

# ***New Hampshire Housing Finance Authority***

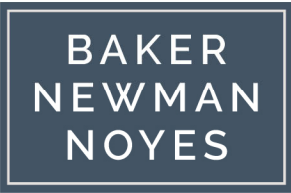
*Financial Statements and Management's  
Discussion and Analysis as of and for the  
Year Ended June 30, 2021 and  
Independent Auditors' Report*

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## TABLE OF CONTENTS

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	<b>Page</b>
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 8
Basic Financial Statements as of and for the Year Ended June 30, 2021:	
Statement of Net Position	9
Statement of Revenue, Expenses and Changes in Net Position	10
Statement of Cash Flows	11 – 12
Notes to Financial Statements	13 – 28
Supplemental Combining Schedules as of and for the Year Ended June 30, 2021	29 – 42



**INDEPENDENT AUDITORS' REPORT**

To the Members of  
New Hampshire Housing Finance Authority

We have audited the accompanying financial statements of New Hampshire Housing Finance Authority (the Authority), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements).

***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 an opinion 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. 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Housing Finance Authority as of June 30, 2021, and the respective changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Members of  
New Hampshire Housing Finance Authority

***Other Matters***

*Required Supplementary Information*

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

*Other information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Supplemental Combining Schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Combining Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Newman & Noyes LLC  
Manchester, New Hampshire  
September 23, 2021

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## Management's Discussion and Analysis of Net Position and Operating Results

June 30, 2021

New Hampshire Housing Finance Authority (the Authority) was created by Chapter 204-C of the Revised Statutes Annotated of New Hampshire and provides financial and technical assistance to create and preserve decent, affordable housing for low and moderate-income New Hampshire residents. The Authority finances single family and multi-family housing for eligible persons and families in the state by either purchasing mortgage loans from lending institutions or granting loans directly to eligible borrowers. Historically, the resources required to fund single family loans have been generated through the issuance of bonds and the Authority continues to have significant capacity to issue tax-exempt bonds. Based on market conditions, in fiscal year 2013 the Authority transitioned to a secondary market program whereby single family loans are sold directly to the Federal National Mortgage Association (Fannie Mae) or pooled into mortgage-backed securities guaranteed by the Government National Mortgage Association (Ginnie Mae) and sold. The Authority uses forward commitments to hedge interest rate risk related to secondary market sales.

Fannie Mae is a government-sponsored enterprise with a public mission to provide stability in and to increase the liquidity of the residential market for homebuyers. The Authority is a Fannie Mae Seller/Servicer and sells whole loans to Fannie Mae for cash.

Ginnie Mae, through its mortgage-backed securities programs, guarantees securities that are backed by pools of mortgages and issued by mortgage lenders approved by Ginnie Mae. Security holders receive a "pass-through" of the principal and interest payments on a pool of mortgage loans, less amounts required to cover servicing costs and Ginnie Mae guaranty fees. The Ginnie Mae guaranty ensures that the security holder receives the timely payment of scheduled monthly principal and any unscheduled recoveries of principal on the underlying mortgage loans, plus interest at the rate provided for in the securities. If a borrower fails to make a timely payment on a mortgage loan, the Authority must use its own funds to ensure that the security holders receive timely payment.

Multi-family housing has been financed through the issuance of bonds and the allocation of other resources as noted below. Since fiscal year 2013, the Authority has also sold 100% participation interests in multi-family loans to third party investors. In addition to private entities, the investors include the Federal Financing Bank, an instrumentality of the Federal government. A requirement of these sales of loan participations has been that the loans be insured through a Federal mortgage insurance program whereby the Authority bears a portion of the risk of loss on defaulted and foreclosed loans.

In addition to the above lending activity, the Authority offers and administers a variety of programs to provide affordable housing opportunities such as Federal rental assistance programs, predevelopment loans to stimulate the development of multi-family and supportive housing, Low Income Housing Tax Credits and the HOME Investment Partnership Program.

The accompanying financial statements present the Authority's net position, revenue and expenses and changes in net position, and cash flows as of and for the year ended June 30, 2021. The enclosed supplemental combining schedules found on pages 29 – 42 present the statements of net position, revenue, expenses and changes in net position, and cash flows for the Authority's general funds and each of the single family and multi-family bond programs.

The following is a condensed summary of financial information as of June 30, 2021 and 2020.

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

**Management’s Discussion and Analysis  
of Net Position and Operating Results (Continued)**

June 30, 2021

**Condensed Financial Information – Statement of Net Position (in thousands of dollars)**

	<u>As of June 30</u>		<b>Increase</b>
	<u>2021</u>	<u>2020</u>	<b>(Decrease)</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 39,631	\$ 28,857	\$ 10,774
Cash held in escrow	36,218	27,574	8,644
Investments	130,029	98,531	31,498
Loans receivable – net	351,054	429,166	(78,112)
Loans held for sale	19,843	18,287	1,556
Accrued interest receivable on mortgage and construction loans and loans held for sale	2,437	3,028	(591)
Real estate owned, net	1,012	1,088	(76)
Other assets	<u>24,390</u>	<u>21,113</u>	<u>3,277</u>
<b>Total assets</b>	<b><u>604,614</u></b>	<b><u>627,644</u></b>	<b><u>(23,030)</u></b>
<b>Liabilities</b>			
Bonds payable	366,840	395,908	(29,068)
Accrued interest payable	6,389	7,591	(1,202)
Notes payable	24,588	40,034	(15,446)
Accrued and other liabilities	<u>36,316</u>	<u>26,972</u>	<u>9,344</u>
<b>Total liabilities</b>	<b><u>434,133</u></b>	<b><u>470,505</u></b>	<b><u>(36,372)</u></b>
<b>Net Position</b>	<b><u>\$170,481</u></b>	<b><u>\$157,139</u></b>	<b><u>\$ 13,342</u></b>

**Discussion of Changes in the Statement of Net Position**

The Authority’s net position consists primarily of assets and liabilities related to the issuance of bond indebtedness in support of both single family and multi-family housing. Consequently, the most significant assets are the mortgage loans receivable financed through bond issuance and the funds held in short-term investments awaiting either the purchase of mortgage loans or the redemption of outstanding bonds. The Authority’s statement of net position also includes a portfolio of mortgage and construction loans financed through its general funds, as well as a variety of other assets such as mortgage loan servicing rights, property and equipment, and other receivables.

Total assets of the Authority decreased by \$23 million, or 3.7%, during the year ended June 30, 2021, primarily the net result of:

- Cash and cash equivalents increased by \$10.8 million as net cash provided by operating activities exceeded cash used for noncapital financing activities, capital and related financing activities, and investing activities. See “Cash Flows” below.
- Cash held in escrow increased by \$8.6 million, due primarily to a \$15.7 million increase in escrow funds held in a federal grant program awaiting disbursements, a \$4.7 million decrease in funds held for multi-family project disbursements, and a \$2 million decrease in funds held for escrows in the single-family program.

## NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

### Management's Discussion and Analysis of Net Position and Operating Results (Continued)

June 30, 2021

- Investments increased by \$31.5 million, due primarily to an increase of \$33.9 million held awaiting new loan funding in the multi-family bond programs and an increase of \$.4 million related to balances held in bond issues for debt service and other purposes, offset by a decrease of \$2.8 million in the general funds.
- Loans receivable decreased by \$78.1 million as principal payments of \$95.3 million and foreclosures of \$.4 million exceeded originations of loans held by the Authority of \$17.4 million. The principal payments received included \$62.5 million of payments received in advance of scheduled repayment. Continuation of the single family business model whereby loans are either acquired or originated to be sold in the secondary market rather than held as collateral for bonds contributed significantly to the decrease in the loans receivable balance.
- Loans held for sale increased by \$1.6 million in connection with the secondary market business model. During the year ended June 30, 2021, \$207.5 million in loans were exchanged for Ginnie Mae securities and then sold and \$79.8 million in loans were sold to Fannie Mae.
- Other assets increased by \$3.3 million, due primarily to the repurchase of loans from Ginnie Mae mortgage backed securities in anticipation of modifying the loans and pooling them in subsequent securities. Such activity is related to coronavirus pandemic loan forbearance programs.

Total liabilities of the Authority decreased by \$36.4 million, or 7.7%, during the year ended June 30, 2021, primarily the net result of:

- Bonds outstanding decreased by \$29.1 million as redemptions, both scheduled and prior to scheduled maturity, of \$95.0 million exceeded new issuances of \$66.5 million. The Authority issued \$44.7 million of multi-family bonds to finance new projects and \$21.8 million of bonds to refund earlier multi-family bonds.
- Notes payable reflect the use of a bank line of credit to fund single family mortgage loan acquisitions in advance of secondary market disposition and short-term construction loans for multi-family housing projects. The \$15.4 million decrease is due to a \$20.6 million decrease in multi-family construction loans, including repayment of a prior Federal Home Loan Bank advance, and a \$5.2 million increase in single family loans held for sale.
- Accrued and other liabilities increased by \$9.3 million related primarily to a \$15.6 million increase in funds held in connection with a federally-sponsored emergency rental assistance program offset by a \$4.6 million decrease in escrow funds held for multi-family project disbursements and a \$1.8 million decrease in escrow funds held in connection with single family loans. The Authority has contracted with the State of New Hampshire to administer the Federal Emergency Rental Assistance program on behalf of the State. The program makes funds available to mitigate financial hardships suffered by New Hampshire residents due to the coronavirus pandemic. Funds received by the Authority are recorded as grant revenue and expense as they are disbursed.

The net position of the Authority increased by \$13.3 million, or 8.5%, as a result of the excess of revenue over expenses for the year ended June 30, 2021 discussed in detail under "Discussion of Changes in the Operating Results for the Year Ended June 30, 2021 Compared to the Year Ended June 30, 2020."

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

**Management's Discussion and Analysis  
of Net Position and Operating Results (Continued)**

June 30, 2021

**Condensed Financial Information – Operating Results (in thousands of dollars)**

	<b>As of June 30</b>		
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>Increase (Decrease)</u></b>
<b>Operating Revenue</b>			
Interest and fees on mortgage and construction loans and loans held for sale	\$ 23,111	\$ 26,192	\$ (3,081)
Gain on sale of loans and mortgage-backed securities	18,715	13,642	5,073
Investment income net of increase/decrease in fair value of investments	1,084	2,861	(1,777)
Housing management fees	6,975	6,265	710
Federal rental assistance programs	99,650	93,083	6,567
Grants and subsidies	54,431	16,293	38,138
Other	<u>6,634</u>	<u>6,010</u>	<u>624</u>
Total operating revenue	<u>210,600</u>	<u>164,346</u>	<u>46,254</u>
<b>Operating Expenses</b>			
Bond interest expense and debt financing costs	13,402	15,431	(2,029)
Administrative expenses	19,183	18,938	245
Loan origination expenses	3,962	3,595	367
Loan servicing expenses	2,905	2,718	187
Provision for loan losses	500	500	–
Federal rental assistance programs	99,641	93,395	6,246
Grants and subsidies	57,399	15,154	42,245
Other	<u>266</u>	<u>356</u>	<u>(90)</u>
Total operating expenses	<u>197,258</u>	<u>150,087</u>	<u>47,171</u>
<b>Change in net position</b>	13,342	14,259	(917)
<b>Net position, beginning of year</b>	<u>157,139</u>	<u>142,880</u>	<u>14,259</u>
<b>Net position, end of year</b>	<u>\$170,481</u>	<u>\$157,139</u>	<u>\$13,342</u>

**Discussion of Changes in the Operating Results for the Year Ended June 30, 2021 Compared to the Year Ended June 30, 2020**

The Authority's operating revenue consists primarily of interest and fees on mortgage and construction loans and loans held for sale, gain on sale of loans and mortgage-backed securities, investment income and revenue received to administer and support Federal rental assistance programs. Operating expenses consist primarily of bond interest expense and debt financing costs, administrative expenses, loan origination and servicing expenses, and expenditures related to Federal rental assistance programs. In addition, the Authority receives and distributes grants and subsidies in support of a variety of housing-related initiatives.



NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

Management's Discussion and Analysis  
of Net Position and Operating Results (Continued)

June 30, 2021

The Authority's change in net position for the year ended June 30, 2021 was \$13.3 million compared to \$14.3 million for the year ended June 30, 2020. The \$1.0 million decrease was the net effect of a \$46.2 million increase in operating revenue and a \$47.2 million increase in operating expenses. Significant changes leading to the \$1.0 million decrease included:

- A \$3.1 million decrease in interest and fees on mortgage and construction loans and loans held for sale consisting of a \$3.3 million decrease related to the declining bond financed single family loan portfolio and a \$0.2 million increase related to multi-family loan activity funded by both bonds and the general funds.
- A \$5.1 million, or 37.2%, increase in gain on sale of loans and mortgage backed securities due to a \$33.5 million, or 13.2%, increase in loans and securities sold as well as increased profitability on the sales of securities.
- A \$0.3 million increase in the difference between revenues and expenses related to the timing of receipts and disbursements in federal rental assistance programs.
- A \$4.1 million decrease in the difference between revenues and expenses related to grants and subsidies activity, as follows:

	<u>Year Ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Grants and subsidies revenue	\$54,431	\$16,293
Grants and subsidies expense	<u>57,399</u>	<u>15,154</u>
Net grants and subsidies activity	\$ (2,968)	\$ 1,139

The \$4.1 million difference in net grants and subsidies activity is primarily due to a \$7.0 million decrease in revenue over expenses related to the timing of program receipts and disbursements in two state funded programs offset by a \$2.9 million increase in net program revenue due to timing of program receipts and disbursements in other grant programs. With respect to the two state funded programs, FY 2020 receipts exceeded expenditures by \$6.3 million whereas FY 2021 expenditures exceeded receipts by \$0.7 million. FY 2021 revenue and expense totals include \$36.3 million of pass-through funds related to two federally sponsored programs administered on behalf of the State of New Hampshire, the Emergency Rental Assistance program referenced above and a shelter modification program that was also a response to the coronavirus pandemic.

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## Management's Discussion and Analysis of Net Position and Operating Results (Continued)

June 30, 2021

### Cash Flows

The statement of cash flows, which summarizes the changes in the Authority's statement of net position and the results of its operations in terms of cash and cash equivalents, shows a \$10.8 million increase in cash and cash equivalents between June 30, 2020 and June 30, 2021. As evident in the Supplemental Combining Schedule of Cash Flows on pages 32 and 33, the increase in cash and cash equivalents is attributable primarily to the general funds and single family bond programs, in which cash provided by operating activities exceeded cash used for noncapital financing activities, capital and related financing activities, and investing activities. In the general funds, operating activities include all lending, programmatic and administrative activities not directly supported by bond issuance; capital and related financing activities include additions to property and equipment; noncapital financing activities relate to the proceeds and repayments of notes payable; and investing activities include the purchase, sale and maturity of investments as well as receipt of investment income. In the single family and multi-family bond programs, operating activities include primarily loan receipts and disbursements; noncapital financing activities include bond issuance, bond repayment and debt service payments; and investing activities include the purchase, sale and maturity of investments as well as receipt of investment income.

### Significant Long-Term Debt Activity

The Authority is authorized to issue bonds, the outstanding balance of which cannot exceed \$2 billion, under the laws of the State of New Hampshire. The Authority has issued bonds for both single family and multi-family housing, the outstanding balance of which totaled \$366.8 million at June 30, 2021.

During the year ended June 30, 2021, the Authority issued \$66.5 million of multi-family bonds. Based on scheduled maturities, the Authority redeemed during the year \$13.1 million single family program bonds and \$3.9 million multi-family program bonds. The Authority also redeemed during the year ended June 30, 2021, prior to scheduled maturities, \$52.9 million of single family program bonds and \$25.2 million of multi-family program bonds. The bond redemptions prior to scheduled maturities resulted from the repayment of mortgage loans prior to scheduled maturities and the refunding of earlier multi-family bonds.

### Additional Information

The purpose of this financial report is to provide information needed to understand the Authority's financial position and results of operations as of and for the year ended June 30, 2021.

Inquiries for additional information may be directed to the Managing Director, Finance/CFO at New Hampshire Housing Finance Authority, 32 Constitution Drive, Bedford, New Hampshire 03110, at (603) 472-8623 or at [www.nhhfa.org](http://www.nhhfa.org).

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

STATEMENT OF NET POSITION

June 30, 2021

(In thousands of dollars)

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 39,631
Cash held in escrow	36,218
Short-term investments	113,833
Accrued interest receivable on investments	193
Current portion of mortgage and construction loans receivable	20,060
Loans held for sale, at lower of cost or fair value	19,843
Accrued interest receivable on mortgage and construction loans and loans held for sale	2,437
Real estate owned, net	1,012
Other current assets	<u>10,584</u>
Total current assets	<u>243,811</u>

Long-term investments	<u>16,196</u>
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Loans receivable:

Mortgage loans	342,624
Construction loans	9,506
Less allowance for possible losses	<u>(1,076)</u>
Loans receivable, net	351,054
Less current portion of loans receivable	<u>(20,060)</u>
Long term portion of loans receivable	<u>330,994</u>

Other assets:

Mortgage loan servicing rights, net	7,427
Property and equipment, net	4,292
Other	<u>1,894</u>
Total other assets	<u>13,613</u>

Total assets	<u>604,614</u>
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**LIABILITIES**

Current liabilities:

Current portion of bonds payable	23,084
Accrued interest payable	6,389
Notes payable	24,588
Current portion of accrued and other liabilities	<u>34,242</u>
Total current liabilities	<u>88,303</u>

Long-term liabilities:

Bonds payable, net of current portion	343,756
Accrued and other liabilities	<u>2,074</u>
Total long-term liabilities	<u>345,830</u>
Total liabilities	<u>434,133</u>

Commitments and contingent liabilities (Notes 8, 12 and 19)

**NET POSITION**

Invested in capital assets, net of related debt	4,292
Restricted	96,027
Unrestricted	<u>70,162</u>

Total net position	<u>\$ 170,481</u>
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See notes to financial statements.

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**

Year Ended June 30, 2021

(In thousands of dollars)

**OPERATING REVENUE:**

Interest and fees on mortgage and construction loans and loans held for sale	\$ 23,111
Gain on sale of loans and mortgage-backed securities	18,715
Servicing revenue	5,677
Investment income	1,464
Decrease in fair value of investments	(380)
Housing management fees	6,975
Federal rental assistance programs	99,650
Grants and subsidies	54,431
Other	<u>957</u>
Total operating revenue	<u>210,600</u>

**OPERATING EXPENSES:**

Bond interest expense and debt financing costs	13,402
Administrative expenses	19,183
Loan origination expenses	3,962
Loan servicing expenses	2,905
Provision for loan losses	500
Federal rental assistance programs	99,641
Grants and subsidies	57,399
Other	<u>266</u>
Total operating expenses	<u>197,258</u>

**CHANGE IN NET POSITION**

13,342

Net position, beginning of year

157,139

**NET POSITION, END OF YEAR**

\$170,481

See notes to financial statements.

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

(In thousands of dollars)

Cash flows from operating activities:	
Loan repayments received	\$ 118,397
Loan interest income and servicing revenue received	28,445
Proceeds from sale of loans and mortgage-backed securities	311,530
Federal rental assistance program receipts	99,650
Grants and subsidies receipts	54,431
Other receipts	30,675
Loan disbursements	(330,771)
Purchase of loan servicing rights	(1,772)
Payments to vendors	(9,505)
Payments to employees	(10,891)
Federal rental assistance program disbursements	(99,641)
Grants and subsidies disbursements	(57,944)
Other disbursements	<u>(31,474)</u>
Net cash provided by operating activities	101,130
Cash flows from noncapital financing activities:	
Proceeds from issuance of bonds	66,490
Principal repayment of bonds	(95,028)
Proceeds from notes payable	295,339
Repayment of notes payable	(310,785)
Interest paid	<u>(15,132)</u>
Net cash used for noncapital financing activities	(59,116)
Cash flows from capital and related financing activities:	
Additions to property and equipment	<u>(652)</u>
Net cash used for capital and related financing activities	(652)
Cash flows from investing activities:	
Purchase of investment securities	(175,965)
Proceeds from sale and maturities of investment securities	144,014
Investment income received	<u>1,363</u>
Net cash used for investing activities	<u>(30,588)</u>
Net increase in cash and cash equivalents	10,774
Cash and cash equivalents, beginning of year	<u>28,857</u>
Cash and cash equivalents, end of year	<u>\$ 39,631</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

STATEMENT OF CASH FLOWS (CONTINUED)

Year Ended June 30, 2021

(In thousands of dollars)

Reconciliation of change in net position to net cash provided by operating activities:	
Change in net position	\$ 13,342
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Amortization of servicing rights	1,526
Mortgage loan servicing rights capitalized	(1,772)
Depreciation of property and equipment	429
Loan interest income converted to loan principal	(934)
Investment income, net	(1,084)
Bond interest expense and debt financing costs	13,402
Provision for loan losses	500
Other noncash loan-related expenses	(545)
Changes in operating assets and liabilities:	
Loans receivable	79,164
Loans held for sale	1,385
Accrued interest – loans	477
Other assets	(11,704)
Accrued and other liabilities	<u>6,944</u>
Net cash provided by operating activities	\$ <u>101,130</u>
Supplemental disclosures of noncash information:	
Real estate acquired through foreclosure	\$ 1,254
See notes to financial statements.	(Concluded)

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 1. **Organization and Nature of Operations**

New Hampshire Housing Finance Authority (the Authority) is a body politic and corporate authorized by Chapter 204-C of the Revised Statutes Annotated of New Hampshire. The initial legislation and subsequent amendments grant the Authority the power to sell bonds and use the proceeds to stimulate the construction and rehabilitation of housing for low and moderate-income families in New Hampshire (the State).

The Authority finances single family and multi-family housing for eligible persons and families in the State through the issuance of bonds and the secondary market sale of mortgage-backed securities or loans. The Authority purchases single family mortgage loans from lending institutions and originates loans directly. Multi-family loans are originated directly. All such loans are generally collateralized by residential real estate located within the State.

Under the terms of the single family bond programs, bond holders are protected from possible losses on mortgage loans by primary mortgage insurance policies, government-backed guarantee programs and by mortgage pool insurance policies. Certain of these arrangements involve risk-sharing agreements under which the Authority bears a portion of the risk of loss when actual losses on defaulted and foreclosed loans exceed certain levels. Under the terms of a number of multi-family bond programs, the bond issues are further protected from possible losses on mortgage loans by a Federal mortgage insurance program. This program involves risk-sharing arrangements by which the Authority bears a portion of the risk of loss on defaulted and foreclosed loans (see Note 12 for further discussion).

### 2. **Summary of Significant Accounting Policies**

*Basis of Presentation* – The Authority’s financial statements have been prepared on the basis of the proprietary-fund concept which pertains to financial activities that operate in a manner similar to private business enterprises and are financed primarily through fees and charges assessed to the users of the services. The Authority follows the accrual basis of accounting promulgated by the Governmental Accounting Standards Board (GASB) using, when applicable, funds and accounts stipulated under bond resolutions adopted in connection with the issuance of bonds.

The financial statements encompass the Authority’s general funds and both single family and multi-family bond programs. The general funds account for assets, liabilities, and transactions that are not generally governed by provisions of bond resolutions. The single family bond programs encompass various bond issues that were issued in accordance with the General Single Family Mortgage Acquisition Revenue Bond Resolution adopted by the Authority on March 23, 1995 and the General Single Family Mortgage Acquisition Revenue Bond Resolution (Non-MBS) adopted by the Authority on June 25, 2009.

The multi-family bond programs encompass various bond issues that were issued in accordance with the Multi-family Housing Bond Resolution adopted by the Authority on April 27, 2000, the General Multi-family Housing Bond Resolution adopted by the Authority on December 14, 2000, the General Multi-family Housing Bond Resolution adopted by the Authority on November 17, 2009, and the General Multi-family Housing Bond Resolution adopted by the Authority on September 28, 2017.

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 2. Summary of Significant Accounting Policies (Continued)

The financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all the organizations, activities and functions for which the Authority (the reporting entity) is financially accountable. Determination of financial accountability includes, among other factors, appointment of a voting majority of the component's governing body and (1) ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the Authority. Based on the preceding criteria, the accompanying financial statements do not include the financial activities of any entity other than the Authority.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Assets – All of the assets within bond program funds are pledged for payment against the various bond indentures. Certain assets in the general funds are restricted as to purpose by entities other than the Authority, primarily the State and the U.S. Department of Housing and Urban Development (HUD).

Mortgage Loans and Allowances for Possible Losses – Loans are stated at the principal amounts outstanding, net of allowances for possible losses. Interest income on loans is recorded on the accrual basis. The recording of interest income on problem loans ceases when collectability within a reasonable period of time becomes doubtful.

The allowance for loan losses is increased by charges to expense and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Authority's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, existing mortgage insurance and current economic conditions.

Loans Held for Sale – Loans originated or acquired and intended for sale in the secondary market are carried at the lower of aggregate cost or market value.

Investments – Short-term investments consist of debt securities, nonparticipating guaranteed investment contracts, collateralized repurchase agreements and money market funds. Long-term investments consist of debt securities with fixed maturities in excess of one year. Debt securities are recorded at fair value based on quoted market prices. Interest income on investments is recorded on the accrual basis. Nonparticipating guaranteed investment contracts and collateralized repurchase agreements are recorded at the contract value.



# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 2. Summary of Significant Accounting Policies (Continued)

Mortgage Loan Servicing Rights – The cost of acquiring the rights to service mortgage loans from loan originators is capitalized and amortized in proportion to, and over the period of, estimated net servicing income. The Authority makes an assessment of mortgage servicing rights based on the fair value of those rights. For purposes of measuring impairment, the Authority stratifies mortgage servicing rights based on the age of the underlying loans. The amount of impairment, if any, is the amount by which the carrying amount of the capitalized mortgage servicing rights for a stratum exceeds its fair value. Fair value represents the present value of the anticipated net cash flows from servicing the loans.

Property and Equipment – The Authority uses a capitalization limit of \$5 for developed software and \$1 for all other items of property and equipment. Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 45 years.

Real Estate Owned – Real estate owned consists of single family and multi-family residential properties acquired through foreclosure that are carried at the lower of cost or fair value less estimated costs to sell. An allowance for losses on real estate owned is maintained for estimated losses and valuation adjustments on a specific property basis.

Bonds – Bonds payable are general and limited obligations of the Authority and are not a debt or liability of the State or any subdivisions thereof. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, moneys, investments, mortgage loans and other assets in the accounts of the program. The provisions of the applicable trust indentures require or allow for redemption of bonds through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. All outstanding bonds are subject to redemption at the option of the Authority, in whole or in part at any time after certain dates, as specified in the respective series indentures. To date, the Authority has issued only bonds with fixed interest rates established at issuance.

Bond Discounts and Premiums – Discounts and premiums on bonds payable are amortized to interest expense over the lives of the respective bond issues using the effective interest method.

Arbitrage Rebate – Federal income tax rules limit the investment yield that the Authority may retain from investing the proceeds and other funds related to its tax-exempt bond issues. The excess yield is payable to the U.S. Treasury and included in accrued and other liabilities in the accompanying statement of net position. There was no liability as of June 30, 2021.

Operating Revenue and Expenses – The Authority's primary operation is to fund single family and multi-family loans with proceeds from the issuance of bonds or the sale of loans and mortgage-backed securities. The Authority's primary sources of operating revenue are the income from mortgage loans or other permitted investments and the sale of loans and mortgage-backed securities. The primary operating expenses are the bond interest expense associated with bonds outstanding and the costs of originating loans.

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 2. Summary of Significant Accounting Policies (Continued)

The Authority also administers various Section 8 subsidized housing programs in the State for HUD. The Authority receives federal financial assistance to provide rental subsidies to program participants and to cover program administration costs. A portion of the subsidies are disbursed on behalf of program participants who reside in housing developments on which the Authority holds a mortgage, some of which are loans financed through the issuance of multi-family program bonds. The financial assistance received and disbursed on behalf of program participants is reflected as both an operating revenue and expense. The financial assistance that covers program administration costs is included in housing management fees.

The Authority receives various other pass-through grants to support housing programs. In addition to these pass-through funds, the Authority also makes various grants to both organizations and individuals for housing-related purposes.

Investment Derivative Instruments – Forward commitments to deliver mortgage-backed securities are used to hedge changes in fair value of mortgage loans held for sale and commitments to acquire or originate mortgage loans to be held for sale. These contracts are considered investment derivative instruments, as defined in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Changes in the fair value of investment derivative instruments are included in investment income.

Interfund Transfers – The Authority makes transfers between its various funds and programs, primarily for the infusion of cash into new bond issue programs and the withdrawal of cash from bond issues as permitted by the bond resolutions. All interfund receivables and payables are eliminated from the financial statements.

### 3. Loans Receivable, Related Allowances, and Concentrations

Mortgage Loans – Mortgage loans receivable provide for monthly receipts of principal and interest for terms of 10 to 42 years and bear interest at annual rates of 0% to 8.375%.

Allowance for Possible Losses – The activity in the allowance for possible losses on mortgage and construction loans, other assets and GNMA loss liabilities during fiscal 2021 is summarized as follows:

Balance – June 30, 2020	\$ <u>3,142</u>
Balance attributable to:	
Mortgage and construction loans	\$ 1,372
Real estate owned	336
Other liabilities – GNMA loss liability	<u>1,434</u>
Total	3,142
Provision for loan losses	500
Write-offs, net	<u>(392)</u>
Balance – June 30, 2021	\$ <u>3,250</u>

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 3. Loans Receivable, Related Allowances, and Concentrations (Continued)

Balance attributable to:	
Mortgage and construction loans	\$ 1,076
Real estate owned	511
Other liabilities– GNMA loss liability	<u>1,663</u>
Total	<u>\$ 3,250</u>

The Authority services both single family and multi-family mortgage loans on behalf of others and such loans are not reported on the Statement of Net Position. The Authority services single family loans that it securitizes and sells as Ginnie Mae mortgage-backed securities and it also services loans sold directly to Fannie Mae. As of June 30, 2021, the Authority serviced \$776,932 of loans held in Ginnie Mae mortgage-backed securities and \$310,247 of loans held by Fannie Mae. The Authority is exposed to operational risks with respect to the loans sold to Ginnie Mae and Fannie Mae as discussed further in Note 12.

The majority of single family mortgage loans either securitized and sold or sold directly by the Authority are acquired from a network of mortgage loan originators. For the year ended June 30, 2021, loans acquired from three originating lenders amounted to 57.5% of the sold loan volume, contributing 5.1% of the Authority's total operating revenue and 32.1% of its change in net position.

The Authority also originates and services FHA risk-share insured multi-family mortgage loans for which it sells 100% participation interests. As of June 30, 2021, the Authority serviced \$127,610 of multi-family mortgage loans for five investors.

### 4. Cash and Investments

*Cash and Cash Equivalents* – At June 30, 2021, the carrying amount of the Authority's bank deposits was \$39,631, such amount representing cash bank deposits. Bank balances of cash deposits held in the general funds totaled \$37,456. Of such deposits, \$250 was insured by the Federal Deposit Insurance Corporation, while deposits aggregating \$37,206 were uninsured.

Bank balances of cash deposits held in bond funds totaled \$1,620, and \$250 was insured by the Federal Deposit Insurance Corporation.

At June 30, 2021, the carrying amount of the Authority's restricted cash (cash held in escrow) was \$36,218. The restricted cash bank balance was \$38,774, which was uninsured.

A bank provides an irrevocable stand-by letter of credit issued by the Federal Home Loan Bank of Pittsburgh as additional security for uninsured cash balances. The letter of credit collateralized \$72,717 of deposits as of June 30, 2021.

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

**4. Cash and Investments (Continued)**

*Investments* – In accordance with the terms of its investment policy and its bond indentures, the Authority may invest, subject to various restrictions, in direct obligations of the United States, United States government-sponsored enterprise (GSE) securities, guaranteed investment contracts, collateralized repurchase agreements, money market funds comprised of direct obligations of the United States or GSE debt obligations, collateralized certificates of deposit and interest-bearing time deposits, and certain direct and general obligations of any state or governmental entity of the United States. The majority of investments are restricted for the repayment of bond obligations or to satisfy certain reserve requirements specified by the bond indentures.

Guaranteed investment contracts are uncollateralized contracts with qualified financial institutions and registered broker-dealers insured by the Securities Investor Protection Corporation (SIPC). Although the nominal maturity dates of the guaranteed investment contracts are closely matched with future bond maturities and loan disbursements, the contracts have short-term liquidity and termination provisions. U.S. Treasury Notes (UST), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) and Government National Mortgage Association (GNMA) obligations are in the Authority’s name and held by third parties.

*Short-Term Investments* – Short-term investments at June 30, 2021 consist of the following investments with maturities of less than one year:

Guaranteed investment contracts (at contract value)	\$ 56,494
Collateralized repurchase agreements (at contract value)	4,337
U.S. Treasury obligation money market funds (at fair value)	38,464
UST obligations (at fair value)	<u>14,538</u>
 Total	 <u>\$113,833</u>

*Long-Term Investments* – Long-term investments at June 30, 2021 with their credit quality ratings as issued by Moody’s Investors Service as of the date of this report, consist of the following (at fair value), all maturing in excess of one year, with maturities ranging from 2022 to 2051.

	<b>Rating</b>	<b>Investment Maturities</b>				<b>Total</b>
		<b>(In Years)</b>				
		<u>1 – 5</u>	<u>6 – 10</u>	<u>11 – 15</u>	<u>16 – 30</u>	
FFCB obligations	Aaa	\$ 792	\$ –	\$ –	\$ –	\$ 792
FHLB obligations	Aaa	2,046	1,615	–	–	3,661
FHLMC obligations	Aaa	–	–	1,669	–	1,669
FNMA obligations	Aaa	1,331	–	–	–	1,331
GNMA obligations	Aaa	–	–	–	798	798
UST obligations	Aaa	<u>7,945</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,945</u>
 Total		 <u>\$12,114</u>	 <u>\$ 1,615</u>	 <u>\$ 1,669</u>	 <u>\$ 798</u>	 <u>\$16,196</u>

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 4. **Cash and Investments (Continued)**

A net decrease in fair value of short-term and long-term investments of \$454 was recorded during the year ended June 30, 2021.

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Authority invests primarily in guaranteed investment contracts and collateralized repurchase agreements that provide for withdrawal of funds at par over the lives of the contracts. The portfolio of UST, FFCB, FHLB, FHLMC, FNMA and GNMA investments is subject to fair value fluctuations. The balance in money market funds at June 30, 2021 includes amounts withdrawn from guaranteed investment contracts and collateralized repurchase agreements to satisfy July 1, 2021 scheduled debt service payments.

*Credit Risk* – Credit risk is the risk that an investment issuer will not fulfill its obligations. Credit risk is measured by the credit quality ratings of issuers as described by nationally recognized rating organizations. The Authority requires providers of guaranteed investment contracts to have and maintain a long-term unsecured debt obligation rating or claims paying ability rating sufficient to support the applicable Authority bond rating. In the event of an investment provider rating downgrade that will impact the applicable Authority bond rating, the Authority may request the provider to deliver collateral sufficient to maintain the Authority bond rating or terminate the contract.

*Custodial Credit Risk* – Custodial credit risk is the risk that, in the failure of a counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's policy requires collateralized repurchase agreement providers to be members of the Federal Deposit Insurance Corporation or the Association of Primary Dealers in United States Government Securities and the collateral provided must be direct obligations of the United States or GSE debt obligations, have a maintained market value of not less than 102% of the repurchase agreement maturity value and be delivered to a third party custodian acting as a fiduciary on behalf of the Authority.

Repurchase agreement collateral held by Wells Fargo Bank, National Association:

Government National Mortgage Association mortgage pools (at fair value)	\$ 4,680
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**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

**4. Cash and Investments (Continued)**

*Concentration of Credit Risk* – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of investment in a single issue or a single issuer. The Authority does not place limits on the amount of investment in a single issue or a single issuer. Investments in issuers that represent 5% or more of total short and long-term investments at June 30, 2021, with their credit quality ratings as issued by Moody’s Investors Service as of the date of this report, are as follows:

	<u>Rating</u>	
Collateralized repurchase agreements and guaranteed investment contracts provided by:		
Bayerische Landesbank Girozentrale	Aa3	\$ 39,389
Guaranteed investment contracts provided by:		
Natixis Funding Corporation	A1	20,399
U.S. Treasury obligation money market funds provided by:		
Fidelity Institutional Money Market Funds	Aaa-mf	32,996
U.S. Treasury	Aaa	<u>22,483</u>
Total		<u>\$115,267</u>

**5. Other Assets**

Other assets at June 30, 2021 consist of the following:

	<u>Current</u>	<u>Long Term</u>
Accounts receivable	\$ 4,813	\$ –
Repurchased loans	4,310	–
Prepaid expenses	674	–
Fair value investment derivatives	116	–
Notes receivable	–	1,894
Accrued servicing revenue	<u>671</u>	<u>–</u>
Total	<u>\$10,584</u>	<u>\$1,894</u>

**6. Mortgage Loan Servicing Rights**

During the year ended June 30, 2021, the Authority capitalized \$1,772 in connection with the purchase of servicing rights and recorded amortization of \$1,526. At June 30, 2021, mortgage loan servicing rights totaled \$7,427, net of accumulated amortization of \$6,521. Gross servicing rights totaled \$13,948.

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

**7. Property and Equipment**

Property and equipment at June 30, 2021, consists of:

Land and building	\$ 6,836
Equipment	6,807
Furniture and fixtures	<u>717</u>
 Total	 14,360
 Less accumulated depreciation	 <u>(10,068)</u>
 Property and equipment – net	 <u>\$ 4,292</u>

Depreciation expense for the year ended June 30, 2021 was \$429.

**8. Forward Commitments**

The Authority sells forward commitments to deliver Ginnie Mae guaranteed mortgage-backed securities. Commitments are sold as mortgage loan reservations are taken to hedge against market fluctuations prior to loan origination and securitization. The Authority is subject to market value fluctuations in the event that mortgage loans are not funded as expected and the committed securities cannot be delivered. A net increase in fair value of \$74 on these forward commitments, classified as investment derivative instruments, has been recorded in investment income. The \$75 fair value is included in accrued and other liabilities and other assets on the statement of net position. In addition, the Authority has agreements with four forward commitment counterparties that require the delivery of collateral should the aggregate fair market value of outstanding forward commitments with a counterparty decline from the aggregate contract amount by more than specified amounts. As of June 30, 2021, the aggregate fair market value of forward commitment contracts containing such collateral provisions was \$38,976 compared to an aggregate contract amount of \$37,400, and no collateral was posted as of that date.

The Authority is subject to credit risk with respect to counterparties to the forward commitment contracts, summarized as follows at June 30, 2021, with their credit quality ratings as issued by Moody's Investors Service, unless otherwise noted, as of the date of this report:

	<u>Rating</u>	<u>Number of Contracts</u>	<u>Par Amount</u>
Bank of America Merrill Lynch	Aaa	2	\$ 1,300
Bank of Montreal	Aa2	3	2,500
Bank of New York Mellon Capital Markets	Aa2	21	16,300
Bank of Oklahoma	A2	15	11,200
Daiwa Capital Markets	Not Rated	9	7,400
Federal National Mortgage Association	Aaa	15	10,700
Jefferies Group LLC	Baa3	<u>14</u>	<u>14,776</u>
 Total		 <u>79</u>	 <u>\$ 64,176</u>

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

**9. Bonds Payable**

Bonds payable consist of term and serial bonds due in installments on January 1 and July 1 of each year, with interest rates ranging from .30% to 6.00%. Interest paid on bonds of the Authority is generally exempt from Federal income taxes, except for certain bonds including eight series of Single Family Mortgage Acquisition Revenue Bonds and one series of Multi-family Housing Revenue bonds.

Bonds payable activity for the year ended June 30, 2021 was as follows:

Balance – June 30, 2020	\$395,908
Bond issuance	66,490
Amortization of bond premium and discount, net	(530)
Principal repayment	<u>(95,028)</u>
 Balance – June 30, 2021	 <u>\$366,840</u>
 Amount payable within one year	 <u>\$ 23,084</u>

Principal and interest payments due on outstanding bonds are as follows at June 30, 2021:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2022	\$ 23,084	\$ 12,727	\$ 35,811
2023	13,830	12,365	26,195
2024	17,250	11,938	29,188
2025	12,855	11,466	24,321
2026	<u>12,855</u>	<u>10,978</u>	<u>23,833</u>
Subtotal, years ending 2022 – 2026	79,874	59,474	139,348
Years ending June 30:			
2027 – 2031	65,405	47,163	112,568
2032 – 2036	60,070	35,264	95,334
2037 – 2041	47,595	25,354	72,949
2042 – 2046	28,955	18,593	47,548
2047 – 2051	28,385	13,252	41,637
2052 – 2056	24,555	8,143	32,698
2057 – 2061	27,030	3,498	30,528
2062 – 2064	<u>4,196</u>	<u>172</u>	<u>4,368</u>
Total	366,065	<u>\$210,913</u>	<u>\$576,978</u>
Unamortized premium	854		
Unamortized discount	<u>(79)</u>		
Total bonds payable	<u>\$366,840</u>		



# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 9. **Bonds Payable (Continued)**

In the ordinary course of its business, the Authority redeems, prior to stated maturity, various amounts of bonds from prepayments of the related mortgage loans. During fiscal 2021, the Authority redeemed, prior to stated maturity and in accordance with the terms of the bonds, \$52,945 of current interest single family bond program bonds and \$25,155 of current interest multi-family bonds.

On July 14, 2020, the Authority issued \$21,765 of Multi-Family Housing Revenue Bonds, 2020 Series 1 (Federally Taxable). Bond issue proceeds were used to redeem, on August 13, 2020, Multi-Family Housing Revenue Bonds issued in 2002 through 2007. The bonds issued consisted of serial and term bonds with varying maturities and interest rates. The advanced refunding resulted in a decrease of debt service payments over the next 23 years of \$5,039 and an economic gain of \$4,257, including issuance costs of \$318.

### 10. **Notes Payable and Credit Facilities**

The Authority has a \$40,000 line of credit with a bank for the purpose of acquiring single family mortgage loans prior to the issuance of single family bonds or other secondary market disposition and for financing short-term construction loans for multi-family housing projects. The bank holds collateral assignments in the related mortgages and notes related to each advance. This line of credit bears interest at a fluctuating per annum rate based on the one-month LIBOR rate with a floor of 2.15%, and expires on December 31, 2023. When LIBOR is discontinued in fiscal year 2022, the interest rate will be replaced with an alternative benchmark rate, with a floor of 2.15%. At June 30, 2021, \$24,588 was outstanding with an interest rate of 2.15%, whereas \$15,412 was unused with an interest rate of 0.125%.

The Authority has a \$5,000 line of credit with a bank, which bears interest at the bank's LIBOR rate plus 2.45% and expires on December 31, 2022. When LIBOR is discontinued in fiscal year 2022, the interest rate will be replaced with an alternative benchmark rate, plus 2.45%. There were no amounts outstanding on the line at June 30, 2021.

In connection with the bank lines of credit, the Authority has covenanted to maintain an unrestricted net position of \$35,000 and a minimum investment rating of A3 from Moody's Investors Service, Inc. The Authority was in compliance with these covenants as of and for the year ended June 30, 2021.

### 11. **Accrued and Other Liabilities**

Accrued and other liabilities at June 30, 2021 consist of the following:

	<b><u>Current</u></b>	<b><u>Long-Term</u></b>
Accounts payable	\$ 18,445	\$ -
Funds held in escrow	14,233	1,824
Fair value investment derivatives	41	-
Accrued servicing fees	110	-
GNMA loss liability	<u>1,413</u>	<u>250</u>
Total	<b><u>\$34,242</u></b>	<b><u>\$2,074</u></b>

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 12. Commitments and Contingent Liabilities

In the normal course of business, the Authority has outstanding various commitments and contingent liabilities, including the following:

- At June 30, 2021, the Authority was committed to fund approximately \$60,330 of mortgage loans to be used in the Ginnie Mae mortgage-backed securities program. Ginnie Mae guarantees securities that are backed by mortgage loan pools. These mortgages are either acquired or originated by the Authority and then exchanged with Ginnie Mae for mortgage-backed securities which are then sold. Ginnie Mae has established minimum net worth requirements for program participants based on outstanding securities and the balance of commitments to guarantee securities. At June 30, 2021, the Authority met the minimum net worth requirement of \$5,320. Under the Ginnie Mae program, the Authority must use its own funds if a borrower fails to make a timely payment on a mortgage loan. The Authority must also assess the overall performance of the portfolio and repurchase loans as necessary to maintain required delinquency thresholds. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and repurchases the loans as necessary. The Authority securitized \$207,507 of mortgage loans during the year ended June 30, 2021 and held \$4,311 of repurchased loans in other assets at June 30, 2021.
- At June 30, 2021, the Authority was committed to fund approximately \$21,711 of mortgage loans to be sold to Fannie Mae. The Authority sells mortgage loans to Fannie Mae on a nonrecourse basis although previously also sold loans on a risk-share basis. Terms of the risk-share program require the Authority to repurchase mortgage loans that become severely delinquent and the delinquency is not cured within 13 months from the date of sale. As of June 30, 2021, \$233 was subject to repurchase.
- The Authority has committed to maintain primary mortgage insurance policies for all the single family bond program bond issues. The primary insurance policies for three issues contain risk-sharing arrangements. The Authority has also committed to maintain pool insurance policies or self-insurance funds held within bond indentures for all issues. The aggregate maximum contingent liability to the general funds with respect to these arrangements is approximately \$876 for the risk-sharing insurance agreements.
- The Authority has committed to maintain mortgage insurance provided through the Federal Housing Administration (FHA) for a number of multi-family mortgage loans, including the multi-family loan participation interests sold as discussed in Note 3. The FHA insurance used by the Authority includes risk-sharing arrangements by which the Authority has a maximum contingent liability to the general funds of \$143,063.
- The Authority has authorized the funding of approximately \$17,742 from the general funds for the purchase of housing units and for other housing-related purposes. This total includes \$8,400 of construction loans expected to be funded from a bank line of credit.
- Provisions of certain general funds and multi-family bond program loans require the Authority to administer certain funds in escrow on behalf of developers for the purposes of project completion, working capital and contingency reserves, insurance and taxes. At June 30, 2021, these balances aggregated \$50,734. These balances are not included in the Authority's financial statements as they are maintained in separate accounts in the names of the developers.

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 12. Commitments and Contingent Liabilities (Continued)

The Authority is subject to various legal proceedings and claims that arise in the normal course of its business. In the opinion of management, the ultimate resolution of these actions will not materially affect the accompanying financial statements of the Authority.

### 13. Restricted Net Position

The components of restricted net position at June 30, 2021 are as follows:

Restricted for purpose of funding source	\$ 34,749
Restricted for purpose of bond issues:	
Single family bond programs	45,611
Multi-family bond programs	<u>15,667</u>
Total	<u>\$96,027</u>

### 14. Grants and Subsidies

The Authority receives and distributes grants and subsidies in support of a variety of housing-related initiatives. Grants and subsidies expense exceeds grants and subsidies revenue by \$2,968 primarily due to \$3,951 net program expense in the single-family lending program due to the expenditure of cash assistance to single family homeowners, \$1,901 of grant expense in the general funds offset by \$1,492 net program revenue in the multi-family lending programs and \$1,392 due to timing of program receipts and disbursements in other grant programs.

### 15. Employee Benefit Plans

The Authority has established, and can amend, the Defined Contribution Pension Plan for Employees of New Hampshire Housing Finance Authority in accordance with the provisions of Internal Revenue Code Section 401(a). All employees with over six months of service are covered by the plan, which is administered by Mutual of America and requires employer contributions equal to 5% or 10% of the salaries of covered employees and employer matching contributions to specified limits of employee contributions. Payroll of covered employees for the year ended June 30, 2021 totaled \$9,688 while total payroll for the year ended June 30, 2021 totaled \$10,086. The Authority expensed and made contributions to the plan of \$700 for the year ended June 30, 2021, such amount representing 7.2% of covered payroll and including \$220 of matched contribution for the Voluntary Deferred Compensation Plan. The Voluntary Deferred Compensation Plan for Employees of New Hampshire Housing Finance Authority was established by the Authority in accordance with the provisions of Internal Revenue Code Section 457. This plan, which is administered by Mutual of America, enables all employees with over six months of service to make tax-deferred contributions that are partially matched by the Authority.

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 16. Housing Management Fees

The Authority administers subsidized housing programs under HUD Section 811 and Section 8 new construction and substantial rehabilitation, mainstream voucher, moderate rehabilitation, housing choice voucher, COVID -19 and special allocation programs and receives fees for these services. Total federal funds administered by the Authority under these programs aggregated \$106,512 for the year ended June 30, 2021.

### 17. Fair Value Measurements

The Authority generally holds investments until maturity to pay reserve fund bonds as they become due, so fluctuations in the fair value of the investments have a minimal long-term effect. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three level framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

United States government obligations and money market funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Assets and liabilities in Level 2 of the fair value hierarchy are valued using inputs, other than quoted prices in Level 1, that are observable, either directly or indirectly. In Level 3, inputs are unobservable for an asset or liability. Investment derivatives are classified in Level 3 and are valued using mark-to-market techniques using third-party pricing.

The following table sets forth by level, within the fair value hierarchy, the Authority's United States government obligations and investment derivative instruments at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$38,464	\$ –	\$ –	\$38,464
United States government obligations	30,734	–	–	30,734
Investment derivative instruments	<u>–</u>	<u>–</u>	<u>75</u>	<u>75</u>
Total	<u>\$69,198</u>	<u>\$ –</u>	<u>\$ 75</u>	<u>\$69,273</u>

Certain investments not subject to the fair value measurement requirement at June 30, 2021 include:

Collateralized repurchase agreements	\$ 4,337
Guaranteed investment contracts	<u>56,494</u>
Total	<u>\$60,831</u>

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### 18. Subsequent Events

On August 5, 2021, the Authority issued \$22,545 of Multi-Family Housing Revenue Bonds, 2021 Series 2 (Federally Taxable). Bond issue proceeds were used to redeem on August 16, 2021 and September 7, 2021, respectively, Multi-Family Housing Revenue Bonds issued in 2010 and 2011. Bond issue proceeds will also be used to redeem, on January 3, 2022, Multi-Family Housing Revenue Bonds issued in 2012. The bonds issued consisted of serial and term bonds with varying maturities and interest rates. The advanced refunding resulted in a decrease of debt service payments over the next 32 years of \$7,846 and an economic gain of \$5,405, including issuance costs of \$459.

On August 1, 2021, the Authority redeemed, prior to scheduled maturity, its Single Family Mortgage Acquisition Revenue Bonds, in the amount of \$9,595.

On August 19, 2021, the Authority received \$25,000 from the State of New Hampshire for deposit in the Affordable Housing Fund, a fund within the Authority's General Funds. The funds received from the State will be recorded as grant revenue and used to support the development of multi-family housing in accordance with required affordability standards.

On September 1, 2021, the Authority redeemed, prior to scheduled maturity, its Single Family Mortgage Acquisition Revenue Bonds, in the amount of \$3,685.

On September 14, 2021, the Authority issued \$33,795 of Single Family Mortgage Acquisition Revenue Refunding Bonds, 2021 Series A (Federally Taxable). Bond proceeds will be used to redeem on October 1, 2021 and October 14, 2021 Single Family Mortgage Acquisition Revenue Bonds issued in 2009 through 2011. The bonds issued consisted of serial and term bonds with varying maturities and interest rates. The advanced refunding resulted in a decrease of debt service payments over the next 20 years of \$5,390 and an economic gain of \$4,536, including issuance costs of \$605.

On September 14, 2021 the Authority agreed to sell \$25,455 of Multi-Family Housing Revenue Bonds, 2021 Series 3, that will be issued on September 29, 2021. Bond proceeds will be used to fund a mortgage loan to a multi-family housing project and to fund the required mortgage reserve. The bonds will consist of serial and term bonds with varying maturities and interest rates.

The Authority has contracted with the State of New Hampshire to administer a Homeowner Assistance Fund (HAF) program. The HAF program will make up to \$50,000 of funds available to mitigate financial hardships suffered by New Hampshire residents due to the coronavirus pandemic. Funds received by the Authority will be recorded as grant revenue and expense as they are disbursed.

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(In thousands of dollars)

### **19. Uncertainty Surrounding COVID-19**

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus disease a global pandemic (Pandemic). Since the start of the Pandemic, Presidential administrations, Congress, the Federal Reserve, HUD/FHA (including Ginnie Mae), the Federal Housing Finance Agency (including Fannie Mae), Rural Development, the Veterans' Administration, the Centers for Disease Control and Prevention, and the Consumer Financial Protection Bureau, along with the State of New Hampshire, have enacted legislation and/or issued orders or directives (collectively, Governmental Actions) to alleviate the effects of the Pandemic on homeowners, renters, landlords, servicers and lenders. Governmental Actions have included loan forbearance directives, moratoriums on foreclosures and/or evictions, loan modification directives, loan servicing assistance, rental assistance, and homeownership loan assistance. Such legislation and/or orders have been extended and/or modified, and others have expired or been enjoined. While it is generally expected that new legislation may be enacted, new orders may be issued, and existing and new orders may be extended, modified, litigated, or allowed to expire, no guarantee can be made with regards to the duration and/or effectiveness of any such legislation or orders.

Whereas of the date of these financial statements there has been no material adverse effect on the Authority's operations, the Pandemic is an ongoing situation. The Authority cannot predict the duration or extent of the Pandemic; the duration or expansion of any foreclosure or eviction moratorium affecting the Authority's ability to foreclose and collect on delinquent mortgage loans; the number of loans that will be in forbearance or default as a result of the Pandemic and subsequent federal, state or local responses thereto; whether or to what extent the Authority or other government agencies may provide additional deferrals, forbearances, or other changes to payments on mortgage loans; or the effect of the Pandemic on the local economy or real estate markets and whether such effect might adversely impact the Authority or its operations.

## **SUPPLEMENTAL COMBINING SCHEDULES**

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

**SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION**

June 30, 2021

(In thousands of dollars)

	<b><u>General Funds</u></b>	<b><u>Single Family Bond Programs</u></b>	<b><u>Multi-Family Bond Programs</u></b>	<b><u>Eliminations</u></b>	<b><u>Total</u></b>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 38,011	\$ 1,620	\$ –	\$ –	\$ 39,631
Cash held in escrow	36,218	–	–	–	36,218
Short-term investments	24	62,885	50,924	–	113,833
Accrued interest receivable on investments	39	9	145	–	193
Current portion of mortgage and construction loans receivable	10,185	8,198	1,677	–	20,060
Loans held for sale, at lower of cost or fair value	19,843	–	–	–	19,843
Accrued interest receivable on mortgage and construction loans and loans held for sale	92	1,632	713	–	2,437
Real estate owned, net	869	143	–	–	1,012
Other current assets	<u>9,660</u>	<u>1,054</u>	<u>–</u>	<u>(130)</u>	<u>10,584</u>
Total current assets	<u>114,941</u>	<u>75,541</u>	<u>53,459</u>	<u>(130)</u>	<u>243,811</u>
Long-term investments	<u>5,193</u>	<u>1,389</u>	<u>9,614</u>	<u>–</u>	<u>16,196</u>
Loans receivable:					
Mortgage loans	17,662	172,044	152,918	–	342,624
Construction loans	9,506	–	–	–	9,506
Less allowance for possible losses	<u>(256)</u>	<u>(820)</u>	<u>–</u>	<u>–</u>	<u>(1,076)</u>
Loans receivable, net	26,912	171,224	152,918	–	351,054
Less current portion of loans receivable	<u>(10,185)</u>	<u>(8,198)</u>	<u>(1,677)</u>	<u>–</u>	<u>(20,060)</u>
Long term portion of loans receivable	<u>16,727</u>	<u>163,026</u>	<u>151,241</u>	<u>–</u>	<u>330,994</u>
Other assets:					
Mortgage loan servicing rights, net	7,427	–	–	–	7,427
Property and equipment, net	4,292	–	–	–	4,292
Interfund receivables	32,853	–	993	(33,846)	–
Other	<u>1,894</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,894</u>
Total other assets	<u>46,466</u>	<u>–</u>	<u>993</u>	<u>(33,846)</u>	<u>13,613</u>
Total assets	\$ <u>183,327</u>	\$ <u>239,956</u>	\$ <u>215,307</u>	\$ <u>(33,976)</u>	\$ <u>604,614</u>

(Continued)



**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION (CONTINUED)

June 30, 2021

(In thousands of dollars)

	<u>General Funds</u>	<u>Single Family Bond Programs</u>	<u>Multi-Family Bond Programs</u>	<u>Eliminations</u>	<u>Total</u>
<b>Liabilities</b>					
Current liabilities:					
Current portion of bonds payable	\$ -	\$ 21,054	\$ 2,030	\$ -	\$ 23,084
Accrued interest payable	-	3,219	3,170	-	6,389
Notes payable	24,588	-	-	-	24,588
Current portion of accrued and other liabilities	<u>34,244</u>	<u>106</u>	<u>22</u>	<u>(130)</u>	<u>34,242</u>
Total current liabilities	58,832	24,379	5,222	(130)	88,303
Long-term liabilities:					
Bonds payable, net of current portion	-	152,300	191,456	-	343,756
Accrued and other liabilities	2,074	-	-	-	2,074
Interfund payables	<u>23,219</u>	<u>7,665</u>	<u>2,962</u>	<u>(33,846)</u>	<u>-</u>
Total long-term liabilities	<u>25,293</u>	<u>159,965</u>	<u>194,418</u>	<u>(33,846)</u>	<u>345,830</u>
Total liabilities	<u>84,125</u>	<u>184,344</u>	<u>199,640</u>	<u>(33,976)</u>	<u>434,133</u>
<b>Net Position</b>					
Invested in capital assets, net of related debt	4,292	-	-	-	4,292
Restricted	34,749	45,611	15,667	-	96,027
Unrestricted	<u>60,161</u>	<u>10,001</u>	<u>-</u>	<u>-</u>	<u>70,162</u>
Total net position	<u>\$ 99,202</u>	<u>\$ 55,612</u>	<u>\$ 15,667</u>	<u>\$ -</u>	<u>\$ 170,481</u>

(Concluded)

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

SUPPLEMENTAL COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2021

(In thousands of dollars)

	<u>General Funds</u>	<u>Single Family Bond Programs</u>	<u>Multi-Family Bond Programs</u>	<u>Eliminations</u>	<u>Total</u>
<b>Operating revenue:</b>					
Interest and fees on mortgage and construction loans and loans held for sale	\$ 3,017	\$ 11,515	\$ 8,652	\$ (73)	\$ 23,111
Gain on sale of loans and mortgage-backed securities	18,715	-	-	-	18,715
Servicing revenue	6,726	-	-	(1,049)	5,677
Investment income	245	737	482	-	1,464
Decrease in fair value of investments	(67)	(87)	(226)	-	(380)
Housing management fees	14,041	-	-	(7,066)	6,975
Federal rental assistance programs	99,650	-	-	-	99,650
Bond issuance fees	636	-	-	(636)	-
Grants and subsidies	54,431	-	-	-	54,431
Other	<u>957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>957</u>
Total operating revenue	<u>198,351</u>	<u>12,165</u>	<u>8,908</u>	<u>(8,824)</u>	<u>210,600</u>
<b>Operating expenses:</b>					
Bond interest expense and debt financing costs	-	6,968	6,434	-	13,402
Administrative expenses	26,090	110	49	(7,066)	19,183
Loan origination expenses	3,962	-	-	-	3,962
Loan servicing expenses	2,901	754	299	(1,049)	2,905
Provision for loan losses	500	-	-	-	500
Federal rental assistance programs	99,641	-	-	-	99,641
Bond issuance fees	-	335	301	(636)	-
Grants and subsidies	57,472	-	-	(73)	57,399
Other	<u>132</u>	<u>-</u>	<u>134</u>	<u>-</u>	<u>266</u>
Total operating expenses	<u>190,698</u>	<u>8,167</u>	<u>7,217</u>	<u>(8,824)</u>	<u>197,258</u>
<b>Change in net position</b>	7,653	3,998	1,691	-	13,342
Net position, beginning of year	89,915	51,908	15,316	-	157,139
Interfund transfers, net	<u>1,634</u>	<u>(294)</u>	<u>(1,340)</u>	<u>-</u>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ 99,202</u>	<u>\$ 55,612</u>	<u>\$ 15,667</u>	<u>\$ -</u>	<u>\$ 170,481</u>

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

**SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS**

Year Ended June 30, 2021

(In thousands of dollars)

	<u>General Funds</u>	<u>Single Family Bond Programs</u>	<u>Multi-Family Bond Programs</u>	<u>Eliminations</u>	<u>Total</u>
Cash flows from operating activities:					
Loan repayments received	\$ 25,111	\$ 62,797	\$ 30,489	\$ –	\$ 118,397
Loan interest income and servicing revenue received	9,804	12,124	7,639	(1,122)	28,445
Proceeds from sale of loans and mortgage-backed securities	311,530	–	–	–	311,530
Federal rental assistance program receipts	99,650	–	–	–	99,650
Grants and subsidies receipts	54,431	–	–	–	54,431
Other receipts	27,875	3,148	7,354	(7,702)	30,675
Loan disbursements	(297,459)	–	(33,312)	–	(330,771)
Purchase of loan servicing rights	(1,772)	–	–	–	(1,772)
Payments to vendors	(16,278)	(110)	(183)	7,066	(9,505)
Payments to employees	(10,891)	–	–	–	(10,891)
Federal rental assistance program disbursements	(99,641)	–	–	–	(99,641)
Grants and subsidies disbursements	(58,017)	–	–	73	(57,944)
Other disbursements	<u>(21,322)</u>	<u>(2,533)</u>	<u>(9,304)</u>	<u>1,685</u>	<u>(31,474)</u>
Net cash provided by operating activities	<u>23,021</u>	<u>75,426</u>	<u>2,683</u>	<u>–</u>	<u>101,130</u>
Cash flows from noncapital financing activities:					
Proceeds from issuance of bonds	–	–	66,490	–	66,490
Principal repayment of bonds	–	(65,995)	(29,033)	–	(95,028)
Proceeds from notes payable	295,339	–	–	–	295,339
Repayment of notes payable	(310,785)	–	–	–	(310,785)
Interest paid	–	<u>(8,697)</u>	<u>(6,435)</u>	–	<u>(15,132)</u>
Net cash provided by (used for) noncapital financing activities	<u>(15,446)</u>	<u>(74,692)</u>	<u>31,022</u>	<u>–</u>	<u>(59,116)</u>
Cash flows from capital and related financing activities:					
Additions to property and equipment	<u>(652)</u>	–	–	–	<u>(652)</u>
Net cash used for capital and related financing activities	<u>(652)</u>	–	–	–	<u>(652)</u>
Cash flows from investing activities:					
Purchase of investment securities	(448)	(76,927)	(98,590)	–	(175,965)
Proceeds from sale and maturities of investment securities	3,064	76,445	64,505	–	144,014
Investment income received	241	742	380	–	1,363
Net cash provided by (used for) investing activities	<u>2,857</u>	<u>260</u>	<u>(33,705)</u>	<u>–</u>	<u>(30,588)</u>
Net increase in cash and cash equivalents	9,780	994	–	–	10,774
Cash and cash equivalents, beginning of year	<u>28,231</u>	<u>626</u>	–	–	<u>28,857</u>
Cash and cash equivalents, end of year	<u>\$ 38,011</u>	<u>\$ 1,620</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 39,631</u>

(Continued)

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

**SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)**

Year Ended June 30, 2021

(In thousands of dollars)

	<b><u>General Funds</u></b>	<b><u>Single Family Bond Programs</u></b>	<b><u>Multi-Family Bond Programs</u></b>	<b><u>Eliminations</u></b>	<b><u>Total</u></b>
Reconciliation of change in net position to net cash provided by operating activities:					
Change in net position	\$ 7,653	\$ 3,998	\$ 1,691	\$ –	\$ 13,342
Adjustments to reconcile change in net position to net cash provided by operating activities:					
Amortization of servicing rights	1,526	–	–	–	1,526
Mortgage loan servicing rights capitalized	(1,772)	–	–	–	(1,772)
Depreciation of property and equipment	429	–	–	–	429
Loan interest income converted to loan principal	–	–	(934)	–	(934)
Investment income, net	(178)	(650)	(256)	–	(1,084)
Bond interest expense and debt financing costs	–	6,968	6,434	–	13,402
Provision for loan losses	500	–	–	–	500
Other noncash loan-related expenses	(545)	–	–	–	(545)
Changes in operating assets and liabilities:					
Loans receivable	19,082	62,905	(2,823)	–	79,164
Loans held for sale	1,385	–	–	–	1,385
Accrued interest – loans	61	498	(82)	–	477
Other assets	(14,521)	3,148	(201)	(130)	(11,704)
Accrued and other liabilities	7,583	(1,147)	378	130	6,944
Interfund transfers	<u>1,818</u>	<u>(294)</u>	<u>(1,524)</u>	<u>–</u>	<u>–</u>
Net cash provided by operating activities	<u>\$ 23,021</u>	<u>\$ 75,426</u>	<u>\$ 2,683</u>	<u>\$ –</u>	<u>\$ 101,130</u>
Supplemental disclosures of noncash information:					
Real estate acquired through foreclosure	<u>\$ 809</u>	<u>\$ 445</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 1,254</u>

(Concluded)

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION – SINGLE FAMILY BOND PROGRAMS

June 30, 2021

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,593	\$ 27	\$ 1,620
Short-term investments	48,982	13,903	62,885
Accrued interest receivable on investments	9	–	9
Current portion of mortgage and construction loans receivable	6,353	1,845	8,198
Accrued interest receivable on loans	1,219	413	1,632
Real estate owned, net	161	(18)	143
Other current assets	<u>698</u>	<u>356</u>	<u>1,054</u>
Total current assets	<u>59,015</u>	<u>16,526</u>	<u>75,541</u>
Long-term investments	<u>1,082</u>	<u>307</u>	<u>1,389</u>
Loans receivable:			
Mortgage loans	119,419	52,625	172,044
Less allowance for possible losses	<u>(746)</u>	<u>(74)</u>	<u>(820)</u>
Loans receivable, net	118,673	52,551	171,224
Less current portion of loans receivable	<u>(6,353)</u>	<u>(1,845)</u>	<u>(8,198)</u>
Long term portion of loans receivable	<u>112,320</u>	<u>50,706</u>	<u>163,026</u>
Other assets:			
Interfund receivables	<u>–</u>	<u>–</u>	<u>–</u>
Total other assets	<u>–</u>	<u>–</u>	<u>–</u>
Total assets	<u>\$172,417</u>	<u>\$ 67,539</u>	<u>\$239,956</u>

(Continued)

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION – SINGLE FAMILY BOND PROGRAMS (CONTINUED)

June 30, 2021

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>Total</u>
<b>Liabilities</b>			
Current liabilities:			
Current portion of bonds payable	\$ 15,654	\$ 5,400	\$ 21,054
Accrued interest payable	2,148	1,071	3,219
Current portion of accrued and other liabilities	<u>74</u>	<u>32</u>	<u>106</u>
Total current liabilities	17,876	6,503	24,379
Long-term liabilities:			
Bonds payable, net of current portion	100,014	52,286	152,300
Interfund payables	<u>6,847</u>	<u>818</u>	<u>7,665</u>
Total long-term liabilities	<u>106,861</u>	<u>53,104</u>	<u>159,965</u>
Total liabilities	<u>124,737</u>	<u>59,607</u>	<u>184,344</u>
<b>Net Position</b>			
Restricted	37,679	7,932	45,611
Unrestricted	<u>10,001</u>	<u>—</u>	<u>10,001</u>
Total net position	<u>\$ 47,680</u>	<u>\$ 7,932</u>	<u>\$ 55,612</u>

(Concluded)

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

SUPPLEMENTAL COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION – SINGLE FAMILY BOND PROGRAMS

Year Ended June 30, 2021

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>Total</u>
<b>Operating revenue:</b>			
Interest and fees on mortgage and construction loans	\$ 8,617	\$ 2,898	\$ 11,515
Investment income	619	118	737
Decrease in fair value of investments	<u>(72)</u>	<u>(15)</u>	<u>(87)</u>
 Total operating revenue	 <u>9,164</u>	 <u>3,001</u>	 <u>12,165</u>
<b>Operating expenses:</b>			
Bond interest expense and debt financing costs	4,638	2,330	6,968
Administrative expenses	68	42	110
Loan servicing expenses	522	232	754
Bond issuance fees	<u>335</u>	<u>—</u>	<u>335</u>
 Total operating expenses	 <u>5,563</u>	 <u>2,604</u>	 <u>8,167</u>
 <b>Change in net position</b>	  3,601	  397	  3,998
Net position, beginning of year	44,322	7,586	51,908
Interfund transfers, net	<u>(243)</u>	<u>(51)</u>	<u>(294)</u>
 <b>Net position, end of year</b>	  <u>\$47,680</u>	  <u>\$ 7,932</u>	  <u>\$55,612</u>

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

**SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS – SINGLE FAMILY BOND PROGRAMS**

Year Ended June 30, 2021

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>Total</u>
Cash flows from operating activities:			
Loan repayments received	\$ 43,911	\$ 18,886	\$ 62,797
Loan interest income received	9,081	3,043	12,124
Other receipts	2,735	413	3,148
Payments to vendors	(68)	(42)	(110)
Other disbursements	<u>(2,078)</u>	<u>(455)</u>	<u>(2,533)</u>
Net cash provided by operating activities	<u>53,581</u>	<u>21,845</u>	<u>75,426</u>
Cash flows from noncapital financing activities:			
Principal repayment of bonds	(47,290)	(18,705)	(65,995)
Interest paid	<u>(5,896)</u>	<u>(2,801)</u>	<u>(8,697)</u>
Net cash used for noncapital financing activities	<u>(53,186)</u>	<u>(21,506)</u>	<u>(74,692)</u>
Cash flows from investing activities:			
Purchase of investment securities	(54,786)	(22,141)	(76,927)
Proceeds from sale and maturities of investment securities	54,759	21,686	76,445
Investment income received	<u>624</u>	<u>118</u>	<u>742</u>
Net cash provided by (used for) investing activities	<u>597</u>	<u>(337)</u>	<u>260</u>
Net increase in cash and cash equivalents	992	2	994
Cash and cash equivalents, beginning of year	<u>601</u>	<u>25</u>	<u>626</u>
Cash and cash equivalents, end of year	<u>\$ 1,593</u>	<u>\$ 27</u>	<u>\$ 1,620</u>

(Continued)



**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS – SINGLE FAMILY BOND PROGRAMS (CONTINUED)

Year Ended June 30, 2021

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>Total</u>
Reconciliation of change in net position to net cash provided by operating activities:			
Change in net position	\$ 3,601	\$ 397	\$ 3,998
Adjustments to reconcile change in net position to net cash provided by operating activities:			
Investment income, net	(547)	(103)	(650)
Bond interest expense and debt financing costs	4,638	2,330	6,968
Changes in operating assets and liabilities:			
Loans receivable	44,019	18,886	62,905
Accrued interest – loans	355	143	498
Other assets	2,735	413	3,148
Accrued and other liabilities	(977)	(170)	(1,147)
Interfund transfers	<u>(243)</u>	<u>(51)</u>	<u>(294)</u>
Net cash provided by operating activities	\$ <u>53,581</u>	\$ <u>21,845</u>	\$ <u>75,426</u>
Supplemental disclosures of noncash information:			
Real estate acquired through foreclosure	\$ <u>445</u>	\$ <u>—</u>	\$ <u>445</u>

(Concluded)

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

**SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION – MULTI-FAMILY BOND PROGRAMS**

June 30, 2021

(In thousands of dollars)

	<u>2002–2013</u>	<u>2004</u>	<u>2010</u>	<u>2017-2021</u>	<u>Total</u>
<b>Assets</b>					
Current assets:					
Short-term investments	\$ 4,718	\$ –	\$ 2,622	\$ 43,584	\$ 50,924
Accrued interest receivable on investments	–	–	–	145	145
Current portion of mortgage and construction loans receivable	306	–	231	1,140	1,677
Accrued interest receivable on mortgage and construction loans	<u>112</u>	<u>–</u>	<u>62</u>	<u>539</u>	<u>713</u>
Total current assets	<u>5,136</u>	<u>–</u>	<u>2,915</u>	<u>45,408</u>	<u>53,459</u>
Long-term investments	–	–	–	9,614	9,614
Loans receivable:					
Mortgage loans	26,274	–	15,071	111,573	152,918
Less current portion of loans receivable	<u>(306)</u>	<u>–</u>	<u>(231)</u>	<u>(1,140)</u>	<u>(1,677)</u>
Long term portion of loans receivable	<u>25,968</u>	<u>–</u>	<u>14,840</u>	<u>110,433</u>	<u>151,241</u>
Other assets:					
Interfund receivables	<u>194</u>	<u>–</u>	<u>77</u>	<u>722</u>	<u>993</u>
Total other assets	<u>194</u>	<u>–</u>	<u>77</u>	<u>722</u>	<u>993</u>
Total assets	<u>31,298</u>	<u>–</u>	<u>17,832</u>	<u>166,177</u>	<u>215,307</u>
<b>Liabilities</b>					
Current liabilities:					
Current portion of bonds payable	405	–	220	1,405	2,030
Accrued interest payable	677	–	240	2,253	3,170
Current portion of accrued and other liabilities	<u>4</u>	<u>–</u>	<u>3</u>	<u>15</u>	<u>22</u>
Total current liabilities	<u>1,086</u>	<u>–</u>	<u>463</u>	<u>3,673</u>	<u>5,222</u>
Long-term liabilities:					
Bonds payable, net of current portion	26,296	–	14,970	150,190	191,456
Interfund payables	<u>759</u>	<u>–</u>	<u>177</u>	<u>2,026</u>	<u>2,962</u>
Total long-term liabilities	<u>27,055</u>	<u>–</u>	<u>15,147</u>	<u>152,216</u>	<u>194,418</u>
Total liabilities	<u>28,141</u>	<u>–</u>	<u>15,610</u>	<u>155,889</u>	<u>199,640</u>
<b>Net Position</b>					
Total net position – restricted	<u>\$ 3,157</u>	<u>\$ –</u>	<u>\$ 2,222</u>	<u>\$ 10,288</u>	<u>\$ 15,667</u>

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

SUPPLEMENTAL COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION – MULTI-FAMILY BOND PROGRAMS

Year Ended June 30, 2021

(In thousands of dollars)

	<u>2002-2013</u>	<u>2004</u>	<u>2010</u>	<u>2017-2021</u>	<u>Total</u>
<b>Operating revenue:</b>					
Interest and fees on mortgage and construction loans	\$ 1,797	\$ 92	\$ 744	\$ 6,019	\$ 8,652
Investment income	151	115	50	166	482
Decrease in fair value of investments	<u>—</u>	<u>—</u>	<u>—</u>	<u>(226)</u>	<u>(226)</u>
Total operating revenue	<u>1,948</u>	<u>207</u>	<u>794</u>	<u>5,959</u>	<u>8,908</u>
<b>Operating expenses:</b>					
Bond interest expense and debt financing costs	1,439	110	482	4,403	6,434
Administrative expenses	20	2	5	22	49
Loan servicing expenses	67	3	38	191	299
Bond issuance fees	71	—	—	230	301
Other	<u>45</u>	<u>(2)</u>	<u>38</u>	<u>53</u>	<u>134</u>
Total operating expenses	<u>1,642</u>	<u>113</u>	<u>563</u>	<u>4,899</u>	<u>7,217</u>
<b>Change in net position</b>	306	94	231	1,060	1,691
Net position, beginning of year	7,280	3,444	1,991	2,601	15,316
Interfund transfers, net	<u>(4,429)</u>	<u>(3,538)</u>	<u>—</u>	<u>6,627</u>	<u>(1,340)</u>
<b>Net position, end of year</b>	<u>\$ 3,157</u>	<u>\$ —</u>	<u>\$ 2,222</u>	<u>\$ 10,288</u>	<u>\$ 15,667</u>

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

**SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS – MULTI-FAMILY BOND PROGRAMS**

Year Ended June 30, 2021

(In thousands of dollars)

	<b><u>2002-2013</u></b>	<b><u>2004</u></b>	<b><u>2010</u></b>	<b><u>2017-2021</u></b>	<b><u>Total</u></b>
Cash flows from operating activities:					
Loan repayments received	\$ 13,727	\$ 13,448	\$ 220	\$ 3,094	\$ 30,489
Loan interest income received	1,829	162	744	4,904	7,639
Other receipts	90	87	41	7,136	7,354
Loan disbursements	–	–	–	(33,312)	(33,312)
Payments to vendors	(65)	–	(43)	(75)	(183)
Other disbursements	<u>(4,657)</u>	<u>(3,809)</u>	<u>(38)</u>	<u>(800)</u>	<u>(9,304)</u>
Net cash provided by (used for) operating activities	<u>10,924</u>	<u>9,888</u>	<u>924</u>	<u>(19,053)</u>	<u>2,683</u>
Cash flows from noncapital financing activities:					
Proceeds from issuance of bonds	–	–	–	66,490	66,490
Principal repayment of bonds	(12,518)	(13,300)	(220)	(2,995)	(29,033)
Interest paid	<u>(1,760)</u>	<u>(417)</u>	<u>(485)</u>	<u>(3,773)</u>	<u>(6,435)</u>
Net cash provided by (used for) noncapital financing activities	<u>(14,278)</u>	<u>(13,717)</u>	<u>(705)</u>	<u>59,722</u>	<u>31,022</u>
Cash flows from investing activities:					
Purchase of investment securities	(14,494)	(13,772)	(976)	(69,348)	(98,590)
Proceeds from sale and maturities of investment securities	17,697	17,486	707	28,615	64,505
Investment income received	<u>151</u>	<u>115</u>	<u>50</u>	<u>64</u>	<u>380</u>
Net cash provided by (used for) investing activities	<u>3,354</u>	<u>3,829</u>	<u>(219)</u>	<u>(40,669)</u>	<u>(33,705)</u>
Net change in cash and cash equivalents	–	–	–	–	–
Cash and cash equivalents, beginning of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Cash and cash equivalents, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

(Continued)

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

**SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS – MULTI-FAMILY BOND PROGRAMS (CONTINUED)**

Year Ended June 30, 2021

(In thousands of dollars)

	<u><b>2002-2013</b></u>	<u><b>2004</b></u>	<u><b>2010</b></u>	<u><b>2017-2021</b></u>	<u><b>Total</b></u>
Reconciliation of change in net position to net cash provided by (used for) operating activities:					
Change in net position	\$ 306	\$ 94	\$ 231	\$ 1,060	\$ 1,691
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:					
Loan interest income converted to loan principal	(47)	–	–	(887)	(934)
Investment income, net	(151)	(115)	(50)	60	(256)
Bond interest expense and debt financing costs	1,439	110	482	4,403	6,434
Changes in operating assets and liabilities:					
Loans receivable	13,727	13,448	220	(30,218)	(2,823)
Accrued interest – loans	77	70	–	(229)	(82)
Other assets	90	87	–	(378)	(201)
Accrued and other liabilities	(88)	(268)	41	693	378
Interfund transfers	<u>(4,429)</u>	<u>(3,538)</u>	<u>–</u>	<u>6,443</u>	<u>(1,524)</u>
Net cash provided by (used for) operating activities	<u>\$ 10,924</u>	<u>\$ 9,888</u>	<u>\$ 924</u>	<u>\$ (19,053)</u>	<u>\$ 2,683</u>

(Concluded)