

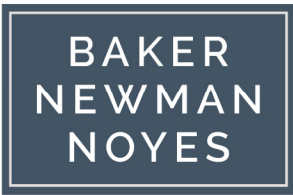
New Hampshire Housing Finance Authority

*Financial Statements and Management's
Discussion and Analysis as of and for the
Year Ended June 30, 2022 and
Independent Auditors' Report*

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Members of
New Hampshire Housing Finance Authority

Opinion

We have audited the accompanying financial statements of New Hampshire Housing Finance Authority (NH Housing), which comprise the statement of net position as of June 30, 2022, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NH Housing as of June 30, 2022, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NH Housing and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

To the Members of
New Hampshire Housing Finance Authority

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

To the Members of
New Hampshire Housing Finance Authority

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise NH Housing's basic financial statements. The Supplemental Combining Schedules as listed in the table of comments 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. The 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 22, 2022

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

June 30, 2022

New Hampshire Housing Finance Authority (NH Housing) 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. NH Housing 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 NH Housing continues to have significant capacity to issue tax-exempt bonds. Based on market conditions, in fiscal year 2013 NH Housing 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. NH Housing 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. NH Housing 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, NH Housing 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, NH Housing 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 NH Housing bears a portion of the risk of loss on defaulted and foreclosed loans.

In addition to the above lending activity, NH Housing 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 NH Housing's net position, revenue and expenses and changes in net position, and cash flows as of and for the year ended June 30, 2022. The enclosed supplemental combining schedules found on pages 31 – 44 present the statements of net position, revenue, expenses and changes in net position, and cash flows for NH Housing'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, 2022 and 2021.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

June 30, 2022

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

	As of June 30		Increase
	2022	2021	(Decrease)
Assets			
Cash and cash equivalents	\$ 50,001	\$ 39,631	\$ 10,370
Cash held in escrow	100,197	36,218	63,979
Investments	148,774	130,029	18,745
Loans receivable – net	337,504	351,054	(13,550)
Loans held for sale	10,465	19,843	(9,378)
Accrued interest receivable on mortgage and construction loans and loans held for sale	2,197	2,437	(240)
Real estate owned, net	188	1,012	(824)
Other assets	24,669	24,390	279
Total assets	673,995	604,614	69,381
Liabilities			
Bonds payable	355,086	366,840	(11,754)
Accrued interest payable	5,294	6,389	(1,095)
Notes payable	18,997	24,588	(5,591)
Accrued and other liabilities	99,799	36,316	63,483
Total liabilities	479,176	434,133	45,043
Net Position	\$194,819	\$170,481	\$ 24,338

Discussion of Changes in the Statement of Net Position

NH Housing'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. NH Housing'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 NH Housing increased by \$69 million, or 11.5%, during the year ended June 30, 2022, primarily the net result of:

- Cash and cash equivalents increased by \$10.4 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 \$64.0 million, due primarily to a \$68.2 million increase in escrow funds held in federal grant programs awaiting disbursement and a \$3.3 million decrease in escrow funds held for single-family program loans.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

June 30, 2022

- Investments increased by \$18.7 million, due primarily to an increase of \$10.7 million held awaiting new loan funding in the multi-family bond programs and an increase of \$13.7 million in the general funds offset by a decrease of \$5.7 million related to balances held in bond issues for debt service and other purposes.
- Loans receivable decreased by \$13.6 million as principal payments of \$55.8 million exceeded originations of loans held by NH Housing of \$42.3 million. The principal payments received included \$45.2 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 decreased by \$9.4 million in connection with the secondary market business model. During the year ended June 30, 2022, \$237.4 million in loans were exchanged for Ginnie Mae securities and then sold and \$77.2 million in loans were sold to Fannie Mae.

Total liabilities of NH Housing increased by \$45.0 million, or 10.4%, during the year ended June 30, 2022, primarily the net result of:

- Bonds outstanding decreased by \$11.8 million as redemptions, both scheduled and prior to scheduled maturity, of \$109.3 million exceeded new issuances of \$98.1 million. NH Housing issued \$41.7 million of multi-family bonds to finance new projects, \$22.6 million of bonds to refund earlier multi-family bonds and \$33.8 million of bonds to refund earlier single-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 \$5.6 million decrease is due to a \$5.2 million increase in multi-family construction loans and a \$10.8 million decrease related to single family loans held for sale.
- Accrued and other liabilities increased by \$63.5 million related primarily to a \$68.2 million increase in funds held in connection with federally-sponsored emergency rental assistance and homeownership programs offset by a \$1.6 million decrease in escrow funds held for multi-family project disbursements and a \$3.1 million decrease in escrow funds held in connection with single family loans. NH Housing has contracted with the State of New Hampshire to administer the Federal Emergency Rental Assistance and the Homeowner Assistance programs on behalf of the State. The programs make funds available to mitigate financial hardships suffered by New Hampshire residents due to the coronavirus pandemic. Funds received by NH Housing are recorded as grant revenue and expense as they are disbursed.

The net position of NH Housing increased by \$24.3 million, or 14.3%, as a result of the excess of revenue over expenses for the year ended June 30, 2022 discussed in detail under "Discussion of Changes in the Operating Results for the Year Ended June 30, 2022 Compared to the Year Ended June 30, 2021."

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

June 30, 2022

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

	<u>As of June 30</u>		
	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
Operating Revenue			
Interest and fees on mortgage and construction loans and loans held for sale	\$ 21,552	\$ 23,111	\$ (1,559)
Gain on sale of loans and mortgage-backed securities	15,793	18,715	(2,922)
Investment income net of (decrease) increase in fair value of investments	(929)	1,084	(2,013)
Housing management fees	6,491	6,975	(484)
Federal rental assistance programs	104,814	99,650	5,164
Grants and subsidies	211,724	54,431	157,293
Other	<u>6,519</u>	<u>6,634</u>	<u>(115)</u>
Total operating revenue	<u>365,964</u>	<u>210,600</u>	<u>155,364</u>
Operating Expenses			
Bond interest expense and debt financing costs	11,764	13,402	(1,638)
Administrative expenses	20,853	19,183	1,670
Loan origination expenses	4,025	3,962	63
Loan servicing expenses	3,005	2,905	100
Provision for loan losses	–	500	(500)
Federal rental assistance programs	105,124	99,641	5,483
Grants and subsidies	196,576	57,399	139,177
Other	<u>279</u>	<u>266</u>	<u>13</u>
Total operating expenses	<u>341,626</u>	<u>197,258</u>	<u>144,368</u>
Change in net position	24,338	13,342	10,996
Net position, beginning of year	<u>170,481</u>	<u>157,139</u>	<u>13,342</u>
Net position, end of year	<u>\$194,819</u>	<u>\$170,481</u>	<u>\$ 24,338</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

June 30, 2022

Discussion of Changes in the Operating Results for the Year Ended June 30, 2022 Compared to the Year Ended June 30, 2021

NH Housing'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, NH Housing receives and distributes grants and subsidies in support of a variety of housing-related initiatives.

NH Housing's change in net position for the year ended June 30, 2022 was \$24.3 million compared to \$13.3 million for the year ended June 30, 2021. The \$11.0 million increase was the net effect of a \$155.4 million increase in operating revenue and a \$144.4 million increase in operating expenses. Significant changes leading to the \$11.0 million increase included:

- A \$1.6 million decrease in interest and fees on mortgage and construction loans and loans held for sale consisting of a \$3.0 million decrease related to the declining bond financed single family loan portfolio and a \$1.4 million increase related to multi-family loan activity funded by both bonds and the general funds.
- A \$2.9 million decrease in gain on sale of loans and mortgage backed securities due to decreased profitability on the sales of securities.
- A \$2.0 million decrease in investment income due to a \$2.2 million decrease in fair value of investments offset by a \$0.2 million increase in investment income.
- A \$0.3 million decrease in the difference between revenues and expenses related to the timing of receipts and disbursements in federal rental assistance programs.
- An \$18.1 million increase in the difference between revenues and expenses related to grants and subsidies activity, as follows:

	<u>Year Ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Grants and subsidies revenue	\$211,724	\$ 54,431
Grants and subsidies expense	<u>196,576</u>	<u>57,399</u>
Net grants and subsidies activity	<u>\$ 15,148</u>	<u>\$ (2,968)</u>

The \$18.1 million difference in net grants and subsidies activity is primarily due to a \$22.3 million increase in revenue over expenses related to the timing of program receipts and disbursements in a state funded program offset by a \$4.2 million decrease in net program revenue due to timing of program receipts and disbursements in other grant programs. In addition to the annual \$5.0 million annual state allocation, during fiscal year 2022 NH Housing received a one-time \$25.0 million allocation to be used to subsidize the development of multi-family rental housing units.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

June 30, 2022

The significant increase in magnitude of the revenue and expense in these categories relates primarily to the receipt and disbursement of approximately \$166.0 million and \$3.7 million in the Emergency Rental Assistance and Homeowner Assistance programs, respectively.

Cash Flows

The statement of cash flows, which summarizes the changes in NH Housing's statement of net position and the results of its operations in terms of cash and cash equivalents, shows a \$10.4 million increase in cash and cash equivalents between June 30, 2021 and June 30, 2022. As evident in the Supplemental Combining Schedule of Cash Flows on pages 34 and 35, the increase in cash and cash equivalents is attributable primarily to the general funds, 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

NH Housing is authorized to issue bonds, the outstanding balance of which cannot exceed \$2 billion, under the laws of the State of New Hampshire. NH Housing has issued bonds for both single family and multi-family housing, the outstanding balance of which totaled \$355.1 million at June 30, 2022.

During the year ended June 30, 2022, NH Housing issued \$33.8 million of single family bonds and \$64.3 million of multi-family bonds. Based on scheduled maturities, NH Housing redeemed during the year \$10.1 million of single family program bonds and \$2.0 million of multi-family program bonds. NH Housing also redeemed during the year ended June 30, 2022, prior to scheduled maturities, \$70.6 million of single family program bonds and \$26.5 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 single family and multi-family bonds.

Additional Information

The purpose of this financial report is to provide information needed to understand NH Housing's financial position and results of operations as of and for the year ended June 30, 2022.

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.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

STATEMENT OF NET POSITION

June 30, 2022

(In thousands of dollars)

ASSETS

Current assets:

Cash and cash equivalents	\$ 50,001
Cash held in escrow	100,197
Short-term investments	126,020
Accrued interest receivable on investments	207
Current portion of mortgage and construction loans receivable	16,510
Loans held for sale, at lower of cost or fair value	10,465
Accrued interest receivable on mortgage and construction loans and loans held for sale	2,197
Real estate owned, net	188
Other current assets	<u>10,768</u>

Total current assets 316,553

Long-term investments 22,754

Loans receivable:

Mortgage loans	330,438
Construction loans	8,086
Less allowance for possible losses	<u>(1,020)</u>
Loans receivable, net	337,504
Less current portion of loans receivable	<u>(16,510)</u>
Long term portion of loans receivable	<u>320,994</u>

Other assets:

Mortgage loan servicing rights, net	7,632
Property and equipment, net	4,168
Other	<u>1,894</u>

Total other assets 13,694

Total assets 673,995

LIABILITIES

Current liabilities:

Current portion of bonds payable	24,955
Accrued interest payable	5,294
Notes payable	18,997
Current portion of accrued and other liabilities	<u>98,066</u>

Total current liabilities 147,312

Long-term liabilities:

Bonds payable, net of current portion	330,131
Accrued and other liabilities	<u>1,733</u>
Total long-term liabilities	<u>331,864</u>

Total liabilities 479,176

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

NET POSITION

Invested in capital assets, net of related debt	4,168
Restricted	121,759
Unrestricted	<u>68,892</u>

Total net position \$ 194,819

See notes to financial statements.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2022

(In thousands of dollars)

OPERATING REVENUE:

Interest and fees on mortgage and construction loans and loans held for sale	\$ 21,552
Gain on sale of loans and mortgage-backed securities	15,793
Servicing revenue	5,702
Investment income	1,656
Decrease in fair value of investments	(2,585)
Housing management fees	6,491
Federal rental assistance programs	104,814
Grants and subsidies	211,724
Other	<u>817</u>
Total operating revenue	<u>365,964</u>

OPERATING EXPENSES:

Bond interest expense and debt financing costs	11,764
Administrative expenses	20,853
Loan origination expenses	4,025
Loan servicing expenses	3,005
Federal rental assistance programs	105,124
Grants and subsidies	196,576
Other	<u>279</u>
Total operating expenses	<u>341,626</u>

CHANGE IN NET POSITION

24,338

Net position, beginning of year

170,481

NET POSITION, END OF YEAR

\$194,819

See notes to financial statements.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

(In thousands of dollars)

Cash flows from operating activities:	
Loan repayments received	\$ 78,314
Loan interest income and servicing revenue received	24,938
Proceeds from sale of loans and mortgage-backed securities	331,108
Federal rental assistance program receipts	104,814
Grants and subsidies receipts	211,724
Other receipts	95,133
Loan disbursements	(354,472)
Purchase of loan servicing rights	(1,885)
Payments to vendors	(10,022)
Payments to employees	(11,981)
Federal rental assistance program disbursements	(105,124)
Grants and subsidies disbursements	(196,576)
Other disbursements	<u>(105,556)</u>
Net cash provided by operating activities	60,415
Cash flows from noncapital financing activities:	
Proceeds from issuance of bonds	98,095
Principal repayment of bonds	(109,285)
Proceeds from notes payable	328,602
Repayment of notes payable	(334,193)
Interest paid	<u>(13,423)</u>
Net cash used for noncapital financing activities	(30,204)
Cash flows from capital and related financing activities:	
Reductions to property and equipment	<u>(326)</u>
Net cash used for capital and related financing activities	(326)
Cash flows from investing activities:	
Purchase of investment securities	(217,593)
Proceeds from sale and maturities of investment securities	196,435
Investment income received	<u>1,643</u>
Net cash used for investing activities	<u>(19,515)</u>
Net increase in cash and cash equivalents	10,370
Cash and cash equivalents, beginning of year	<u>39,631</u>
Cash and cash equivalents, end of year	<u>\$ 50,001</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

STATEMENT OF CASH FLOWS (CONTINUED)

Year Ended June 30, 2022

(In thousands of dollars)

Reconciliation of change in net position to net cash provided by operating activities:	
Change in net position	\$ 24,338
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Amortization of servicing rights	1,680
Mortgage loan servicing rights capitalized	(1,885)
Depreciation of property and equipment	450
Loan interest income converted to loan principal	(463)
Investment loss, net	929
Bond interest expense and debt financing costs	11,764
Changes in operating assets and liabilities:	
Loans receivable	13,891
Loans held for sale	23,314
Accrued interest – loans	100
Other assets	(67,447)
Accrued and other liabilities	<u>53,744</u>
Net cash provided by operating activities	<u>\$ 60,415</u>
Supplemental disclosures of noncash information:	
Real estate acquired through foreclosure	\$ 1,351
See notes to financial statements.	(Concluded)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

1. **Organization and Nature of Operations**

New Hampshire Housing Finance Authority (NH Housing) 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 NH Housing 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).

NH Housing 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. NH Housing 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 NH Housing 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 NH Housing 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 – NH Housing’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. NH Housing 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 NH Housing’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 NH Housing on March 23, 1995 and the General Single Family Mortgage Acquisition Revenue Bond Resolution (Non-MBS) adopted by NH Housing on June 25, 2009.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

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

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

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 NH Housing (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, NH Housing. Based on the preceding criteria, the accompanying financial statements do not include the financial activities of any entity other than NH Housing.

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 NH Housing, 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 NH Housing'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.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

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

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.

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. NH Housing makes an assessment of mortgage servicing rights based on the fair value of those rights. For purposes of measuring impairment, NH Housing 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 – NH Housing 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 NH Housing 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 NH Housing, in whole or in part at any time after certain dates, as specified in the respective series indentures. To date, NH Housing 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 NH Housing 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, 2022.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

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

Operating Revenue and Expenses – NH Housing’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. NH Housing’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.

NH Housing also administers various Section 8 subsidized housing programs in the State for HUD. NH Housing 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 NH Housing 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.

NH Housing receives various other pass-through grants to support housing programs. In addition to these pass-through funds, NH Housing 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 – NH Housing 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%.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

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

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 2022 is summarized as follows:

Balance – June 30, 2021	<u>\$ 3,250</u>
Balance attributable to:	
Mortgage and construction loans	\$ 1,076
Real estate owned	511
Other liabilities – GNMA loss liability	<u>1,663</u>
Total	3,250
Provision for loan losses	–
Write-offs, net	<u>(214)</u>
Balance – June 30, 2022	<u>\$ 3,036</u>
Balance attributable to:	
Mortgage and construction loans	\$ 1,020
Real estate owned	270
Other liabilities – GNMA loss liability	<u>1,746</u>
Total	<u>\$ 3,036</u>

NH Housing 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. NH Housing 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, 2022, NH Housing serviced \$832,180 of loans held in Ginnie Mae mortgage-backed securities and \$309,239 of loans held by Fannie Mae. NH Housing 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 NH Housing are acquired from a network of mortgage loan originators. For the year ended June 30, 2022, loans acquired from three originating lenders amounted to 46.7% of the sold loan volume, contributing 2.0% of NH Housing's total operating revenue and 4.9% of its change in net position.

NH Housing also originates and services FHA risk-share insured multi-family mortgage loans for which it sells 100% participation interests. As of June 30, 2022, NH Housing serviced \$125,799 of multi-family mortgage loans for five investors.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

4. Cash and Investments

Cash and Cash Equivalents – At June 30, 2022, the carrying amount of NH Housing’s bank deposits was \$50,001, such amount representing cash bank deposits. Bank balances of cash deposits held in the general funds totaled \$49,885. Of such deposits, \$250 was insured by the Federal Deposit Insurance Corporation, while deposits aggregating \$49,635 were uninsured.

Bank balances of cash deposits held in bond funds totaled \$330, and \$250 was insured by the Federal Deposit Insurance Corporation.

At June 30, 2022, the carrying amount of NH Housing’s restricted cash (cash held in escrow) was \$100,197. The restricted cash bank balance was \$101,797, 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 \$119,045 of deposits as of June 30, 2022.

Investments – In accordance with the terms of its investment policy and its bond indentures, NH Housing 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 and U.S. Treasury Bills (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 NH Housing’s name and held by third parties.

Short-Term Investments – Short-term investments at June 30, 2022 consist of the following investments with maturities of less than one year:

FHLB Obligations (at fair value)	\$ 932
GNMA Obligations (at fair value)	584
Guaranteed investment contracts (at contract value)	40,911
Collateralized repurchase agreements (at contract value)	3,585
U.S. Treasury obligation money market funds (at fair value)	45,217
UST obligations (at fair value)	<u>34,791</u>
Total	<u>\$126,020</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

4. Cash and Investments (Continued)

Long-Term Investments – Long-term investments at June 30, 2022 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 2023 to 2051.

	Rating	Investment Maturities (In Years)				Total
		1 – 5	6 – 10	11 – 15	16 – 30	
FFCB obligations	Aaa	\$ 734	\$ –	\$ –	\$ –	\$ 734
FHLB obligations	Aaa	998	1,429	–	–	2,427
FHLMC obligations	Aaa	–	–	1,411	–	1,411
FNMA obligations	Aaa	1,235	–	–	–	1,235
GNMA obligations	Aaa	–	–	–	530	530
UST obligations	Aaa	<u>6,928</u>	<u>7,797</u>	<u>–</u>	<u>1,692</u>	<u>16,417</u>
Total		<u>\$ 9,895</u>	<u>\$ 9,226</u>	<u>\$ 1,411</u>	<u>\$ 2,222</u>	<u>\$ 22,754</u>

The primary cause of the decrease in fair value of short-term and long-term investments for the year ended June 30, 2022 was the impact caused by movements in market interest rates during the year. A net decrease in fair value of short-term and long-term investments of \$2,412 was recorded during the year ended June 30, 2022.

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. NH Housing 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, 2022 includes amounts withdrawn from guaranteed investment contracts and collateralized repurchase agreements to satisfy July 1, 2022 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. NH Housing 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 NH Housing bond rating. In the event of an investment provider rating downgrade that will impact the applicable NH Housing bond rating, NH Housing may request the provider to deliver collateral sufficient to maintain the NH Housing bond rating or terminate the contract.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

4. Cash and Investments (Continued)

Custodial Credit Risk – Custodial credit risk is the risk that, in the failure of a counterparty, NH Housing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. NH Housing’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 NH Housing.

Repurchase agreement collateral held by Wells Fargo Bank, National Association:
 Government National Mortgage Association mortgage pools (at fair value) \$ 3,884

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. NH Housing 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, 2022, 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	\$ 29,690
Guaranteed investment contracts provided by:		
Natixis Funding Corporation	A1	14,806
U.S. Treasury obligation money market funds provided by:		
Fidelity Institutional Money Market Funds	Aaa-mf	45,217
U.S. Treasury obligations	Aaa	<u>51,208</u>
Total		<u>\$140,921</u>

5. Other Assets

Other assets at June 30, 2022 consist of the following:

	<u>Current</u>	<u>Long Term</u>
Accounts receivable	\$ 7,463	\$ –
Repurchased loans	1,770	–
Prepaid expenses	843	–
Fair value investment derivatives	58	–
Notes receivable	–	1,894
Accrued servicing revenue	<u>634</u>	<u>–</u>
Total	<u>\$ 10,768</u>	<u>\$ 1,894</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

6. Mortgage Loan Servicing Rights

During the year ended June 30, 2022, NH Housing capitalized \$1,885 in connection with the purchase of servicing rights and recorded amortization of \$1,680. At June 30, 2022, mortgage loan servicing rights totaled \$7,632, net of accumulated amortization of \$8,201. Gross servicing rights totaled \$15,833.

7. Property and Equipment

Property and equipment at June 30, 2022, consists of:

Land and building	\$ 6,914
Equipment	7,048
Furniture and fixtures	<u>724</u>
Total	14,686
Less accumulated depreciation	<u>(10,518)</u>
Property and equipment – net	<u>\$ 4,168</u>

Depreciation expense for the year ended June 30, 2022 was \$450.

8. Forward Commitments

NH Housing 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. NH Housing 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 decrease in fair value of \$173 on these forward commitments, classified as investment derivative instruments, has been recorded as an offset to investment income. The \$(99) fair value mark-to-market adjustment is included in accrued and other liabilities and other assets on the statement of net position. In addition, NH Housing has agreements with five 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, 2022, the aggregate fair market value of forward commitment contracts containing such collateral provisions was \$29,976 compared to an aggregate contract amount of \$29,427 and no collateral was posted as of that date.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

8. Forward Commitments (Continued)

NH Housing is subject to credit risk with respect to counterparties to the forward commitment contracts, summarized as follows at June 30, 2022, 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	Not Rated	8	\$ 3,627
Bank of Montreal	Aa2	4	4,100
Bank of New York Mellon Capital Markets	Aa2	6	8,600
Bank of Oklahoma	A2	6	5,500
Daiwa Capital Markets	Not Rated	9	7,600
Federal National Mortgage Association	Aaa	5	1,900
Jefferies Group LLC	Baa2	<u>9</u>	<u>7,045</u>
Total		<u>47</u>	<u>\$ 38,372</u>

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 0.30% to 5.67%. Interest paid on bonds of NH Housing is generally exempt from Federal income taxes, except for certain bonds including nine series of Single Family Mortgage Acquisition Revenue Bonds and two series of Multi-family Housing Revenue bonds.

Bonds payable activity for the year ended June 30, 2022 was as follows:

Balance – June 30, 2021	\$ 366,840
Bond issuance	98,095
Amortization of bond premium and discount, net	(564)
Principal repayment	<u>(109,285)</u>
Balance – June 30, 2022	<u>\$ 355,086</u>
Amount payable within one year	<u>\$ 24,955</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

9. Bonds Payable (Continued)

Principal and interest payments due on outstanding bonds are as follows at June 30, 2022:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2023	\$ 24,955	\$ 10,529	\$ 35,484
2024	15,100	10,239	25,339
2025	17,785	9,942	27,727
2026	11,105	9,602	20,707
2027	<u>11,250</u>	<u>9,269</u>	<u>20,519</u>
Subtotal, years ending 2023 – 2027	80,195	49,581	129,776
Years ending June 30:			
2028 – 2032	57,495	40,368	97,863
2033 – 2037	51,255	31,886	83,141
2038 – 2042	40,875	24,736	65,611
2043 – 2047	31,375	19,343	50,718
2048 – 2052	31,045	14,036	45,081
2053 – 2057	28,350	8,820	37,170
2058 – 2062	28,315	3,438	31,753
2063 – 2067	<u>5,970</u>	<u>259</u>	<u>6,229</u>
Total	354,875	\$ <u>192,467</u>	\$ <u>547,342</u>
Unamortized premium	325		
Unamortized discount	<u>(114)</u>		
Total bonds payable	<u>\$355,086</u>		

In the ordinary course of its business, NH Housing redeems, prior to stated maturity, various amounts of bonds from prepayments of the related mortgage loans. During fiscal 2022, NH Housing redeemed, prior to stated maturity and in accordance with the terms of the bonds, \$70,640 of current interest single family bond program bonds and \$26,500 of current interest multi-family bonds.

On August 5, 2021, NH Housing issued \$22,545 of Multi-Family Housing Revenue Bonds, 2021 Series 2 (Federally Taxable). Bond issue proceeds were used to redeem, on September 7, 2021 and January 3, 2022, Multi-Family Housing Revenue Bonds issued in 2010, 2011 and 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.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

9. **Bonds Payable (Continued)**

On September 14, 2021, NH Housing issued \$33,795 of Single Family Mortgage Acquisition Revenue Refunding Bonds, 2021 Series A (Federally Taxable). Bond proceeds were 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 \$2,920 and an economic gain of \$2,069, including issuance costs of \$605.

10. **Notes Payable and Credit Facilities**

NH Housing 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, 2024. When LIBOR is discontinued in fiscal year 2023, the interest rate will be replaced with an alternative benchmark rate, with a floor of 2.15%. At June 30, 2022, \$20,272, with \$1,275 included in current portion of bonds payable, was outstanding with an interest rate of 2.51%, whereas \$19,728 was unused with an interest rate of 0.15%.

NH Housing 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, 2023. When LIBOR is discontinued in fiscal year 2023, 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, 2022.

In connection with the bank lines of credit, NH Housing has covenanted to maintain an unrestricted net position of \$35,000 and a minimum investment rating of A3 from Moody's Investors Service, Inc. NH Housing was in compliance with these covenants as of and for the year ended June 30, 2022.

11. **Accrued and Other Liabilities**

Accrued and other liabilities at June 30, 2022 consist of the following:

	<u>Current</u>	<u>Long-Term</u>
Accounts payable	\$ 2,196	\$ -
Funds held in escrow	94,120	1,483
Fair value investment derivatives	157	-
Accrued servicing fees	97	-
GNMA loss liability	<u>1,496</u>	<u>250</u>
Total	<u>\$ 98,066</u>	<u>\$ 1,733</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

12. Commitments and Contingent Liabilities

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

- At June 30, 2022, NH Housing was committed to fund approximately \$33,428 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 NH Housing 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, 2022, NH Housing met the minimum net worth requirement of \$5,559. Under the Ginnie Mae program, NH Housing must use its own funds if a borrower fails to make a timely payment on a mortgage loan. NH Housing must also assess the overall performance of the portfolio and repurchase loans as necessary to maintain required delinquency thresholds. NH Housing assesses the overall risk of loss on loans that it may be required to repurchase and repurchases the loans as necessary. NH Housing securitized \$237,441 of mortgage loans during the year ended June 30, 2022 and held \$1,770 of repurchased loans in other assets at June 30, 2022.
- At June 30, 2022, NH Housing was committed to fund approximately \$8,249 of mortgage loans to be sold to Fannie Mae. NH Housing sells mortgage loans to Fannie Mae on a nonrecourse basis although previously also sold loans on a risk-share basis.
- NH Housing has committed to maintain primary mortgage insurance policies for all the single family bond program bond issues. The primary insurance policies for two issues contain risk-sharing arrangements. NH Housing 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.
- NH Housing 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 NH Housing includes risk-sharing arrangements by which NH Housing has a maximum contingent liability to the general funds of \$155,475.
- NH Housing has authorized the funding of approximately \$25,088 from the general funds for the purchase of housing units and for other housing-related purposes. This total includes \$23,040 of construction loans expected to be funded from a bank line of credit.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

12. Commitments and Contingent Liabilities (Continued)

- Provisions of certain general funds and multi-family bond program loans require NH Housing 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, 2022, these balances aggregated \$51,077. These balances are not included in NH Housing's financial statements as they are maintained in separate accounts in the names of the developers.

NH Housing 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 NH Housing.

13. Restricted Net Position

The components of restricted net position at June 30, 2022 are as follows:

Restricted for purpose of funding source	\$ 55,184
Restricted for purpose of bond issues:	
Single family bond programs	48,895
Multi-family bond programs	<u>17,680</u>
Total	<u>\$121,759</u>

14. Grants and Subsidies

NH Housing receives and distributes grants and subsidies in support of a variety of housing-related initiatives. Grants and subsidies revenue exceeds grants and subsidies expense by \$15,148 primarily due to \$22,204 net receipts and disbursements in state supported multi-family subsidy programs offset by \$5,744 net program expense in the single-family lending program due to the expenditure of cash assistance to single family homeowners, \$1,518 of grant expense in the general funds and \$269 net program expense in the multi-family lending programs. The net receipts in state supported multi-family subsidy programs includes a one-time \$25.0 million allocation that is to be used to subsidize multi-family rental housing development.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

15. **Employee Benefit Plans**

NH Housing 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, 2022 totaled \$10,470 while total payroll for the year ended June 30, 2022 totaled \$11,139. NH Housing expensed and made contributions to the plan of \$757 for the year ended June 30, 2022, such amount representing 7.2% of covered payroll and including \$236 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 NH Housing 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 NH Housing.

16. **Housing Management Fees**

NH Housing administers subsidized housing programs under HUD Section 811 and Section 8 mainstream voucher, moderate rehabilitation, housing choice voucher, COVID-19 and special allocation programs and receives fees for these services. Total federal funds administered by NH Housing under these programs aggregated \$111,505 for the year ended June 30, 2022.

17. **Fair Value Measurements**

NH Housing 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. NH Housing 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.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(In thousands of dollars)

17. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, NH Housing's money market funds, United States government obligations and investment derivative instruments at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 45,217	\$ –	\$ –	\$ 45,217
United States government obligations	59,061	–	–	59,061
Investment derivative instruments	<u>–</u>	<u>–</u>	<u>(99)</u>	<u>(99)</u>
Total	<u>\$104,278</u>	<u>\$ –</u>	<u>\$ (99)</u>	<u>\$104,179</u>

Certain investments not subject to the fair value measurement requirement at June 30, 2022 include:

Collateralized repurchase agreements	\$ 3,585
Guaranteed investment contracts	<u>40,911</u>
Total	<u>\$44,496</u>

18. Subsequent Events

On July 13, 2022 NH Housing issued \$57,735 of Multi-Family Housing Revenue Bonds, 2022 Series 1. Bond proceeds will be used to fund mortgage loans to five multi-family housing projects and to fund the required mortgage reserve. The bonds consist of serial and term bonds with varying maturities and interest rates.

On August 1, 2022, NH Housing redeemed, prior to scheduled maturity, its Single Family Mortgage Acquisition Revenue Bonds, in the amount of \$3,360.

On August 3, 2022, NH Housing redeemed, prior to scheduled maturity, its Multi-Family Housing Revenue Bonds, in the amount of \$4,055.

On September 1, 2022, NH Housing redeemed, prior to scheduled maturity, its Single Family Mortgage Acquisition Revenue Bonds, in the amount of \$1,750.

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2022

(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 (the 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 NH Housing's operations, the Pandemic is an ongoing situation. NH Housing cannot predict the duration or extent of the Pandemic; the duration or expansion of any foreclosure or eviction moratorium affecting NH Housing'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 NH Housing 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 NH Housing or its operations.

SUPPLEMENTAL COMBINING SCHEDULES

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION

June 30, 2022

(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>
Assets					
Current assets:					
Cash and cash equivalents	\$ 49,671	\$ 330	\$ –	\$ –	\$ 50,001
Cash held in escrow	100,197	–	–	–	100,197
Short-term investments	11,552	50,427	64,041	–	126,020
Accrued interest receivable on investments	46	31	130	–	207
Current portion of mortgage and construction loans receivable	1,901	7,119	7,490	–	16,510
Loans held for sale, at lower of cost or fair value	10,465	–	–	–	10,465
Accrued interest receivable on mortgage and construction loans and loans held for sale	126	1,250	821	–	2,197
Real estate owned, net	194	(6)	–	–	188
Other current assets	<u>9,929</u>	<u>944</u>	<u>–</u>	<u>(105)</u>	<u>10,768</u>
Total current assets	<u>184,081</u>	<u>60,095</u>	<u>72,482</u>	<u>(105)</u>	<u>316,553</u>
Long-term investments	<u>7,342</u>	<u>8,201</u>	<u>7,211</u>	<u>–</u>	<u>22,754</u>
Loans receivable:					
Mortgage loans	16,557	133,302	180,579	–	330,438
Construction loans	8,086	–	–	–	8,086
Less allowance for possible losses	<u>(256)</u>	<u>(764)</u>	<u>–</u>	<u>–</u>	<u>(1,020)</u>
Loans receivable, net	24,387	132,538	180,579	–	337,504
Less current portion of loans receivable	<u>(1,901)</u>	<u>(7,119)</u>	<u>(7,490)</u>	<u>–</u>	<u>(16,510)</u>
Long term portion of loans receivable	<u>22,486</u>	<u>125,419</u>	<u>173,089</u>	<u>–</u>	<u>320,994</u>
Other assets:					
Mortgage loan servicing rights, net	7,632	–	–	–	7,632
Property and equipment, net	4,168	–	–	–	4,168
Interfund receivables	23,343	113	982	(24,438)	–
Other	<u>1,894</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,894</u>
Total other assets	<u>37,037</u>	<u>113</u>	<u>982</u>	<u>(24,438)</u>	<u>13,694</u>
Total assets	<u>\$250,946</u>	<u>\$193,828</u>	<u>\$253,764</u>	<u>\$ (24,543)</u>	<u>\$673,995</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF STATEMENT OF NET POSITION (CONTINUED)

June 30, 2022

(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>
Liabilities					
Current liabilities:					
Current portion of bonds payable	\$ 1,275	\$ 11,770	\$ 11,910	\$ —	\$ 24,955
Accrued interest payable	1	2,018	3,275	—	5,294
Notes payable	18,997	—	—	—	18,997
Current portion of accrued and other liabilities	<u>98,064</u>	<u>85</u>	<u>22</u>	<u>(105)</u>	<u>98,066</u>
Total current liabilities	<u>118,337</u>	<u>13,873</u>	<u>15,207</u>	<u>(105)</u>	<u>147,312</u>
Long-term liabilities:					
Bonds payable, net of current portion	—	114,070	216,061	—	330,131
Accrued and other liabilities	1,733	—	—	—	1,733
Interfund payables	<u>12,067</u>	<u>7,555</u>	<u>4,816</u>	<u>(24,438)</u>	<u>—</u>
Total long-term liabilities	<u>13,800</u>	<u>121,625</u>	<u>220,877</u>	<u>(24,438)</u>	<u>331,864</u>
Total liabilities	<u>132,137</u>	<u>135,498</u>	<u>236,084</u>	<u>(24,543)</u>	<u>479,176</u>
Net Position					
Invested in capital assets, net of related debt	4,168	—	—	—	4,168
Restricted	55,184	48,895	17,680	—	121,759
Unrestricted	<u>59,457</u>	<u>9,435</u>	<u>—</u>	<u>—</u>	<u>68,892</u>
Total net position	<u>\$118,809</u>	<u>\$ 58,330</u>	<u>\$ 17,680</u>	<u>\$ —</u>	<u>\$194,819</u>

(Concluded)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

Year Ended June 30, 2022

(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>
Operating revenue:					
Interest and fees on mortgage and construction loans and loans held for sale	\$ 3,033	\$ 8,564	\$ 9,992	\$ (37)	\$ 21,552
Gain on sale of loans and mortgage-backed securities	15,793	-	-	-	15,793
Servicing revenue	6,544	-	-	(842)	5,702
Investment income	272	675	709	-	1,656
Decrease in fair value of investments	(916)	(733)	(936)	-	(2,585)
Housing management fees	14,125	-	-	(7,634)	6,491
Federal rental assistance programs	104,814	-	-	-	104,814
Bond issuance fees	595	-	-	(595)	-
Grants and subsidies	211,724	-	-	-	211,724
Other	817	-	-	-	817
Total operating revenue	<u>356,801</u>	<u>8,506</u>	<u>9,765</u>	<u>(9,108)</u>	<u>365,964</u>
Operating expenses:					
Bond interest expense and debt financing costs	7	4,828	6,929	-	11,764
Administrative expenses	28,343	97	47	(7,634)	20,853
Loan origination expenses	4,025	-	-	-	4,025
Loan servicing expenses	3,001	558	288	(842)	3,005
Federal rental assistance programs	105,124	-	-	-	105,124
Bond issuance fees	-	247	348	(595)	-
Grants and subsidies	196,613	-	-	(37)	196,576
Other	139	-	140	-	279
Total operating expenses	<u>337,252</u>	<u>5,730</u>	<u>7,752</u>	<u>(9,108)</u>	<u>341,626</u>
Change in net position	19,549	2,776	2,013	-	24,338
Net position, beginning of year	99,202	55,612	15,667	-	170,481
Interfund transfers, net	<u>58</u>	<u>(58)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$118,809</u>	<u>\$58,330</u>	<u>\$17,680</u>	<u>\$-</u>	<u>\$194,819</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS

Year Ended June 30, 2022

(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	\$ 11,837	\$ 38,435	\$ 28,042	\$ —	\$ 78,314
Loan interest income and servicing revenue received	9,056	8,935	7,826	(879)	24,938
Proceeds from sale of loans and mortgage-backed securities	331,108	—	—	—	331,108
Federal rental assistance program receipts	104,814	—	—	—	104,814
Grants and subsidies receipts	211,724	—	—	—	211,724
Other receipts	90,177	8,504	4,681	(8,229)	95,133
Loan disbursements	(300,827)	—	(53,645)	—	(354,472)
Purchase of loan servicing rights	(1,885)	—	—	—	(1,885)
Payments to vendors	(17,372)	(97)	(187)	7,634	(10,022)
Payments to employees	(11,981)	—	—	—	(11,981)
Federal rental assistance program disbursements	(105,124)	—	—	—	(105,124)
Grants and subsidies disbursements	(196,613)	—	—	37	(196,576)
Other disbursements	(94,451)	(9,090)	(3,452)	1,437	(105,556)
Net cash (used for) provided by operating activities	<u>30,463</u>	<u>46,687</u>	<u>(16,735)</u>	<u>—</u>	<u>60,415</u>
Cash flows from noncapital financing activities:					
Proceeds from issuance of bonds	1,275	33,795	63,025	—	98,095
Principal repayment of bonds	—	(80,780)	(28,505)	—	(109,285)
Proceeds from notes payable	328,602	—	—	—	328,602
Repayment of notes payable	(334,193)	—	—	—	(334,193)
Interest paid	(6)	(6,558)	(6,859)	—	(13,423)
Net cash provided by (used for) noncapital financing activities	<u>(4,322)</u>	<u>(53,543)</u>	<u>27,661</u>	<u>—</u>	<u>(30,204)</u>
Cash flows from capital and related financing activities:					
Additions to property and equipment	(326)	—	—	—	(326)
Net cash used for capital and related financing activities	<u>(326)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(326)</u>
Cash flows from investing activities:					
Purchase of investment securities	(24,671)	(96,006)	(96,916)	—	(217,593)
Proceeds from sale and maturities of investment securities	10,251	100,918	85,266	—	196,435
Investment income received	265	654	724	—	1,643
Net cash provided by (used for) investing activities	<u>(14,155)</u>	<u>5,566</u>	<u>(10,926)</u>	<u>—</u>	<u>(19,515)</u>
Net (decrease) increase in cash and cash equivalents	11,660	(1,290)	—	—	10,370
Cash and cash equivalents, beginning of year	<u>38,011</u>	<u>1,620</u>	<u>—</u>	<u>—</u>	<u>39,631</u>
Cash and cash equivalents, end of year	<u>\$ 49,671</u>	<u>\$ 330</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 50,001</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)

Year Ended June 30, 2022

(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>
Reconciliation of change in net position to net cash (used for) provided by operating activities:					
Change in net position	\$ 19,549	\$ 2,776	\$ 2,013	\$ -	\$ 24,338
Adjustments to reconcile change in net position to net cash provided by operating activities:					
Amortization of servicing rights	1,680	-	-	-	1,680
Mortgage loan servicing rights capitalized	(1,885)	-	-	-	(1,885)
Depreciation of property and equipment	450	-	-	-	450
Loan interest income converted to loan principal	(463)	-	-	-	(463)
Investment loss, net	644	58	227	-	929
Bond interest expense and debt financing costs	7	4,828	6,929	-	11,764
Changes in operating assets and liabilities:					
Loans receivable	3,012	38,540	(27,661)	-	13,891
Loans held for sale	23,314	-	-	-	23,314
Accrued interest – loans	(58)	266	(108)	-	100
Other assets	(67,971)	408	11	105	(67,447)
Accrued and other liabilities	52,126	(131)	1,854	(105)	53,744
Interfund transfers	<u>58</u>	<u>(58)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash (used for) provided by operating activities	<u>\$ 30,463</u>	<u>\$ 46,687</u>	<u>\$ (16,735)</u>	<u>\$ -</u>	<u>\$ 60,415</u>
Supplemental disclosures of noncash information:					
Real estate acquired through foreclosure	<u>\$ 1,033</u>	<u>\$ 318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,351</u>

(Concluded)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

June 30, 2022

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 323	\$ 7	\$ 330
Short-term investments	46,399	4,028	50,427
Accrued interest receivable on investments	31	–	31
Current portion of mortgage and construction loans receivable	6,613	506	7,119
Accrued interest receivable on loans	1,142	108	1,250
Real estate owned, net	35	(41)	(6)
Other current assets	<u>905</u>	<u>39</u>	<u>944</u>
Total current assets	<u>55,448</u>	<u>4,647</u>	<u>60,095</u>
Long-term investments	<u>8,201</u>	<u>–</u>	<u>8,201</u>
Loans receivable:			
Mortgage loans	119,936	13,366	133,302
Less allowance for possible losses	<u>(738)</u>	<u>(26)</u>	<u>(764)</u>
Loans receivable, net	119,198	13,340	132,538
Less current portion of loans receivable	<u>(6,613)</u>	<u>(506)</u>	<u>(7,119)</u>
Long term portion of loans receivable	<u>112,585</u>	<u>12,834</u>	<u>125,419</u>
Other assets:			
Interfund receivables	<u>113</u>	<u>–</u>	<u>113</u>
Total other assets	<u>113</u>	<u>–</u>	<u>113</u>
Total assets	<u>\$176,347</u>	<u>\$ 17,481</u>	<u>\$193,828</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

June 30, 2022

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>Total</u>
Liabilities			
Current liabilities:			
Current portion of bonds payable	\$ 11,340	\$ 430	\$ 11,770
Accrued interest payable	1,727	291	2,018
Current portion of accrued and other liabilities	<u>78</u>	<u>7</u>	<u>85</u>
Total current liabilities	13,145	728	13,873
Long-term liabilities:			
Bonds payable, net of current portion	98,056	16,014	114,070
Interfund payables	<u>7,045</u>	<u>510</u>	<u>7,555</u>
Total long-term liabilities	<u>105,101</u>	<u>16,524</u>	<u>121,625</u>
Total liabilities	<u>118,246</u>	<u>17,252</u>	<u>135,498</u>
Net Position			
Restricted	48,666	229	48,895
Unrestricted	<u>9,435</u>	<u>—</u>	<u>9,435</u>
Total net position	<u>\$ 58,101</u>	<u>\$ 229</u>	<u>\$ 58,330</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, 2022

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>Total</u>
Operating revenue:			
Interest and fees on mortgage and construction loans	\$ 7,511	\$ 1,053	\$ 8,564
Investment income	606	69	675
Decrease in fair value of investments	<u>(728)</u>	<u>(5)</u>	<u>(733)</u>
Total operating revenue	<u>7,389</u>	<u>1,117</u>	<u>8,506</u>
Operating expenses:			
Bond interest expense and debt financing costs	3,900	928	4,828
Administrative expenses	69	28	97
Loan servicing expenses	476	82	558
Provision for Loan Losses	(150)	150	–
Bond issuance fees	<u>247</u>	<u>–</u>	<u>247</u>
Total operating expenses	<u>4,542</u>	<u>1,188</u>	<u>5,730</u>
Change in net position	2,847	(71)	2,776
Net position, beginning of year	47,680	7,932	55,612
Interfund transfers, net	<u>7,574</u>	<u>(7,632)</u>	<u>(58)</u>
Net position, end of year	<u>\$ 58,101</u>	<u>\$ 229</u>	<u>\$ 58,330</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

SUPPLEMENTAL COMBINING SCHEDULE OF CASH FLOWS – SINGLE FAMILY BOND PROGRAMS

Year Ended June 30, 2022

(In thousands of dollars)

	<u>1995</u>	<u>2009</u>	<u>Total</u>
Cash flows from operating activities:			
Loan repayments received	\$ (835)	\$ 39,270	\$ 38,435
Loan interest income received	7,588	1,347	8,935
Other receipts	8,362	142	8,504
Payments to vendors	(69)	(28)	(97)
Other disbursements	<u>(1,043)</u>	<u>(8,047)</u>	<u>(9,090)</u>
Net cash provided by operating activities	<u>14,003</u>	<u>32,684</u>	<u>46,687</u>
Cash flows from noncapital financing activities:			
Proceeds from issuance of bonds	33,795	–	33,795
Principal repayment of bonds	(39,770)	(41,010)	(80,780)
Interest paid	<u>(4,618)</u>	<u>(1,940)</u>	<u>(6,558)</u>
Net cash used for noncapital financing activities	<u>(10,593)</u>	<u>(42,950)</u>	<u>(53,543)</u>
Cash flows from investing activities:			
Purchase of investment securities	(59,656)	(36,350)	(96,006)
Proceeds from sale and maturities of investment securities	54,392	46,526	100,918
Investment income received	<u>584</u>	<u>70</u>	<u>654</u>
Net cash provided by (used for) investing activities	<u>(4,680)</u>	<u>10,246</u>	<u>5,566</u>
Net decrease in cash and cash equivalents	(1,270)	(20)	(1,290)
Cash and cash equivalents, beginning of year	<u>1,593</u>	<u>27</u>	<u>1,620</u>
Cash and cash equivalents, end of year	<u>\$ 323</u>	<u>\$ 7</u>	<u>\$ 330</u>

(Continued)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

Year Ended June 30, 2022

(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	\$ 2,847	\$ (71)	\$ 2,776
Adjustments to reconcile change in net position to net cash provided by operating activities:			
Investment income (loss), net	122	(64)	58
Bond interest expense and debt financing costs	3,900	928	4,828
Provision for loan losses	(150)	150	-
Changes in operating assets and liabilities:			
Loans receivable	(580)	39,120	38,540
Accrued interest – loans	(28)	294	266
Other assets	116	292	408
Accrued and other liabilities	202	(333)	(131)
Interfund transfers	<u>7,574</u>	<u>(7,632)</u>	<u>(58)</u>
Net cash provided by operating activities	<u>\$ 14,003</u>	<u>\$ 32,684</u>	<u>\$ 46,687</u>
Supplemental disclosures of noncash information:			
Real estate acquired through foreclosure	<u>\$ 318</u>	<u>\$ -</u>	<u>\$ 318</u>

(Concluded)

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

June 30, 2022

(In thousands of dollars)

	<u>2003-2013</u>	<u>2010</u>	<u>2017-2021</u>	<u>Total</u>
Assets				
Current assets:				
Short-term investments	\$ 1,305	\$ 2,711	\$ 60,025	\$ 64,041
Accrued interest receivable on investments	–	–	130	130
Current portion of mortgage loans receivable	86	129	7,275	7,490
Accrued interest receivable on mortgage loans	<u>39</u>	<u>32</u>	<u>750</u>	<u>821</u>
Total current assets	<u>1,430</u>	<u>2,872</u>	<u>68,180</u>	<u>72,482</u>
Long-term investments	–	–	7,211	7,211
Loans receivable:				
Mortgage loans	6,929	7,819	165,831	180,579
Less current portion of loans receivable	<u>(86)</u>	<u>(129)</u>	<u>(7,275)</u>	<u>(7,490)</u>
Long term portion of loans receivable	<u>6,843</u>	<u>7,690</u>	<u>158,556</u>	<u>173,089</u>
Other assets:				
Interfund receivables	<u>44</u>	<u>41</u>	<u>897</u>	<u>982</u>
Total other assets	<u>44</u>	<u>41</u>	<u>897</u>	<u>982</u>
Total assets	<u>8,317</u>	<u>10,603</u>	<u>234,844</u>	<u>253,764</u>
Liabilities				
Current liabilities:				
Current portion of bonds payable	120	130	11,660	11,910
Accrued interest payable	177	124	2,974	3,275
Current portion of accrued and other liabilities	<u>1</u>	<u>2</u>	<u>19</u>	<u>22</u>
Total current liabilities	<u>298</u>	<u>256</u>	<u>14,653</u>	<u>15,207</u>
Long-term liabilities:				
Bonds payable, net of current portion	6,928	7,730	201,403	216,061
Interfund payables	<u>251</u>	<u>429</u>	<u>4,136</u>	<u>4,816</u>
Total long-term liabilities	<u>7,179</u>	<u>8,159</u>	<u>205,539</u>	<u>220,877</u>
Total liabilities	<u>7,477</u>	<u>8,415</u>	<u>220,192</u>	<u>236,084</u>
Net Position				
Total net position – restricted	<u>\$ 840</u>	<u>\$ 2,188</u>	<u>\$ 14,652</u>	<u>\$ 17,680</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, 2022

(In thousands of dollars)

	<u>2003-2013</u>	<u>2010</u>	<u>2017-2021</u>	<u>Total</u>
Operating revenue:				
Interest and fees on mortgage loans	\$ 660	\$ 419	\$ 8,913	\$ 9,992
Investment income	70	55	584	709
Decrease in fair value of investments	<u>—</u>	<u>—</u>	<u>(936)</u>	<u>(936)</u>
Total operating revenue	<u>730</u>	<u>474</u>	<u>8,561</u>	<u>9,765</u>
Operating expenses:				
Bond interest expense and debt financing costs	969	278	5,682	6,929
Administrative expenses	14	5	28	47
Loan servicing expenses	26	21	241	288
Bond issuance fees	52	—	296	348
Other	<u>36</u>	<u>25</u>	<u>79</u>	<u>140</u>
Total operating expenses	<u>1,097</u>	<u>329</u>	<u>6,326</u>	<u>7,752</u>
Change in net position	(367)	145	2,235	2,013
Net position, beginning of year	3,157	2,222	10,288	15,667
Interfund transfers, net	<u>(1,950)</u>	<u>(179)</u>	<u>2,129</u>	<u>—</u>
Net position, end of year	<u>\$ 840</u>	<u>\$ 2,188</u>	<u>\$ 14,652</u>	<u>\$ 17,680</u>

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

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

Year Ended June 30, 2022

(In thousands of dollars)

	<u>2003-2013</u>	<u>2010</u>	<u>2017-2021</u>	<u>Total</u>
Cash flows from operating activities:				
Loan repayments received	\$ 19,346	\$ 7,251	\$ 1,445	\$ 28,042
Loan interest income received	732	450	6,644	7,826
Other receipts	150	288	4,243	4,681
Loan disbursements	-	-	(53,645)	(53,645)
Payments to vendors	(50)	(30)	(107)	(187)
Other disbursements	<u>(2,539)</u>	<u>(201)</u>	<u>(712)</u>	<u>(3,452)</u>
Net cash provided by (used for) operating activities	<u>17,639</u>	<u>7,758</u>	<u>(42,132)</u>	<u>(16,735)</u>
Cash flows from noncapital financing activities:				
Proceeds from issuance of bonds	-	-	63,025	63,025
Principal repayment of bonds	(19,655)	(7,330)	(1,520)	(28,505)
Interest paid	<u>(1,467)</u>	<u>(394)</u>	<u>(4,998)</u>	<u>(6,859)</u>
Net cash provided by (used for) noncapital financing activities	<u>(21,122)</u>	<u>(7,724)</u>	<u>56,507</u>	<u>27,661</u>
Cash flows from investing activities:				
Purchase of investment securities	(19,547)	(7,814)	(69,555)	(96,916)
Proceeds from sale and maturities of investment securities	22,960	7,725	54,581	85,266
Investment income received	<u>70</u>	<u>55</u>	<u>599</u>	<u>724</u>
Net cash provided by (used for) investing activities	<u>3,483</u>	<u>(34)</u>	<u>(14,375)</u>	<u>(10,926)</u>
Net change in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<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, 2022

(In thousands of dollars)

	<u>2003-2013</u>	<u>2010</u>	<u>2017-2021</u>	<u>Total</u>
Reconciliation of change in net position to net cash provided by (used for) operating activities:				
Change in net position	\$ (367)	\$ 145	\$ 2,235	\$ 2,013
Adjustments to reconcile change in net position to net cash provided by (used for) operating activities:				
Investment (income) loss, net	(70)	(55)	352	227
Bond interest expense and debt financing costs	969	278	5,682	6,929
Changes in operating assets and liabilities:				
Loans receivable	19,345	7,252	(54,258)	(27,661)
Accrued interest – loans	73	30	(211)	(108)
Other assets	150	36	(175)	11
Accrued and other liabilities	(511)	251	2,114	1,854
Interfund transfers	<u>(1,950)</u>	<u>(179)</u>	<u>2,129</u>	<u>–</u>
Net cash provided by (used for) operating activities	<u>\$ 17,639</u>	<u>\$ 7,758</u>	<u>\$ (42,132)</u>	<u>\$ (16,735)</u>

(Concluded)