21,775,496
Transfer of investments and/or net position	12,425,068	3,929,233	(1,090,227)	(726,209)
(Increase) decrease in assets:				
Loans receivable/loss allowance	(1,694,552)	(36,002,490)	106,166,211	84,745,971
Accrued interest-loans	(15,062)	(6,492)	489,958	390,592
Accrued interest-investments	4,039	(2,702)	(470,499)	(555,551)
Accounts receivable, net	(2,593,969)	(168,314)		
Other assets	(1,812,625)	(3,491,541)	2,526,795	198,317
Interfund receivable (payable)	-	(19,350)	-	(364,225)
(Increase) decrease in deferred outflows	(562,292)	(1,177,540)	1,296	699
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	26,079	157,449	45,319	(1,739,011)
Accounts payable/accrued liabilities	(1,849,215)	6,951,023		
Fees, net	(475,803)	214,094	(31,612)	(15,548)
Escrow deposits	9,072,512	46,656,020		
Increase (decrease) in deferred inflows	(164,727)	845,298		
Total adjustments	18,269,389	24,083,414	107,562,462	70,822,315
Net Cash Provided by (Used in) Operating Activities	\$ 18,787,259	\$ 22,813,162	\$ 118,302,997	\$ 96,987,806

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 YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>Multi-Family Fund</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income	\$ 11,074,750	\$ 11,132,537	\$ 22,333,155	\$ 36,027,776
Adjustments:				
Earnings on investments	(135,104)	(963,159)	(16,215,423)	(14,442,017)
Net (increase) decrease in fair value of investments	106,876	25,513	(7,414,132)	(20,822,639)
Interest paid on bonds and notes	16,443,003	15,416,698	45,879,488	44,829,714
Transfer of investments and/or net position	(11,334,842)	(3,203,024)		
(Increase) decrease in assets:				
Loans receivable/loss allowance	(19,281,206)	(83,896,652)	85,190,453	(35,153,171)
Accrued interest-loans	(41,226)	(200,745)	433,670	183,355
Accrued interest-investments	11,371	(1,319)	(455,089)	(559,572)
Accounts receivable, net			(2,593,969)	(168,314)
Other assets			714,170	(3,293,224)
Interfund receivable (payable)	-	383,575	-	-
(Increase) decrease in deferred outflows			(560,996)	(1,176,841)
Increase (decrease) in liabilities:				
Accrued interest-bonds and notes	180,930	448,226	252,328	(1,133,336)
Accounts payable/accrued liabilities	(2,793)	5,171	(1,852,009)	6,956,194
Fees, net	1,588,602		1,081,186	198,546
Escrow deposits	(10,062,028)	9,889,035	(989,516)	56,545,055
Increase (decrease) in deferred inflows			(164,727)	845,298
Total adjustments	<u>(22,526,417)</u>	<u>(62,096,681)</u>	<u>103,305,434</u>	<u>32,809,048</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (11,451,667)</u>	<u>\$ (50,964,144)</u>	<u>\$ 125,638,589</u>	<u>\$ 68,836,824</u>

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**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Assets:		
Loans receivable	\$ 41,315,360	\$ 48,644,406
Less allowance for loan losses	(4,000,000)	(6,000,000)
Loans receivable, net	<u>37,315,360</u>	<u>42,644,406</u>
Investments	41,154	44,268
Accrued interest-loans	69,060	129,851
Accrued interest-investments	50	54
Cash and cash equivalents	74,511,966	56,189,257
Accounts receivable, net	17,781	5,017,781
Other assets, net	<u>403,137</u>	<u>1,303,137</u>
Total Assets	<u>\$ 112,358,508</u>	<u>\$ 105,328,754</u>
Liabilities and Net Position		
Liabilities:		
Accounts payable and accrued liabilities	\$	\$ 150,672
Net Position:		
Restricted for organizations	<u>112,358,508</u>	<u>105,178,082</u>
Total Liabilities and Net Position	<u>\$ 112,358,508</u>	<u>\$ 105,328,754</u>

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 YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Revenues:		
Interest income on loans	\$ 2,067,036	\$ 1,998,099
Earnings on investments:		
Interest on investments	32,286	525,692
Net increase (decrease) in fair value of investments	(146)	(1,268)
Trust receipts	2,748,895	3,097,352
Fees	-	
Miscellaneous income	500,000	-
Total revenues	<u>5,348,071</u>	<u>5,619,875</u>
Expenses:		
Interest expense		
Personnel services		
Amortization of other assets		
Other administrative expenses	16,123	34,138
Housing initiatives	167,500	200,000
Provision for loan losses (recoveries)	(2,015,978)	5,087
Arbitrage rebate		
Amortization of deferred bond issuance costs		
Early retirement of debt		
Depreciation and amortization of other assets		
State Rental Subsidy Program		
Total expenses (income)	<u>(1,832,355)</u>	<u>239,225</u>
Total Change in Net Position	7,180,426	5,380,650
Net Position - Beginning of Year	<u>105,178,082</u>	<u>99,797,432</u>
Net Position - End of Year	<u>\$ 112,358,508</u>	<u>\$ 105,178,082</u>

The accompanying notes are an integral part of the financial statements.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**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). 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 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 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.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

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 as 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 payments 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 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 services provided 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.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**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 an 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 the area. Management believes the allowance for loan losses 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 for 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.



**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**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.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

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, 2021.

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.

The Corporation reports a deferred inflow of resources related to OPEB. That deferred inflow results from contributions made subsequent to the measurement date.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**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 years ended June 30, 2021 and 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 June 30, 2021 and 2020, restricted amounts totaled \$3,745,772 and \$3,352,366, respectively.

**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 and liabilities and revenues and 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

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

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.

**O. Recent Accounting Pronouncements**

Effective for the fiscal year ended June 30, 2021, the Corporation has reviewed the requirements of GASB 84, Fiduciary Activities (GASB 84) and has determined there are no additional reporting requirements. Note 1.A and 1.B describes the Affordable Housing Trust Fund which is a fiduciary component unit, already reported in accordance with GASB 84 and presented in the accompanying fiduciary fund financial statements.

**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 June 30, 2021 and 2020, restricted assets in the Operating Fund totaled \$653,048,267 and \$645,096,496, respectively.

**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 June 30, 2021 and 2020, the single-family mortgage loan balances in the Single-Family Fund are insured, subject to maximum insurable limits described below:

	<u>2021</u>	<u>2020</u>
Private Mortgage Insurance	\$ 102,038,797	\$ 153,719,860
FHA Insurance	131,013,625	162,550,982
VA Guaranteed	3,949,219	4,956,988
USDA/RD Guaranteed	4,792,712	6,816,820
Uninsured	<u>142,927,774</u>	<u>162,843,688</u>
Total	<u>\$ 384,722,127</u>	<u>\$ 490,888,338</u>

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

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

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 June 30, 2021 of \$357,263,517 and \$153,941,601, respectively, and at June 30, 2020 of \$317,650,788 and \$154,150,929, respectively, are insured under such agreements subject to maximum participation limits. At June 30, 2021 and 2020, loan balances of \$6,452,695 and \$13,681,801, respectively, 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 June 30, 2021, 2,702 loans had been sold directly to FNMA and eight mortgage-backed securities had been issued. As of June 30, 2020, 2,591 loans had been sold directly to FNMA and eight mortgage-backed securities had been issued.

As of June 30, 2021 and 2020 respectively, the percentage of loan dollars that are in a first lien position is as follows:

	<u>2021</u>	<u>2020</u>
Operating Fund:	52%	51%
Single-family	90%	94%
Multi-family	99%	99%
Affordable Housing Trust	38%	41%

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 is 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 only when received from the borrower. For the years ended June 30, 2021 and 2020, interest received under such deferred loan arrangements was \$487,859 and \$661,654, respectively, in the Operating Fund and \$848,271 and \$685,577, respectively, 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 \$222,815,186 and \$221,517,985 at June 30, 2021 and 2020, respectively.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

At June 30, 2021 and 2020, principal balances outstanding under deferred and non-interest bearing loan arrangements as follows:

	<u>2021</u>	<u>2020</u>
Operating Fund:		
Single-family loans	\$ 45,897,243	\$ 56,618,639
Multi-family loans	244,229,738	234,881,395
Subtotal	<u>290,126,981</u>	<u>291,500,034</u>
Single-Family Fund:		
Single-family loans	<u>14,804,649</u>	<u>12,831,570</u>
Total	<u>\$ 304,931,630</u>	<u>\$ 304,331,604</u>

Certain loans recorded in the Corporation's Operating Fund and Single-Family Fund are on nonaccrual status due to delinquency over 90 days. At June 30, 2021 and 2020, principal outstanding under such nonaccrual status loans is as follows:

	<u>2021</u>	<u>2020</u>
Operating Fund:		
Single-family loans	\$ 12,736,270	\$ 16,325,389
Multi-family loans	-	-
Subtotal	<u>12,736,270</u>	<u>16,325,389</u>
Single-Family Fund:		
Single-family loans	<u>31,384,654</u>	<u>25,840,657</u>
Total	<u>\$ 44,120,924</u>	<u>\$ 42,166,046</u>

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

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 45,000,000	\$ 42,000,000
Loans charged off, net of recoveries	(588,154)	(465,614)
Write-down of REO properties	(157,413)	(186,091)
Provision for loan losses	<u>1,745,567</u>	<u>3,651,705</u>
Balance at End of Year	<u>\$ 46,000,000</u>	<u>\$ 45,000,000</u>

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 June 30, 2021 and 2020, the Mortgage Lender's Reserve Account totaled \$294,868 and \$294,952, respectively.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**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 of the Corporation were exposed to custodial credit risk at June 30, 2021 and 2020, as follows:

**Rhode Island Housing and Mortgage Finance Corporation**

	<u>June 30, 2021</u>				
	<u>Book Balance</u>	<u>Insured</u>	<u>A</u>	<u>C</u>	<u>Total Bank Balance</u>
Cash deposits-operating	\$ 59,749,491	\$ 2,883,071	\$ 4,946,885	\$ 64,813,501	\$ 72,643,457
Cash deposits-single family	3,571,456				
Cash deposits-multi- family funds	1,037,970				
Cash deposits-escrows	<u>73,882,413</u>			<u>73,882,413</u>	<u>73,882,413</u>
Total deposits	138,241,330	<u>2,883,071</u>	<u>4,946,885</u>	<u>138,695,914</u>	<u>146,585,870</u>
Money market mutual funds	<u>211,870,466</u>				<u>211,870,466</u>
Total Cash and Cash Equivalents	<u>\$ 350,111,796</u>	<u>\$ 2,883,071</u>	<u>\$ 4,946,885</u>	<u>\$ 138,695,914</u>	<u>\$ 358,396,336</u>

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**Rhode Island Housing and Mortgage Finance Corporation - Private Purpose Trust**

	<u>June 30, 2021</u>				
	<u>Book Balance</u>	<u>Insured</u>	<u>A</u>	<u>C</u>	<u>Total Bank Balance</u>
Cash deposits	\$ 63,816,808	\$ 250,000	\$	\$ 63,566,808	\$ 63,816,808
Money market mutual funds	10,695,158				10,695,158
Total Cash and Cash Equivalents	<u>\$ 74,511,966</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 63,566,808</u>	<u>\$ 74,511,966</u>

**Rhode Island Housing and Mortgage Finance Corporation**

	<u>June 30, 2020</u>				
	<u>Book Balance</u>	<u>Insured</u>	<u>A</u>	<u>C</u>	<u>Total Bank Balance</u>
Cash deposits-operating	\$ 56,190,693	\$ 3,124,063	\$ 3,454,820	\$ 59,740,461	\$ 66,319,344
Cash deposits-single family	2,257,560				
Cash deposits-multi-family funds	633,302				
Cash deposits-escrows	71,138,840			71,138,840	71,138,840
Total deposits	130,220,395	3,124,063	3,454,820	130,879,301	137,458,184
Money market mutual funds	189,900,642				189,900,642
Total Cash and Cash Equivalents	<u>\$ 320,121,037</u>	<u>\$ 3,124,063</u>	<u>\$ 3,454,820</u>	<u>\$ 130,879,301</u>	<u>\$ 327,358,826</u>

**Rhode Island Housing and Mortgage Finance Corporation - Private Purpose Trust**

	<u>June 30, 2020</u>				
	<u>Book Balance</u>	<u>Insured</u>	<u>A</u>	<u>C</u>	<u>Total Bank Balance</u>
Cash deposits	\$ 45,494,099	\$ 250,000	\$	\$ 45,244,099	\$ 45,494,099
Money market mutual funds	10,695,158				10,695,158
Total Cash and Cash Equivalents	<u>\$ 56,189,257</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 45,244,099</u>	<u>\$ 56,189,257</u>



**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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. At June 30, 2021 and 2020, investments in United States Government money market funds are as follows:

	<u>2021</u>	<u>2020</u>
Operating Fund	\$ 1,483,213	\$ 1,474,310
Single-Family Fund	168,567,077	130,409,902
Multi-Family Fund	41,820,176	58,016,430
Total	<u>\$ 211,870,466</u>	<u>\$ 189,900,642</u>
 Affordable Housing Trust	 <u>\$ 10,695,158</u>	 <u>\$ 10,695,158</u>

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 U.S. market 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 first 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 limits. The maximum investments in certain maturities or repricing maturities are as follows:

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

At June 30, 2021 and 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.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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.

At June 30, 2021 and 2020, the distribution of investments by remaining or re-pricing maturity is as follows:

	<b>June 30, 2021</b>			
	<u>1 Year or Less</u>	<u>&gt;1 to 5 Years</u>	<u>&gt;5 Years</u>	<u>Total</u>
Operating Fund:				
U.S. Government Obligations	\$ 2,668,817	\$ -	\$ 1,290,245	\$ 3,959,062
Single-Family Fund:				
U.S. Government Obligations	-	-	540,129,438	540,129,438
U.S. Agency Obligations	-	-	10,412,891	10,412,891
Guaranteed Investment Contracts	-	-	2,883,495	2,883,495
Total Single-Family Fund	-	-	553,425,824	553,425,824
Multi-Family Fund:				
U.S. Government Obligations	-	-	-	-
U.S. Agency Obligations GICs	-	1,691,278	-	1,691,278
Total Multi-Family Fund	-	1,691,278	-	1,691,278
Escrows*	118,385,818			118,385,818
Subtotal	121,054,635	1,691,278	554,716,069	677,461,982
Trust:				
U.S. Agency Obligations	41,154	-	-	41,154
Total	\$ 121,095,789	\$ 1,691,278	\$ 554,716,069	\$ 677,503,136

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	June 30, 2020			
	1 Year or Less	>1 to 5 Years	>5 Years	Total
Operating Fund:				
U.S. Government Obligations	\$ 3,570,304	\$ _____	\$ 1,910,174	\$ 5,480,478
Single-Family Fund:				
U.S. Government Obligations			351,410,473	351,410,473
U.S. Agency Obligations			14,981,849	14,981,849
Guaranteed Investment Contracts			2,883,495	2,883,495
Total Single-Family Fund	-	-	369,275,817	369,275,817
Multi-Family Fund:				
U.S. Government Obligations				
U.S. Agency Obligations GICs	310,635	2,077,591		2,388,226
Total Multi-Family Fund	310,635	2,077,591	-	2,388,226
Escrows*	118,215,236			118,215,236
Subtotal	122,096,175	2,077,591	371,185,991	495,359,757
Trust:				
U.S. Agency Obligations	44,268			44,268
Total	\$ 122,140,443	\$ 2,077,591	\$ 371,185,991	\$ 495,404,025

\* Included in the tables above are escrow funds relating to homeowners and to multi-family developments. The Corporation is not exposed to interest rate risk relating to escrows since the income and market gains or losses on these investments flow directly into the respective escrow deposit liability accounts.

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 \$551,873,729 and \$368,302,497 at June 30, 2021 and 2020, respectively.

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.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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 June 30, 2021, of \$122,344,880 in the Operating Fund, \$550,542,329 in the Single-Family, \$1,691,278 in the Multi-Family Fund, and \$41,154 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 June 30, 2021.

The Corporation had recurring fair value measurements in the same form as of June 30, 2020, of \$123,695,714 in the Operating Fund, \$366,392,322 in the Single-Family fund, \$2,388,226 in the Multi-Family Fund and \$44,268 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments were 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 June 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 the 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.

At June 30, 2021 and 2020, investments, excluding investments relating to escrow accounts for which the credit risk is that of the party for whom the escrow is held rather than that of the Corporation, are rated by Standard & Poor's or Moody's Investors Service as follows:

Rating Investment	June 30, 2021	
	AA+/Aaa U.S. Agencies	Unrated GICS
Operating Fund	\$ -	\$ -
Single-Family Fund	10,412,891	2,883,495
Multi-Family Fund	1,691,278	-
Trust	41,154	-

Rating Investment	June 30, 2020	
	AA+/Aaa U.S. Agencies	Unrated GICS
Operating Fund	\$ -	\$ -
Single-Family Fund	14,981,849	2,883,495
Multi-Family Fund	2,388,226	-
Trust	44,268	-

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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 June 30, 2021 and 2020, all Operating Fund investments 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.

At June 30, 2021 and 2020, investment concentrations of 5% or more of each respective fund's total investments, excluding investments relating to escrow accounts for which the concentration of credit risk is that of the party for whom the escrow is held rather than that of the Corporation, are as follows:

Issuer	June 30, 2021		
	Single-Family Fund	Multi-Family Fund	Trust
Federal Home Loan Bank	\$	\$ 1,691,278	\$
Federal Farm Credit Bank			
Federal National Mtg. Assoc.	10,412,891		41,154

Issuer	June 30, 2020		
	Single-Family Fund	Multi-Family Fund	Trust
Federal Home Loan Bank	\$	\$ 2,077,591	\$
Federal Farm Credit Bank		310,635	
Federal National Mtg. Assoc.	14,981,849		44,268

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 June 30, 2021 and 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 June 30, 2021 and 2020, there were no investments in any of the other funds subject to custodial credit risk.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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 June 30, 2021 and 2020, the Corporation was not party to any interest rate swap agreements. At June 30, 2021, 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 receivables for the years ended June 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Accounts receivable		
Due from federal government	\$ 1,577,936	\$ 1,456,093
Tax sale receivables	2,338,335	3,435,791
Accounts	<u>10,658,796</u>	<u>7,632,764</u>
Total receivables	14,575,067	12,524,648
Allowance	<u>(450,291)</u>	<u>(1,037,320)</u>
Receivables, Net	<u>\$ 14,124,776</u>	<u>\$ 11,487,328</u>

**6. OTHER ASSETS**

Other assets, net, consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Real estate owned	\$ 1,426,847	\$ 4,612,739
Capital assets, net	9,865,861	9,204,620
Purchased mortgage servicing rights and excess servicing, net	12,604,128	10,828,813
Other assets and control accounts	<u>362,288</u>	<u>327,122</u>
Total	<u>\$ 24,259,124</u>	<u>\$ 24,973,294</u>

Depreciation expense related to capital assets for the years ended June 30, 2021 and 2020 was \$627,725 and \$723,920, respectively.

Amortization expense related to purchased mortgage servicing rights for the years ended June 30, 2021 and 2020, was \$1,891,129 and \$1,539,322, respectively.

Other assets of the Trust consisted of federal program properties totaling \$403,137 and \$1,303,136.59 at June 30, 2021 and 2020, respectively.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Capital asset activity for the years ended June 30, 2021 and 2020, is as follows:

	<b>Balance July 1, 2020</b>	<b>Additions/ (Deletions)</b>	<b>Balance June 30, 2021</b>
Capital assets not being depreciated:			
Construction in progress	\$ 842,227	\$ (472,508)	\$ 369,719
Total capital asset not being depreciated	<u>842,227</u>	<u>(472,508)</u>	<u>369,719</u>
Capital assets being depreciated:			
Furniture	1,421,326	-	1,421,326
Office equipment	954,213	-	954,213
Computers	7,821,746	-	7,821,746
Buildings and improvements	15,305,563	1,761,474	17,067,037
Total capital assets being depreciated	<u>25,502,848</u>	<u>1,761,474</u>	<u>27,264,322</u>
Less accumulated depreciation	<u>(17,140,455)</u>	<u>(627,725)</u>	<u>(17,768,180)</u>
Total capital assets being depreciated, net	<u>8,362,393</u>	<u>1,133,749</u>	<u>9,496,142</u>
Capital Assets, Net	<u>\$ 9,204,620</u>	<u>\$ 661,241</u>	<u>\$ 9,865,861</u>
	<b>Balance July 1, 2019</b>	<b>Additions/ (Deletions)</b>	<b>Balance June 30, 2020</b>
Capital assets not being depreciated:			
Construction in Progress	\$	\$ 842,227	\$ 842,227
Total capital assets not being depreciated	<u></u>	<u>842,227</u>	<u>842,227</u>
Capital assets being depreciated:			
Capital assets:			
Furniture	1,421,326	-	1,421,326
Office equipment	954,213	-	954,213
Computers	7,917,354	(95,608)	7,821,746
Buildings and improvements	15,133,473	172,090	15,305,563
Total capital assets being depreciated	<u>25,426,366</u>	<u>76,482</u>	<u>25,502,848</u>
Less accumulated depreciation	<u>(16,517,344)</u>	<u>(623,111)</u>	<u>(17,140,455)</u>
Total capital assets being depreciated, net	<u>8,909,022</u>	<u>(546,629)</u>	<u>8,362,393</u>
Capital Assets, Net	<u>\$ 8,909,022</u>	<u>\$ 295,598</u>	<u>\$ 9,204,620</u>

**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.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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 June 30, 2021.

Bonds and notes payable at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Operating Fund Bonds and Notes:		
Federal Home Loan Bank		
Due 2020 to 2027, interest from 0.00% to 1.83%	\$ 11,175,000	\$ 11,175,000
Federal Financing Bank		
Due 2056 to 2060, interest from 2.239% to 3.577%	146,503,311	148,030,995
General Obligation Bonds Series 2018:		
Mandatory tender bonds, due 2032, interest at 3.12%	5,000,000	5,000,000
Notes Payable, due 2027 to 2048, interest from 2.75% to 6.25%	15,325,890	15,715,089
Lines of Credit, payable on demand, interest from .97% to 3.49%	<u>82,009,000</u>	<u>88,009,000</u>
Total Operating Fund	<u>260,013,201</u>	<u>267,930,084</u>
Single-Family Fund:		
Homeownership Opportunity Bonds:		
Series 10-A:		
Term bonds, due 2022 to 2027, interest at 6.50%	940,000	940,000
Series 15-A:		
Term bonds, due 2024, interest at 6.85%	380,000	380,000
Series 46-T:		
Term bonds, due 2034, interest at variable rate	15,000,000	15,000,000
Series 48-T:		
Term bonds, due 2034, interest at variable rate	15,000,000	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



**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
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
	-	<u>12,955,000</u>
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
	-	<u>11,695,000</u>
Series 63-A: Term bonds, due 2027 to 2040, interest from 3.50% to 4.00%	9,555,000	10,105,000
Series 63-B: Term bonds, due 2032, interest from 3.80%	-	540,000
Series 63-C: Serial bonds, due 2020 to 2022, interest from 3.15% to 3.50%	2,330,000	3,795,000
Term bonds, due 2025, interest at 3.75%	3,540,000	3,680,000
	<u>5,870,000</u>	<u>7,475,000</u>
Series 64-T: Term bonds, due 2023 to 2034, interest from 3.00% to 4.00%	14,245,000	21,570,000
Series 65-T: Serial bonds, due 2020 to 2025, interest from 2.952% to 3.886%	16,595,000	20,255,000
Term bonds, due 2029 to 2039, interest from 2.913% to 4.433%	7,415,000	8,965,000
	<u>24,010,000</u>	<u>29,220,000</u>
Series 66 A-1: Term bonds, due 2033, interest at 4.00%	6,100,000	9,415,000
Series 66 A-2: Term bonds, due 2032, interest at 4.00%	1,005,000	2,245,000
Series 66 C-2: Serial bonds, due 2020 to 2026, interest from 2.35% to 3.65%	11,300,000	13,350,000
Series 67-A: Term bonds, due 2041, interest at 3.55%	3,950,000	5,235,000
Series 67-B: Term bonds, due 2026 to 2046, interest from 2.40% to 3.55%	5,190,000	6,970,000
Series 67-C: Serial bonds, due 2020 to 2027, interest from 1.70% to 3.00%	11,095,000	12,075,000
Term bonds, due 2030 to 2038, interest from 3.25% to 3.50%	10,640,000	12,360,000
	<u>21,735,000</u>	<u>24,435,000</u>
Series 68-B: Term bonds, due 2031 to 2046, interest from 3.00% to 3.40%	25,360,000	37,230,000
Series 68-C: Serial bonds, due 2020 to 2026, interest from 1.70% to 2.65%	26,445,000	33,015,000
Term bonds, due 2031 to 2039, interest from 3.15% to 3.50%	68,590,000	76,540,000
	<u>95,035,000</u>	<u>109,555,000</u>
Series 69-A: Serial bonds, due 2020 to 2029, interest from 2.10% to 3.50%	13,300,000	13,540,000

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Series 69-B:		
Term bonds, due 2033 to 2048, interest from 3.55% to 4.00%	\$ 24,280,000	\$ 67,185,000
Series 69-T:		
Serial bonds, due 2020 to 2024, interest from 2.95% to 3.40%	4,745,000	6,320,000
Series 70:		
Serial bonds, due 2020 to 2031, interest from 1.45% to 2.55%	27,985,000	29,995,000
Term bonds, due 2034 to 2049, interest from 2.80% to 4.00%	89,870,000	91,655,000
	<u>117,855,000</u>	<u>121,650,000</u>
Series 71:		
Serial bonds, due 2020 to 2032, interest from 1.20% to 2.55%	25,855,000	16,025,000
Term bonds, due 2034 to 2049, interest from 2.75% to 3.75%	68,465,000	42,355,000
	<u>94,320,000</u>	<u>58,380,000</u>
Series 72A:		
Serial bonds, due 2021 to 2032, interest from 0.40% to 2.20%	16,025,000	16,025,000
Term bonds, due 2035 to 2050, interest from 2.30% to 3.50%	42,265,000	42,355,000
	<u>58,290,000</u>	<u>58,380,000</u>
Series 73-A:		
Serial bonds, due 2025 to 2032, interest from 0.80% to 1.95%	28,815,000	
Term bonds, due 2035 to 2050, interest from 2.10% to 3.00%	97,590,000	
	<u>126,405,000</u>	
Series 73-T:		
Serial bonds, due 2021 to 2025, interest from 0.65% to 1.25%	14,900,000	
Serial bonds, due 2022 to 2033, interest from 1.30% to 5.00%	62,360,000	
Term bonds, due 2036 to 2049, interest from 2.125% to 3.00%	72,700,000	
	<u>135,060,000</u>	
Unamortized bond premium	24,396,084	13,862,134
Subtotal	<u>868,226,084</u>	<u>730,142,134</u>
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%	15,230,000	18,950,000
Series 5:		
Term bonds, due 2028 to 2040, interest from 2.75% to 3.45%	17,540,000	23,575,000
Unamortized bond premium	416,486	448,655
Subtotal	<u>33,186,486</u>	<u>65,983,655</u>
Total Single-Family Fund	<u>901,412,570</u>	<u>796,125,789</u>
Multi-Family Fund:		
Housing Bonds:		
2001 Series B-2T:		
Term bonds, due 2031, interest at variable rate	-	2,735,000

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
2003 Series A-2T:		
Term bonds, due 2034, interest at variable rate	\$ -	\$ 16,620,000
2003 Series B-2T:		
Term bonds, due 2035, interest at variable rate	-	7,995,000
Unamortized bond discount	-	(79,101)
Subtotal	-	27,270,899
Multi-Family Funding Bonds:		
2009 Series A, Subseries 2009A-1:		
Term bonds, due 2051, interest at 3.01%	51,000,000	51,000,000
2009 Series A, Subseries 2009A-2:		
Term bonds, due 2051, interest at 2.32%	14,100,000	14,100,000
2010 Series A:		
Serial bonds, due 2020 to 2021, interest at 4.00%	375,000	1,090,000
Term bonds, due 2025 to 2035, interest from 4.63% to 5.25%	15,550,000	15,550,000
	<u>15,925,000</u>	<u>16,640,000</u>
2011 Series A:		
Term bonds, due 2021 to 2032, interest from 3.13% to 4.63%	3,575,000	3,805,000
Subtotal	<u>84,600,000</u>	<u>85,545,000</u>
Multi-Family Development Bonds:		
2010 Series 1:		
Serial bonds, due 2020, interest at 4.00%	-	40,000
2013 Series 1-AB:		
Serial bonds, due 2020 to 2023, interest from 2.15% to 2.85%	1,355,000	1,835,000
Term bonds, due 2027 to 2048, interest from 3.25% to 4.125%	28,780,000	30,905,000
	<u>30,135,000</u>	<u>32,740,000</u>
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
	<u>-</u>	<u>14,985,000</u>
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
	<u>-</u>	<u>7,040,000</u>
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%	1,105,000	1,310,000
Term bonds, due 2029 to 2049, interest from 3.40% to 4.125%	13,715,000	13,715,000
	<u>14,820,000</u>	<u>15,025,000</u>

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
2016 Series 1-B:		
Serial bonds, due 2020 to 2026, interest from 1.25% to 2.650%	\$ 1,010,000	\$ 1,165,000
Term bonds, due 2031 to 2056, interest from 3.15% to 4.10%	<u>15,350,000</u>	<u>15,350,000</u>
	16,360,000	16,515,000
2016 Series 1-C:		
Serial bonds, due 2020 to 2026, interest from 1.55% to 3.00%	2,730,000	3,130,000
Term bonds, due 2031 to 2041, interest from 3.50% to 4.10%	<u>15,170,000</u>	<u>15,170,000</u>
	17,900,000	18,300,000
2017 Series 1-B:		
Term bonds, due 2052, interest at 4.20%	1,570,000	1,600,000
2017 Series 2-T:		
Serial bonds, due 2020 to 2028, interest from 2.178% to 3.639%	7,305,000	8,145,000
2017 Series 4-B:		
Serial bonds, due 2020 to 2028, interest from 1.85% to 3.05%	2,435,000	2,725,000
Term bonds, due 2032 to 2037, interest from 3.35% to 3.80%	<u>31,620,000</u>	<u>31,620,000</u>
	34,055,000	34,345,000
2019 Series 1-A:		
Term bonds, due 2049, interest at 1.70%	12,000,000	25,900,000
2019 Series 1-B:		
Serial bonds, due 2022 to 2031, interest from 1.55% to 2.40%	3,445,000	3,445,000
Term bonds, due 2034 to 2059, interest from 2.75% to 3.40%	<u>32,555,000</u>	<u>32,555,000</u>
	36,000,000	36,000,000
2019 Series 2-T:		
Serial bonds, due 2020 to 2031, interest from 1.90% to 2.95%	2,055,000	2,130,000
Term bonds, due 2039 to 2051, interest from 3.30% to 3.50%	<u>9,570,000</u>	<u>9,570,000</u>
	11,625,000	11,700,000
2020 Series 1-T:		
Term bonds, due 2021 to 2038, interest from .81% to 2.99%	43,875,000	
2021 Series 1-A:		
Term bonds, due 2040, interest at 0.45%	23,650,000	
2021 Series 1-B:		
Serial bonds, due 2023 to 2032, interest from 0.35% to 1.85%	1,230,000	
Term bonds, due 2035 to 2040, interest from 2.00% to 2.15%	<u>9,520,000</u>	
	10,750,000	
2021 Series 2-T:		
Serial bonds, due 2021 to 2032, interest from 0.40% to 2.39%	18,650,000	
Term bonds, due 2035 to 2040, interest from 2.54% to 3.03%	<u>28,745,000</u>	
	47,395,000	
Unamortized bond discount	<u>(32,023)</u>	<u>(33,908)</u>
Subtotal	307,407,977	234,236,092
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

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Series 2015 (Charles Place): Note payable, due 2045, interest at 4.16%	\$ 23,694,095	\$ 24,111,067
Series 2016 (EPN): Note payable, due 2033, interest at 4.07%	15,091,070	15,314,035
Series 2017 (Colony House): Note payable, due 2050, interest at 4.99%	13,864,500	13,864,500
Series 2017 (Lippitt Mill Apartments): Note payable, due 2035, interest at variable rate	9,000,000	7,621,730
Series 2017A-B (Oxford Place Gardens): Note Payable bond, due 2035, interest at 4%	3,055,244	3,098,139
Series 2018 (Curtis Arms): Note payable, due 2051, interest at 4.99%	14,000,000	14,000,000
Series 2020 (Festival Fields): Note payable, due 2036, interest at 3.46%	<u>39,289,206</u>	<u>39,862,720</u>
Subtotal	117,994,115	151,572,191
Total Multi-Family Fund	<u>510,002,092</u>	<u>498,624,182</u>
Total Bonds and Notes Payable	<u>\$ 1,671,427,863</u>	<u>\$ 1,562,680,055</u>

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 June 30, 2021, the Corporation may borrow up to a maximum of \$135,000,000 under various revolving loan agreements expiring between August 2021 and January 2022. Borrowings under the lines of credit are payable on demand and are unsecured. One line of credit has a variable interest rate. As of June 30, 2021, the borrowings were \$2,000,000 and the rate was 1.650%. The remaining line of credit agreements have fixed rates which range from .097% to 1.12%. Outstanding borrowings under these agreements totaled \$80,009,000 at June 30, 2021.

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 bear interest at taxable rates established monthly or quarterly, which range from 0.502% to 0.522% at June 30, 2021. One Multi-Family Mortgage Revenue Bond bears interest daily with a rate of 1.836% at June 30, 2021.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

The schedule below includes amounts required for debt service sinking funds for each fiscal year relating to the respective bonds and notes as of June 30, 2021 (dollars in thousands):

	Operating Fund Bonds/Notes		Single-Family Fund Bonds		Multi-Family Fund Bonds/Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 76,058	\$ 6,360	\$ 31,780	\$ 23,703	\$ 4,620	\$ 16,883
2023	2,155	5,565	33,360	22,992	5,490	16,776
2024	7,255	5,492	32,125	22,243	6,935	16,624
2025	2,361	5,260	32,185	21,518	7,365	16,465
2026	2,472	5,179	34,260	20,846	9,155	16,282
2027-2031	33,398	22,924	176,365	20,126	48,130	16,065
2032-2036	17,693	19,847	149,480	15,965	101,849	14,759
2037-2041	21,091	16,598	136,200	12,095	147,015	11,164
2042-2046	23,792	12,932	136,735	8,257	66,234	6,670
2047-2051	27,682	9,078	114,110	4,009	85,031	4,303
2052-2056	34,629	4,487			16,920	983
2057-2061	11,426	415			11,290	391
Total	\$ <u>260,012</u>	\$ <u>114,137</u>	\$ <u>876,600</u>	\$ <u>171,754</u>	\$ <u>510,034</u>	\$ <u>137,365</u>

Debt service requirements on direct borrowings and placements at June 30, 2021, are as follows (dollars in thousands):

	Business Type Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ -	\$ 156	\$ 74,460	\$ 1,875
2023	-	156	481	1,128
2024	5,000	78	504	1,183
2025	-	-	528	1,081
2026	-	-	554	1,056
2027-2031	-	-	22,377	3,224
2032-2036	-	-	3,847	1,963
2037-2041	-	-	3,688	1,002
2042-2046	-	-	1,911	221
2047-2051	-	-	160	3
Total	\$ <u>5,000</u>	\$ <u>390</u>	\$ <u>108,510</u>	\$ <u>12,736</u>

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Bonds and notes payable activity for the year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending Balance</u>
Bonds and notes payable:							
General obligation bonds	\$ 5,000,000	\$ -	\$ -		\$ -		\$ 5,000,000
Unsecured notes	88,009,000		326,000,000		(332,000,000)		82,009,000
Secured notes	174,921,084		4,000,000		(5,916,884)		173,004,200
Revenue bonds	<u>1,294,749,971</u>		<u>403,100,000</u>		<u>(286,435,308)</u>		<u>1,411,414,663</u>
	<u>\$ 1,562,680,055</u>	<u>\$ 733,100,000</u>	<u>\$ (624,352,192)</u>		<u>\$ 1,671,427,863</u>		

Bonds and notes payable activity for the year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending Balance</u>
Bonds and notes payable:							
General obligation bonds	\$ 5,000,000	\$ -			\$ -		\$ 5,000,000
Unsecured notes	71,009,000		504,000,000		(487,000,000)		88,009,000
Secured notes	169,701,395		15,000,000		(9,780,312)		174,921,083
Revenue bonds	<u>1,158,139,563</u>		<u>270,373,250</u>		<u>(133,762,841)</u>		<u>1,294,749,972</u>
	<u>\$ 1,403,849,958</u>	<u>\$ 789,373,250</u>	<u>\$ (630,534,153)</u>		<u>\$ 1,562,680,055</u>		

Changes in direct borrowings and placements for the year ended June 30, 2021 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Business Type Activities:</b>					
General obligations bonds	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	\$ -
Notes from direct borrowings and direct placements	<u>114,899,090</u>	<u>330,000,000</u>	<u>(336,389,200)</u>	<u>108,509,890</u>	<u>74,459,663</u>
Total	<u>\$ 119,899,090</u>	<u>\$ 330,000,000</u>	<u>\$ (336,389,200)</u>	<u>\$ 113,509,890</u>	<u>\$ 74,459,663</u>

The agreements related to the notes from direct borrowings and direct placements of \$108,509,890 include certain provisions and results in the event of default. For the various lines of credit, which total \$93,184,000, the interest rate could increase up to a maximum of 5% over the current rate and the outstanding lines may become due immediately at the discretion of the respective lenders. For the notes payable, which total \$15,325,890, the principal and related interest would become due immediately.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 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 June 30, 2021, is as follows:

Single Family Fund	\$	-
Operating Fund		90,494,986
Multifamily		-
Trust		<u>7,268,405</u>
Total	\$	<u>97,763,391</u>

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 June 30, 2021, \$5,158,323 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 June 30, 2021, because the Corporation officials are of the opinion that, based on prior experience, such claims will not be material.



**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**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 June 30, 2021, TBA Mortgage-Backed Securities Contracts with a total notional amount of \$18,000,000 and fair market values totaling \$18,671,563 were outstanding, resulting in a hedging instrument of \$671,563. 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 \$5,000,000 and fair market values totaling \$5,188,438 resulting in a hedging instrument of \$188,438. 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.

At June 30, 2020, TBA Mortgage-Backed Securities Contracts with a total notional amount of \$16,950,000 and fair market values totaling \$17,899,742 were outstanding, resulting in a hedging instrument of \$949,742. 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 \$5,000,000 and fair market values totaling \$5,255,156, resulting in a hedging instrument of \$255,156. 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.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**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 years ended June 30, 2021 and 2020, totaled \$1,550,229 and \$947,018, respectively. 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 June 30, 2021, RIHRHP has not established a trust fund to irrevocably segregate assets to fund the 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
Inactive Plan Member Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	<u>219</u>
Total Plan Members	<u><u>251</u></u>

**Total OPEB Liability**

RI Housing's total OPEB liability of \$9,508,274 is based on an actuarial valuation performed as of June 30, 2019. Updated procedures were used to roll forward the total OPEB liability to the measurement date of June 30, 2021.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**Actuarial Assumptions and Methods**

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	2.45% as of June 30, 2020; based on the municipal bond index rate
Inflation	2.25%
Salary Increases	3.50% to 7.50%
Demographic Assumptions	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 scale MP-2014 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 4.00% after 14 years; 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 years or more of service at retirement.
Other Information: Notes	The discount rate changed from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020. Additionally, the health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**Schedule of Changes in Total OPEB Liability and Related Ratios Fiscal Year Ended June 30, 2021 and 2020**

	<u>FY 2021</u>	<u>FY 2020</u>
Total OPEB liability		
Service cost	\$ 522,439	\$ 544,653
Interest on total OPEB liability	248,792	258,543
Difference between expected and actual experience of the total	9,438	(1,010,024)
Changes in assumptions	1,115,337	1,167,026
Benefit payments	<u>(150,259)</u>	<u>(134,837)</u>
Net change in total OPEB liability	1,745,747	825,360
Total OPEB liability - beginning	<u>7,762,527</u>	<u>6,937,167</u>
Total OPEB liability - ending	\$ <u>9,508,274</u>	\$ <u>7,762,527</u>
Covered payroll	\$ 16,179,697	\$ 16,567,803
Total OPEB liability as a percentage of covered payroll	58.77%	46.85%

Changes of assumptions reflect a change in the discount rate from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020.

The total OPEB Liability at June 30, 2021 and June 30, 2020 of \$9,508,274 and \$7,762,527 respectively, 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 a discount rate of 2.45% and 3.13% as of June 30, 2021 and 2020, respectively, 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:

		<u>June 30, 2021</u>		
		<u>1% Decrease (1.45%)</u>	<u>Current Discount Rate (2.45%)</u>	<u>1% Increase (3.45%)</u>
Total OPEB Liability	\$	11,559,180	\$ 9,508,274	\$ 7,904,559
		<u>June 30, 2020</u>		
		<u>1% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
Total OPEB Liability	\$	9,366,575	\$ 7,762,527	\$ 6,500,525

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**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: For the years ended June 30, 2021 and 2020, the healthcare cost trend rates for members who are Pre-65 were 7.00% and for members who are Post-65 were 6.00%

**June 30, 2021**

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 7,589,727	\$ 9,508,274	\$ 12,118,894

**June 30, 2020**

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
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, 2021 and June 30, 2020, RIHRHP recognized OPEB expense of \$832,251 and \$ 744,161 respectively. At June 30, 2021, RIHRHP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>June 30, 2021</b>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 11,991	\$ 827,829
Changes in assumptions	1,952,797	538,426
Contributions subsequent to the measurement date	158,423	
Total	<u>\$ 2,123,211</u>	<u>\$ 1,366,255</u>

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,993	\$ 918,927
Changes in assumptions	1,061,767	612,055
Contributions subsequent to the measurement date	<u>150,259</u>	
Total	<u>\$ 1,216,019</u>	<u>\$ 1,530,982</u>

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**

<u>Year Ending June 30</u>	<u>Net Deferred Outflows/(Inflows)</u>
2022	\$ 61,020
2023	61,020
2024	61,020
2025	61,020
2026	61,020
Thereafter	<u>293,433</u>
Total	<u>\$ 598,533</u>

**11. OTHER CONTINGENCIES**

Throughout the fiscal year ended June 30, 2021, the State of Rhode Island continues to be under a state of 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 delinquency and loans in forbearance. The situation creates uncertainty about the impact of future revenues that might be generated from these loans.

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

---

**12. SUBSEQUENT EVENTS**

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

<u>Date of Call</u>	<u>Principal Program</u>	<u>Outstanding</u>
October 1, 2021	Homeownership Opportunity Bonds	\$ 9,365,000
October 1, 2021	Homeownership Opportunity Bonds	\$ 84,785,000
October 1, 2021	Home Funding Bonds	\$ 8,375,000

The Corporation issued debt as outlined below:

<u>Date of Issuance</u>	<u>Principal Program</u>	<u>Outstanding</u>
September 15, 2021	Homeownership Opportunity Bonds	\$ 172,455,000

Numerous economic and political factors including the impact of the COVID-19 pandemic have created significant pockets of volatility in investment markets over the past eighteen months. As a result, the current fair value of the Corporation's investments may be materially different from amounts recorded in recent quarters' financial statements. Any changes, however, do 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 FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 522,439	\$ 544,653	\$ 537,100	\$ 619,903
Interest	248,792	258,543	233,195	193,253
Changes of benefit terms				
Differences between expected and actual experience	9,438	(1,010,025)	4,859	
Changes of assumptions and other inputs	1,115,337	1,167,026	(72,478)	(754,007)
Benefit payments	<u>(150,259)</u>	<u>(134,837)</u>	<u>(94,763)</u>	<u>(76,424)</u>
Net change in total OPEB liability	1,745,747	825,360	607,913	(17,275)
Total OPEB liability - beginning	<u>7,762,527</u>	<u>6,937,167</u>	<u>6,329,254</u>	<u>6,346,529</u>
Total OPEB Liability - Ending	<u>\$ 9,508,274</u>	<u>\$ 7,762,527</u>	<u>\$ 6,937,167</u>	<u>\$ 6,329,254</u>
Covered payroll	\$ 16,179,697	\$ 16,567,803	\$ 16,562,167	\$ 13,634,804
Total OPEB liability as a percentage of covered-employee payroll	58.77%	46.85%	41.89%	46.42%



**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**  
**COMBINING STATEMENTS OF NET POSITION - SINGLE-FAMILY FUND**  
**JUNE 30, 2021 AND 2020**

	Homeownership Opportunity Bond Program		Home Funding Bond Program	
	2021	2020	2021	2020
<b>Assets:</b>				
Loans receivable	\$ 373,723,738	\$ 464,834,025	\$ 10,998,389	\$ 26,054,313
Less allowance for loan losses	(14,000,000)	(14,000,000)		
Loans receivable, net	<u>359,723,738</u>	<u>450,834,025</u>	<u>10,998,389</u>	<u>26,054,313</u>
Investments	533,744,116	330,472,971	19,681,708	38,802,846
Accrued interest-loans	1,099,039	1,541,371	30,614	78,239
Accrued interest-investments	1,534,494	1,004,806	60,461	119,650
Cash and cash equivalents	162,625,203	122,414,637	9,513,330	10,252,825
Accounts receivable	43,479			
Bond issuance costs, net				
Other assets, net	299,350	2,641,243	5,096	189,998
Interfund receivable (payable)	<u>(26,397)</u>	<u>(26,397)</u>	<u>18,597</u>	<u>18,597</u>
<b>Total assets</b>	<u>1,059,043,022</u>	<u>908,882,656</u>	<u>40,308,195</u>	<u>75,516,468</u>
<b>Deferred Outflows of Resources:</b>				
Loan origination costs	<u>2,246</u>	<u>3,542</u>		
Total deferred outflows of resources	<u>2,246</u>	<u>3,542</u>	<u>-</u>	<u>-</u>
<b>Combined Assets and Deferred Outflows of Resources</b>	<u>\$ 1,059,045,268</u>	<u>\$ 908,886,198</u>	<u>\$ 40,308,195</u>	<u>\$ 75,516,468</u>
<b>Liabilities and Net Position</b>				
<b>Liabilities:</b>				
Bonds and notes payable	\$ 868,226,084	\$ 730,142,134	\$ 33,186,486	\$ 65,983,655
Accrued interest payable on bonds and notes	5,561,807	5,273,706	244,392	487,175
Accounts payable and accrued liabilities				
Fees, net	85,961	117,571		
Total liabilities	<u>873,873,852</u>	<u>735,533,411</u>	<u>33,430,878</u>	<u>66,470,830</u>
<b>Net Position:</b>				
Net position, restricted	<u>185,171,416</u>	<u>173,352,787</u>	<u>6,877,317</u>	<u>9,045,638</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 1,059,045,268</u>	<u>\$ 908,886,198</u>	<u>\$ 40,308,195</u>	<u>\$ 75,516,468</u>

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**  
**COMBINING STATEMENTS OF NET POSITION - SINGLE-FAMILY FUND**  
**JUNE 30, 2021 AND 2020**

	<b>Single-Family Fund Totals</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Loans receivable	\$ 384,722,127	\$ 490,888,338
Less allowance for loan losses	(14,000,000)	(14,000,000)
Loans receivable, net	<u>370,722,127</u>	<u>476,888,338</u>
Investments	553,425,824	369,275,817
Accrued interest-loans	1,129,653	1,619,610
Accrued interest-investments	1,594,955	1,124,456
Cash and cash equivalents	172,138,533	132,667,462
Accounts receivable	43,479	-
Bond issuance costs, net	-	-
Other assets, net	304,446	2,831,241
Interfund receivable (payable)	(7,800)	(7,800)
Total assets	<u>1,099,351,217</u>	<u>984,399,124</u>
<b>Deferred Outflows of Resources:</b>		
Loan origination costs	<u>2,246</u>	<u>3,542</u>
Total deferred outflows of resources	<u>2,246</u>	<u>3,542</u>
<b>Combined Assets and Deferred Outflows of Resources</b>	<b><u>\$ 1,099,353,463</u></b>	<b><u>\$ 984,402,666</u></b>
<b>Liabilities and Net Position:</b>		
<b>Liabilities:</b>		
Bonds and notes payable	\$ 901,412,570	\$ 796,125,789
Accrued interest payable on bonds and notes	5,806,199	5,760,881
Fees, net	85,961	117,571
Total liabilities	<u>907,304,730</u>	<u>802,004,241</u>
<b>Net Position:</b>		
Net position, restricted	<u>192,048,733</u>	<u>182,398,425</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 1,099,353,463</u></b>	<b><u>\$ 984,402,666</u></b>

**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 - SINGLE-FAMILY FUND**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>Homeownership Opportunity Bond Program</u>		<u>Home Funding Bond Program</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating Revenues:				
Interest income on loans	\$ 17,773,441	\$ 22,009,916	\$ 661,509	\$ 1,137,357
Interest income attributable to internal servicing activities				
Total interest income on loans	<u>17,773,441</u>	<u>22,009,916</u>	<u>661,509</u>	<u>1,137,357</u>
Earnings on investments:				
Interest on investments	14,793,038	10,866,524	1,005,833	1,764,550
Net increase (decrease) in fair value of investments	9,302,275	19,607,736	(1,681,701)	1,204,957
Total operating revenues	<u>41,868,754</u>	<u>52,484,176</u>	<u>(14,359)</u>	<u>4,106,864</u>
Operating Expenses:				
Interest expense	21,572,737	18,008,316	1,346,748	2,028,169
Provision for loan losses	124,277	4,096,452		
REO expenditures	(129,988)	100,997		
Bond issuance costs	1,896,137	1,059,781		
Depreciation and amortization of other assets		5,779	5,088	5,088
Loan costs	6,298,861	5,120,967		
Total operating expenses	<u>29,762,024</u>	<u>28,392,292</u>	<u>1,351,836</u>	<u>2,033,257</u>
Operating Income (Loss)	12,106,730	24,091,884	(1,366,195)	2,073,607
Transfers In (Out)	<u>(288,101)</u>	<u>(726,209)</u>	<u>(802,126)</u>	
Total Change in Net Position	11,818,629	23,365,675	(2,168,321)	2,073,607
Net position - beginning of year	<u>173,352,787</u>	<u>149,987,112</u>	<u>9,045,638</u>	<u>6,972,031</u>
Net Position - End of Year	<u>\$ 185,171,416</u>	<u>\$ 173,352,787</u>	<u>\$ 6,877,317</u>	<u>\$ 9,045,638</u>

**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 -**  
**SINGLE-FAMILY FUND**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>Single-Family Fund Total</b>	
	<b>2021</b>	<b>2020</b>
Operating Revenues:		
Interest income on loans	\$ 18,434,950	\$ 23,147,273
Earnings on investments:		
Interest on investments	15,798,871	12,631,074
Net increase (decrease) in fair value of investments	7,620,574	20,812,693
Total operating revenues	<u>41,854,395</u>	<u>56,591,040</u>
Operating Expenses:		
Interest expense	22,919,485	20,036,485
Provision for loan losses	124,277	4,096,452
REO expenditures	(129,988)	100,997
Bond issuance costs	1,896,137	1,059,781
Depreciation and amortization of other assets	5,088	10,867
Loan costs	6,298,861	5,120,967
Total operating expenses	<u>31,113,860</u>	<u>30,425,549</u>
Operating Income (Loss)	10,740,535	26,165,491
Transfers In (Out)	<u>(1,090,227)</u>	<u>(726,209)</u>
Total Change in Net Position	9,650,308	25,439,282
Net position - beginning of year	<u>182,398,425</u>	<u>156,959,143</u>
Net Position - End of Year	<u>\$ 192,048,733</u>	<u>\$ 182,398,425</u>

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**  
**COMBINING STATEMENTS OF NET POSITION - MULTI-FAMILY FUND**  
**JUNE 30, 2021 AND 2020**

	<u>Multi-Family Housing Bond</u>		<u>Housing Bond Program</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:				
Loans receivable	\$		\$	\$ 31,086,353
Less allowance for loan losses				
Loans receivable, net		-	-	31,086,353
Investments				620,404
Accrued interest-loans				193,441
Accrued interest-investments				9,302
Cash and cash equivalents				4,586,384
Interfund receivable (payable)				
Total assets		-	-	36,495,884
Combined Assets and Deferred Outflows of Resources	\$	\$ -	\$ -	\$ 36,495,884
Liabilities and Net Position				
Liabilities:				
Bonds and notes payable	\$	\$	\$	\$ 27,270,899
Accrued interest payable on bonds and notes				118,555
Accounts payable and accrued liabilities				
Fees, net				
Escrow deposits				
Total liabilities		-	-	27,389,454
Net Position:				
Net position, restricted		-	-	9,106,430
Total Liabilities and Net Position	\$	\$ -	\$ -	\$ 36,495,884

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**  
**COMBINING STATEMENTS OF NET POSITION - MULTI-FAMILY FUND**  
**JUNE 30, 2021 AND 2020**

	<u>Multi-Family Mortgage Revenue</u>		<u>Multi-Family Funding Bond</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:				
Loans receivable	\$ 117,994,115	\$ 151,572,190	\$ 84,687,004	\$ 85,620,435
Less allowance for loan losses				
Loans receivable, net	<u>117,994,115</u>	<u>151,572,190</u>	<u>84,687,004</u>	<u>85,620,435</u>
Investments				
Accrued interest-loans	408,470	426,021	450,779	455,753
Accrued interest-investments				
Cash and cash equivalents	5,022,660	15,083,188	10,347,399	10,154,889
Interfund receivable (payable)				
Total assets	<u>123,425,245</u>	<u>167,081,399</u>	<u>95,485,182</u>	<u>96,231,077</u>
Combined Assets and Deferred Outflows of Resources	<u>\$ 123,425,245</u>	<u>\$ 167,081,399</u>	<u>\$ 95,485,182</u>	<u>\$ 96,231,077</u>
Liabilities and Net Position				
Liabilities:				
Bonds and notes payable	\$ 117,994,115	\$ 151,572,190	\$ 84,600,000	\$ 85,545,000
Accrued interest payable on bonds and notes	419,097	394,297	703,490	712,436
Accounts payable and accrued liabilities	53,181			
Escrow deposits	<u>5,022,660</u>	<u>15,083,188</u>		
Total liabilities	<u>123,489,053</u>	<u>167,049,675</u>	<u>85,303,490</u>	<u>86,257,436</u>
Net Position:				
Net position, restricted	<u>(63,808)</u>	<u>31,724</u>	<u>10,181,692</u>	<u>9,973,641</u>
Total Liabilities and Net Position	<u>\$ 123,425,245</u>	<u>\$ 167,081,399</u>	<u>\$ 95,485,182</u>	<u>\$ 96,231,077</u>

**RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION**  
**(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**  
**COMBINING STATEMENTS OF NET POSITION - MULTI-FAMILY FUND**  
**JUNE 30, 2021 AND 2020**

	<u>Multi-Family Development Bonds</u>		<u>Multi-Family Fund Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Assets:</b>				
Loans receivable	\$ 357,463,729	\$ 272,584,665	\$ 560,144,848	\$ 540,863,643
Less allowance for loan losses				
Loans receivable, net	<u>357,463,729</u>	<u>272,584,665</u>	<u>560,144,848</u>	<u>540,863,643</u>
Investments	1,691,278	1,767,822	1,691,278	2,388,226
Accrued interest-loans	1,608,015	1,350,824	2,467,264	2,426,039
Accrued interest-investments	4,827	6,896	4,827	16,198
Cash and cash equivalents	27,488,088	28,825,270	42,858,147	58,649,731
Accounts receivable, net	-	-	-	-
Bond issuance costs, net	-	-	-	-
Other assets, net	-	-	-	-
Interfund receivable (payable)	(7,800)	(7,800)	(7,800)	(7,800)
Total assets	<u>388,248,137</u>	<u>304,527,677</u>	<u>607,158,564</u>	<u>604,336,037</u>
Combined Assets and Deferred Outflows of Resources	<u>\$ 388,248,137</u>	<u>\$ 304,527,677</u>	<u>\$ 607,158,564</u>	<u>\$ 604,336,037</u>
<b>Liabilities and Net Position</b>				
<b>Liabilities:</b>				
Bonds and notes payable	\$ 307,407,977	\$ 234,236,093	\$ 510,002,092	\$ 498,624,182
Accrued interest payable on bonds and notes	2,240,162	1,956,532	3,362,749	3,181,820
Accounts payable and accrued liabilities	37,633	93,609	90,814	93,609
Fees, net	1,588,602	-	1,588,602	-
Escrow deposits		1,500	5,022,660	15,084,688
Total liabilities	<u>311,274,374</u>	<u>236,287,734</u>	<u>520,066,917</u>	<u>516,984,299</u>
Net Position:				
Net position, restricted	<u>76,973,763</u>	<u>68,239,943</u>	<u>87,091,647</u>	<u>87,351,738</u>
Total Liabilities and Net Position	<u>\$ 388,248,137</u>	<u>\$ 304,527,677</u>	<u>\$ 607,158,564</u>	<u>\$ 604,336,037</u>

**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 YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>Multi-Family Housing Bond Program</b>		<b>Housing Bond Program</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating Revenues:				
Interest income on loans	\$	\$	\$ 1,609,387	\$ 2,191,086
Earnings on investments:				
Interest on investments			30,910	111,377
Net decrease in fair value of investments			(30,183)	(9,978)
Total operating revenues	<u>-</u>	<u>-</u>	<u>1,610,114</u>	<u>2,292,485</u>
Operating expenses:				
Interest expense			146,488	921,597
Other administrative expenses				32,410
Arbitrage rebate				
Bond issuance costs				
Loan costs		53,178	46,009	63,375
Total operating expenses	<u>-</u>	<u>53,178</u>	<u>192,497</u>	<u>1,017,382</u>
Operating Income	-	(53,178)	1,417,617	1,275,103
Transfers Out		53,178	(10,524,047)	(2,136,625)
Total Change in Net Position	-	-	(9,106,430)	(861,522)
Net position - beginning of year	<u>-</u>	<u>-</u>	<u>9,106,430</u>	<u>9,967,952</u>
Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,106,430</u>



**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 YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>Multi-Family Mortgage Revenue</u>		<u>Multi-Family Funding Bond</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating Revenues:				
Interest income on loans	\$ 5,011,457	\$ 4,706,998	\$ 5,437,019	\$ 5,495,001
Earnings on investments:				
Interest on investments			2,933	140,405
Net increase (decrease) in fair value of investments				
Total operating revenues	<u>5,011,457</u>	<u>4,706,998</u>	<u>5,439,952</u>	<u>5,635,406</u>
Operating Expenses:				
Interest expense	4,769,082	4,340,153	2,831,901	2,866,939
Other administrative expenses				
Arbitrage rebate				
Bond issuance costs				
Loan costs			211,112	227,260
Total operating expenses	<u>4,769,082</u>	<u>4,340,153</u>	<u>3,043,013</u>	<u>3,094,199</u>
Operating Income	242,375	366,845	2,396,939	2,541,207
Transfers Out	<u>(337,907)</u>	<u>(366,994)</u>	<u>(2,188,888)</u>	<u>(1,972,740)</u>
Total Change in Net Position	(95,532)	(149)	208,051	568,467
Net position - beginning of year	<u>31,724</u>	<u>31,873</u>	<u>9,973,641</u>	<u>9,405,174</u>
Net Position - End of Year	<u>\$ (63,808)</u>	<u>\$ 31,724</u>	<u>\$ 10,181,692</u>	<u>\$ 9,973,641</u>

**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 YEARS ENDED JUNE 30, 2021 AND 2020**

	Multi-Family Development Bonds		Multi-Family Total	
	2021	2020	2021	2020
Operating Revenues:				
Interest income on loans	\$ 17,192,443	\$ 14,984,172	\$ 29,250,306	\$ 27,377,257
Earnings on investments:				
Interest on investments	89,890	712,695	123,733	964,477
Net decrease in fair value of investments	(76,693)	(15,535)	(106,876)	(25,513)
Total operating revenues	<u>17,205,640</u>	<u>15,681,332</u>	<u>29,267,163</u>	<u>28,316,221</u>
Operating Expenses:				
Interest expense	8,876,461	7,736,235	16,623,932	15,864,924
Other administrative expenses			-	32,410
Arbitrage rebate	(62,374)	5,170	(62,374)	5,170
Bond issuance costs	890,382	484,629	890,382	484,629
Loan costs	483,352	452,738	740,473	796,551
Total operating expenses	<u>10,187,821</u>	<u>8,678,772</u>	<u>18,192,413</u>	<u>17,183,684</u>
Operating Income	7,017,819	7,002,560	11,074,750	11,132,537
Transfers In (Out)	<u>1,716,001</u>	<u>1,220,157</u>	<u>(11,334,841)</u>	<u>(3,203,024)</u>
Total Change in Net Position	8,733,820	8,222,717	(260,091)	7,929,513
Net position, beginning of year	<u>68,239,943</u>	<u>60,017,226</u>	<u>87,351,738</u>	<u>79,422,225</u>
Net position, End of Year	<u>\$ 76,973,763</u>	<u>\$ 68,239,943</u>	<u>\$ 87,091,647</u>	<u>\$ 87,351,738</u>

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

